

**MILITARY CONSTRUCTION APPROPRIATIONS FOR  
FISCAL YEAR 2000**

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**HEARINGS**

BEFORE A

SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE  
ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

**H.R. 2465/S. 1205**

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR  
THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEP-  
TEMBER 30, 2000, AND FOR OTHER PURPOSES

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# **MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2000**

**TUESDAY, MARCH 16, 1999**

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

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.  
Present: Senators Burns, Stevens, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

**STATEMENT OF ROBERT B. PIRIE, ASSISTANT SECRETARY OF THE  
NAVY (INSTALLATIONS AND ENVIRONMENT)**

**ACCOMPANIED BY:**

**REAR ADM. LOUIS M. SMITH, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND**

**MAJ. GEN. GEOFFREY B. HIGGINBOTHAM, USMC, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, HEAD-QUARTERS MARINE CORPS**

**REAR ADM. JOHN B. TOTUSHEK, CHIEF OF NAVAL RESERVE**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. We will call the committee to order this morning. Thank you to the panel, we appreciate your delaying here just a little bit. We are going to talk about military construction and how it affects the United States Navy and the United States Marine Corps. First we will hear from the Navy.

Secretary Pirie, it is nice to have you back again. I appreciate our working relationship, it has been very good, and I appreciate the efforts you have put into it. We hope that we can do some good things for our people in uniform. This is probably the fifth or sixth time you have been before this committee since I have been here. You are probably getting tired by now. But we appreciate your efforts.

I have some concerns—and my statement will be very, very short—the way the Department of Defense is starting to deal with the military construction budget. I am very concerned about it. Incremental funding has risen. Some concerns have come up, that maybe that will slow our execution and what our mission is and what the eventual bottom-line cost to the taxpayers at the end of those projects will be. Also, it appears to me that we are assuming some risk that would not necessarily have to assume.

Senior defense officials have told me that one-time-only funding technique advance appropriations of all projects. However, the same fiscal challenges that the Department faced putting together the fiscal year 2000 budget will still be there for years to come. We still have got a big challenge ahead of us. The danger will be that we begin not to fully fund military construction up front, but spread those costs over 2, 3, and as many as 5 years.

I tend to oppose incremental funding, and believe it is a wrong way that the Department should proceed. I think it will strike a major blow to revitalizing our aging infrastructure and improving the quality of life of our members that are in uniform, and their families. I can assure you that we will approach this situation with a great deal of care and consideration and with the cooperation of, Mr. Secretary, you and your staff that we have always enjoyed before. I think we can be very candid and very frank with one another on what your opinions are on this and how we should proceed and how we should work together on it, to make sure that the risk to the taxpayer and the total cost, bottom line, is taken into consideration before we go into such an action.

The Navy has 12 bachelor quarters projects in its budget. The Marine Corps has three such projects, and that is a good start. We look forward to working with you, of course, on these critical requirements, because we are also very much aware of retention in our military. Where I see our biggest problem, or our biggest challenge, ahead of us, is that we are not building Non-Commissioned Officers (NCO's) like we did. NCO's are getting out of the service, and we need those people.

I want to relate to you a story. We met with some Air Force people in the Middle East. Two women, in particular, really got my attention, one was a tech sergeant; one was a staff sergeant, skilled people—radar technicians on AWACS. Very, very important jobs, and they were going to separate themselves from the Air Force. And that, after gaining those ranks and obtaining those skills in very sensitive areas, concerns all of us in the retention of good people. And I, coming from the ranks of the enlisted, I am very concerned that we are not building NCO's, people who are really the backbone of our military.

So, Secretary Pirie, we will look forward to your statement this morning. We will have some questions and discuss some of the ongoing projects, and also what you see on the horizon as far as how we tend to the quality of life, and also carry out our mission of national defense. We welcome you here this morning, and Admiral Smith, General Higginbotham, Admiral Totushek.

I mentioned to Senator Biden at one time, I always thought it was a great talent that when you get to the weakest part of your argument you can elevate the volume on your speech, and you may have to do that this morning.

So, thank you for coming this morning. We look forward to your statement. If you want to capsulize that, that is fine. Then we will have some questions.

## STATEMENT OF ROBERT B. PIRIE

Mr. PIRIE. Thanks, Mr. Chairman. With your permission, I will submit my lengthy, formal statement for the record. And I just have a few summary remarks, if I may.

Senator BURNS. That is fine. Your full statement will be made a part of the record.

Mr. PIRIE. I am very pleased to be back here again, one more time, Mr. Chairman. And I appreciate your extremely kind remarks about our working relationship, which I think has been terrific from our point of view, and I look forward to continuing to get good things done together.

As you said, Major General Higginbotham, Deputy Chief of Staff of the Marine Corps for Installations and Logistics, is here, on my right. On my left is Admiral Louis Smith, who is the Chief of the Naval Facilities Engineering Command. And on my extreme left is Admiral John Totushek, who is Chief of the Naval Reserve.

Senator BURNS. A good Irish name. His day is coming up, on the 17th. [Laughter.]

## NAVY BUDGET OVERVIEW

Mr. PIRIE. As I said, I am pleased, Mr. Chairman, to be here to discuss the Department of the Navy's fiscal year 2000 budget for shore infrastructure and military construction. In many ways, the budget we are presenting this year is better than last year's. We project the backlog of maintenance and repair to grow more slowly as a result of real property maintenance and demolition programs. We have got a more robust Military Construction (MILCON) proposal, with numerous piers, compliance projects, and quality-of-life projects.

Our Base Realignment and Closure (BRAC) request is down. But that reflects the fact that we are coming to the end of four rounds of BRAC.

On the whole, we think this year's budget is a good one, and we hope that you will continue to support us as you have in the past. I recognize the concern that the administration's request for advanced appropriations may have caused. And I can only refer to what has been said by Dr. Hamre and Mr. Lynn: It is a one-time expedient to allow inclusion of high-priority readiness and modernization programs. It was undesirable but unavoidable. We expect to be able to execute the projects we have requested without undue delay or expense.

With respect to the military family housing, the projects for public/private ventures that we propose are not subject to advance appropriations, and we expect to proceed with them in due course. For fiscal year 2000, we anticipate five projects, encompassing some 2,196 homes. And we currently have five other projects which may affect over 15,000 homes, awaiting resolutions of concern expressed by the House Appropriations Subcommittee on Military Construction. We hope to resolve the questions that they have raised, and proceed with the projects soon.

But I would like to underscore that our Public/Private Ventures (PPV) program is not about saving money, it is not about getting out of the housing business. It is about getting better, more afford-

able housing for sailors and marines, and getting it sooner than we could using past practices. The committee has been very supportive of this in the past, and we hope you will continue that support now that we are on the point of making significant progress.

In the area of BRAC, we are, as I said, approaching the end of the first four rounds, and we have closed 165 of 178 affected facilities. It is important to note that closure is the point at which significant savings begin to accrue. We still have major hurdles to clear in cleanup and conveyance of the property. Cleanup is proceeding reasonably well, as you may note by reference to the table on page 12 of my full testimony. We have not delayed any phase of BRAC action because of cleanup.

Conveyance is more problematical. In many cases, communities are not willing or able to take title to the property when we are ready to turn it over. We are pursuing an aggressive policy of interim leasing in order to allow productive reuse of the property while all of the myriad details that go with conveyance are accommodated. But we would prefer to hand over the property earlier rather than later in the process. In this and other areas of base closure, we may be able to improve over the first four rounds, but I believe we should go forward now, as requested by the administration.

Thanks, Mr. Chairman. That concludes my remarks.  
[The statement follows:]

PREPARED STATEMENT OF ROBERT B. PIRIE, JR.

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

My statement today will cover a number of areas: Shore infrastructure challenges; The infrastructure budget in perspective; Program highlights for family housing, military construction, and Base Realignment and Closure (BRAC) and Infrastructure efficiency efforts.

SHORE INFRASTRUCTURE CHALLENGES

Naval forces provide presence and project power around the world to preserve American security through peacetime engagement and deterrence. At any given time, more than 50,000 Sailors and Marines are deployed around the world aboard 100 ships. The Navy-Marine Corps team responded to a national tasking, on average, at least once every three weeks during 1998. This is a five-fold increase from the days of the Cold War.

I am certain that members of this Committee will agree that in many respects, our shore infrastructure is the launch pad for the readiness of our military forces. Piers provide berthing, electrical power, and support facilities for ships in homeports. Runways support rapid deployment and transit of people, material and supplies. Hangars shelter valuable aircraft for maintenance and repair work. Training facilities and ranges allow Sailors and Marines to learn and hone their war fighting skills. Shipyards provide the industrial capability for ship repairs. Maintenance and operations facilities make our ground forces and their equipment combat capable. Laboratories transform science into new fleet technologies. Military housing and community facilities are the place our Sailors, Marines and their families call home. All provide a critical ingredient in our ability to deploy Naval forces when needed.

U. S. taxpayers have made a considerable investment in our shore infrastructure. After BRAC is completed, the Navy will have over 88,000 facilities,<sup>1</sup> 400 piers and wharves, and 180 runways with a plant replacement value of \$100 billion on 2.1 million acres of land. The Marine Corps will have over 38,000 facilities, 10 piers and

<sup>1</sup>A facility is a separate and individual building, structure, or other real property improvement.

wharves, and 50 runways with a plant replacement value of \$25 billion on 1.6 million acres. As we fund current shore operations, we must consider our stewardship responsibilities and invest in the maintenance and repair of these facilities to preserve their use for the future.

Yet, we face the twin challenges of needing to invest more in our facilities, while at the same time needing to rid ourselves of excess capacity. Most of our piers and wharves were built in the early 1940s and 1950s. Fifty-seven percent of the pier space and 40 percent of the wharf space is substandard<sup>2</sup> or inadequate. Additionally, the Navy and Marine Corps has over 32 million square yards of runway paving, 48 percent of which is substandard or inadequate. Our backlog of maintenance and repair (BMAR) continues to grow. The Navy's critical<sup>3</sup> BMAR is currently \$2.4 billion and increases to \$2.9 billion in fiscal year 2003 before stabilizing. The Marine Corps BMAR is currently \$689 million and stabilizes at \$722 million in fiscal year 2003. The family housing BMAR is currently \$2.2 billion for the Navy and \$1.3 billion for the Marine Corps. We are investing 1.8 percent of the Plant Replacement Value (PRV) of our facilities, compared to a rate of two to four percent recommended by a 1990 report of the National Research Council.

Despite four rounds of base realignment and closure (BRAC), we continue to have excess capacity. While the number of ships and Sailors were reduced by 40 percent and 30 percent respectively since 1988 as a result of BRAC, Navy shore infrastructure decreased by only 17 percent of PRV.

I know this Committee understands how high quality shore facilities bring out the best in our people. Our mutual goal is to provide quality shore facilities to support the current and future readiness of U. S. Naval forces. Let me describe the investment and efficiency solutions we are pursuing. Where appropriate, I will use metrics to display where we were at the end of fiscal year 1998, where we expect to be at the end of fiscal year 2000 based on this budget submission, and what our future goals are.

#### THE INFRASTRUCTURE BUDGET IN PERSPECTIVE

##### *Financing the Fiscal Year 2000 Construction Program*

Before I explain our fiscal year 2000 budget request, I must first describe two new financing techniques that the DOD has instituted for the military construction accounts in fiscal year 2000. This change affects virtually all construction projects<sup>4</sup> in the Military Construction, Navy: all projects in the Military Construction, Naval and Marine Corps Reserve; all Family Housing, Navy construction and improvements;<sup>5</sup> and all BRAC.

First, the fiscal year 2000 program requests authorization for the full program amount, which is shown throughout this statement. However, the fiscal year 2000 appropriation request is only for that portion expected to be actually spent in fiscal year 2000, plus an additional factor for unforeseen actions. The remainder of the construction portion of the project is included in a request for Advance Appropriations in fiscal year 2001.

Second, the fiscal year 2000 DON budget also annualizes the cost of Supervision, Inspection and Overhead (SIOH) in military construction projects to align budgeted costs with expenditure trends over five years. The budget requests full authorization of SIOH, but appropriation for only that portion to support work to be done in fiscal year 2000.

The following table displays the effect of both the Advance Appropriations and annualization of SIOH on our fiscal year 2000 program.

[Dollars in millions]

	Fiscal Year 2000 Auth Re- quest	Less Fiscal Year 2001 Ad- vance Appn	Less 2001- 2005 Annualized SIOH	Less Other Changes	Equals Fiscal Year 2000 Appn Request
MCON .....	\$922.7	\$496.6	\$43.0	<sup>6</sup> \$63.3	\$319.8
MCNR .....	15.6	10.0	0.7	.....	4.9
FHCON .....	246.9	170.4	11.9	.....	64.6

<sup>2</sup>Substandard means it is capable of supporting current use, but requires repair or modification; inadequate cannot be economically made adequate.

<sup>3</sup>Environmental, safety, mission, and quality of life projects that should not be deferred.

<sup>4</sup>The only exception is MILCON projects above \$50 million that are phased over several years.

<sup>5</sup>Family Housing PPV projects in the DoD Family Housing Improvements Fund (FHIF) are not affected.



[Dollars in millions]

	Fiscal Year 2000 Auth Re- quest	Less Fiscal Year 2001 Ad- vance Appn	Less 2001- 2005 Annualized SIOH	Less Other Changes	Equals Fiscal Year 2000 Appn Request
BRAC .....	452.6	254.7	.....	<sup>7</sup> - 13.5	211.4
Total .....	1,637.8	931.7	55.6	49.8	600.7

<sup>6</sup>Includes \$76.0 million for phase-funded projects, for which advance appropriations are not sought, less \$12.7 million completion of a project previously authorized.

<sup>7</sup>This adjustment primarily reflects the transfer of \$18.6 million for Homeowner's Assistance Program less \$5 million in anticipated land sales revenue.

The use of Advance Appropriations and annualization of SIOH allows financing of critical DON readiness programs in fiscal year 2000. For example, Advance Appropriations was a one-time action that allowed the DOD to realign \$3.1 billion to readiness and personnel needs in fiscal year 2000, while still initiating all planned construction projects envisioned under normal funding conventions. However, this is not the preferred method of financing the program, and DOD only intends to utilize this method for the fiscal year 2000 program. If the fiscal year 2000 Military Construction Appropriations Act provides the fiscal year 2000 appropriations requested in the President's Budget including the advance appropriations of funds for the fiscal year 2000 projects, it would provide all the funds (except the outyear SIOH tail) needed to complete the fiscal year 2000 projects. The Biennial Budget request for fiscal year 2001 fully funds all fiscal year 2001 projects (except the out-year SIOH tail).

The military construction accounts also benefit from the use of Advance Appropriations. Four Navy and eight Marine Corps projects totaling \$200 million (fiscal year 2000 appropriation of \$50 million) were added to the fiscal year 2000 program as a result of funds made available by Advance Appropriations. These projects included a pier replacement, quality of life facilities including new bachelor enlisted quarters, maintenance facilities, and projects needed to improve readiness and training.

I recognize that this new financing technique may be controversial. We will have to take some additional steps to make it work—we will have to place a "limitation of funds" clause on many construction projects to insure that obligations and outlays stay within the fiscal year 2000 appropriated amounts. It will also require much closer fiscal and acquisition management attention. Since the first year appropriation is more than sufficient to cover expected outlays, I expect no adverse impact on program execution. Full authorization and approval of the fiscal year 2000 and the fiscal year 2001 Advance Appropriations are the critical ingredients to the success of this approach. I ask that we work together on the merits of this approach.

#### *Compared with Overall DON Fiscal Year 1999 Budget*

The Department of the Navy installation budget includes many appropriations: Military Construction, Navy (MCON); Military Construction, Naval and Marine Corps Reserve (MCNR); Family Housing, Navy (FHN); Base Realignment and Closure (BRAC); and Environmental Restoration, Navy. Base operations support and real property maintenance functions are included in the Operations and Maintenance accounts, Navy and Marine Corps, active and reserve. In aggregate, our fiscal year 2000 installation program totals about \$8.1 billion, or about 9.7 percent of the DON fiscal year 2000 budget of \$83.5 billion.

#### *Compared with fiscal year 1999*

Our fiscal year 2000 installation program (MCON, MCNR, FHN, BRAC) of \$2.6 billion is eight percent more than the fiscal year 1999 enacted level of \$2.4 billion, and 13 percent more than our fiscal year 1999 budget request of \$2.3 billion.

I am pleased to report that our fiscal year 2000 Military Construction, Navy Authorization request of \$922.7<sup>8</sup> million is considerably larger than our fiscal year 1999 budget request of \$468 million, or the enacted level of \$610 million. It is financed with a fiscal year 2000 appropriation request of \$319.8 million and a fiscal year 2001 Advance Appropriations request of \$496.6 million. Our fiscal year 2000 program, including Planning and Design and Unspecified Minor Construction, con-

<sup>8</sup>Includes full authorization of SIOH and multi-phase construction of a berthing wharf at San Diego, CA and CINCPAC headquarters building at Camp H.M. Smith, Hawaii.

sists of 42<sup>9</sup> Navy projects totaling \$688 million (fiscal year 2000 appropriation of \$267.5 million) and 23 Marine Corps projects totaling \$162 million (fiscal year 2000 appropriation of \$52.3 million). The fiscal year 2000 Military Construction, Navy and Marine Corps Reserve program of \$15 million (fiscal year 2000 appropriation of \$4.9 million) is similar to the fiscal year 1999 request, but below the fiscal year 1999 enacted level of \$32 million. There are two Marine Corps reserve projects and one Navy reserve project.

Our fiscal year 2000 Family Housing program is summarized in the following table. Beginning in fiscal year 2000, all Public/Private Venture construction and improvement projects are included in the DOD Family Housing Improvement Fund. Thus, our overall fiscal year 2000 Family Housing program of \$1,204 million (\$1,142.0 million + \$61.7 million) is just slightly below the fiscal year 1999 enacted level of \$1,224 million. Our Family Housing Operations and Maintenance request declines primarily due to inventory reductions of about 4,000 Navy and 1,500 Marine Corps homes and reduced utility costs due to energy conservation measures. The increase in leasing is due to new leased units coming on-line at four locations in Italy.

[In Millions of Dollars]

Housing Program	Fiscal Year 1999 Enacted Program	Fiscal Year 2000 Author- ization Request	Fiscal Year 2000 DoD FHIF	Fiscal Year 2000 Approp- riation Re- quest
Construction .....	301.6	246.9	61.7	64.6
Replacement Construction .....	[53.0]	[75.9]	[42.2]	[15.2]
Improvements .....	[233.0]	[153.3]	[19.5]	[31.7]
Planning & Design .....	[15.6]	[17.7]	.....	[17.7]
Operations & Maintenance .....	788.3	749.1	.....	749.1
Leasing .....	134.6	146.0	.....	146.0
Total Family Housing, Navy & Ma- rine Corps .....	1,224.5	1,142.0	61.7	959.7

Our fiscal year 2000 BRAC program of \$453 million (fiscal year 2000 appropriation of \$198 million) is \$122 million below the fiscal year 1999 enacted level of \$575 million. This reduction is due to the virtual completion of BRAC construction and realignment requirements. Our fiscal year 2000 BRAC program is now nearly all environmental cleanup. The fiscal year 2000 BRAC environmental program of \$382 million (fiscal year 2000 appropriation of \$148.7 million) is 44 percent above the fiscal year 1999 enacted level of \$265 million.

Our fiscal year 2000 Real Property Maintenance (RPM) request of \$1.5 billion is essentially the same as the fiscal year 1999 enacted level. RPM funds in the Operations and Maintenance accounts fund repairs, preventative and recurring maintenance, minor construction and centrally managed demolition. To give special emphasis and provide more management flexibility, \$643 million of DON RPM funds are included in the Quality of Life Enhancements, Defense account.

#### FAMILY HOUSING

##### *Basic Allowance for Housing*

We rely first on the private sector to provide housing for our Sailors, Marines and their families. Our bases have housing referral offices to help newly arriving families find suitable homes in the community. In fiscal year 1998, about 74 percent of Navy families and 66 percent of Marine Corps families worldwide lived in a home they owned or rented in the community.

Service members receive a monthly housing allowance when government quarters are not provided. Effective 1 January 1998, Basic Allowance for Housing (BAH) replaced both Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA). BAH rates are linked to the actual housing costs where a member is assigned. Members assigned to high-cost areas will have a higher BAH and will not be required to absorb a disproportionately higher share of their housing costs "out of pocket." Once fully implemented in the next four years, members at the same pay

<sup>9</sup>Includes \$12.7 million Phase II of Norfolk pier upgrade authorized in fiscal year 1999.

grade and dependent status will pay the same monthly out-of-pocket amount regardless of location.

While BAH will equalize out of pocket expense across different locations, the national average out-of-pocket expense remains at 19.8 percent, still considerably higher than the DOD goal of 15 percent. The fiscal year 2000 budget retains the current 19.8 percent out of pocket rate. Nonetheless, we believe that the new BAH will be particularly helpful to Navy and Marine Corps families, as many of our bases are located in urban and coastal areas where living costs are higher.

*Fix What We Own*

Even with full implementation of BAH, there will remain many locations where there are not enough suitable<sup>10</sup> homes in the community for our members. In such locations, we have used family housing funds to build or acquire additional homes. At the end of fiscal year 1998, the Navy had an inventory of 62,700 homes worldwide and the Marine Corps had 25,600 homes. We also lease homes both here in the U. S. and abroad. At the end of fiscal year 1998, we had about 5,500 leased homes.

Our core family housing philosophy remains to first fix what we own. The Navy's Neighborhoods of Excellence, and the Marine Corps Family Housing Campaign Plan, embody the Department's efforts to revitalize major home components for an entire neighborhood, rather than piecemeal improvements on individual homes. We update electrical and plumbing systems, replace windows and doors, add insulation, modernize kitchens and baths, install new landscaping, and install better street lighting. Using traditional family housing funds, our fiscal year 2000 improvement program renovates 1,315 Navy homes at 9 locations at a cost of \$130 million (fiscal year 2000 appropriation of \$27.2 million), and 407 Marine Corps homes at 6 locations at a cost of \$24 million (fiscal year 2000 appropriation of \$4.5 million).

Our fiscal year 2000 family housing construction program has three replacement construction projects totaling 329 homes, all in Hawaii. Two projects are at Naval Base Pearl Harbor: 96 homes at Hale Moku for \$19.2 million (fiscal year 2000 appropriation of \$3.8 million); and 133 homes at Pearl City for \$30.2 million (fiscal year 2000 appropriation of \$6.0 million). The remaining project is to replace 100 homes at Marine Corps Base Kaneohe for \$26.6 million (fiscal year 2000 appropriation of \$5.3 million).

*Public/Private Ventures*

A number of years ago, we realized that the pace of new and replacement construction and improvements would never let us solve our seemingly intractable backlog of repairs and shortage of homes. We worked closely with the Congress to establish ground breaking new authorities in fiscal year 1995 and fiscal year 1996 to use public/private ventures (PPV) as a housing tool. Under a five-year test program which expires on 1 February 2001, we can provide cash, direct loans and loan guarantees, and differential lease payments (DLP). We can also convey land or lease existing land, housing and facilities to a developer in exchange for renovation or construction of homes for our military members and their families. As the Secretary of Defense announced, our objective was to use these tools to solve a 30-year housing problem in 10 years.

FAMILY HOUSING SHORTFALLS		
[As of the end of Fiscal Year 1998]		
	Navy	Marine Corps
Repair Backlog .....	\$2,200,000,000	\$1,300,000,000
Deficit (homes) .....	13,600	10,400

*Completed PPVs*

The Navy successfully completed two PPV projects in late 1996 and early 1997. These projects were started under the 1995 authorities and completed under the 1996 authorities. In the south Texas area, the Navy invested \$9.5 million, and the

<sup>10</sup>Suitability is based on the following DoD criteria: location (within one hour commute); cost (rent meets DoD criteria); size (minimum square footage and number of bedrooms); condition (unit is well maintained and structurally sound). All owner occupied housing is deemed suitable.

developer, Landmark Development Company, provided the remainder of the \$32.5 million total project cost. Landmark constructed and manages 300 homes in a development called Bridge Pointe in Portland, TX to support personnel assigned to Naval Air Station Corpus Christi and Naval Station Ingleside. Landmark also constructed and manages 100 homes at a development called Hawks Landing in Kingsville, TX to support personnel assigned to Naval Air Station Kingsville. Both projects are located off base and are fully leased, with about 75 percent occupied by military members.

At Everett, WA, the Navy invested \$5.9 million in a limited partnership with Dujardin Development Company to construct and manage 185 homes on private land. The total project cost was \$18 million. Dujardin completed and manages a development called Country Manor at Smokey Point for personnel assigned to Naval Station Everett, WA. All units are leased to enlisted families.

*PPVs—the next step*

We have traveled a long road since those early successes. We wrestled with a number of key concerns, including the future role of traditional military construction, construction standards, and occupant out-of-pocket expenses. We had extensive discussions with fleet commanders, base commanders, and those we aimed to serve—our Sailors, Marines and their families. We listened to what they had to say. Last year, I established a new DON policy on PPV to resolve these and other issues:

*Consider PPV first.*—Where communities cannot meet our housing needs, we will rely first on PPVs, including replacement construction and whole-house revitalization.

*Regional scope.*—We will evaluate our housing needs on a regional basis.

*Quality standards.*—We will establish PPV housing quality standards comparable to what the private sector provides for civilians in similar income scales.

*Out-of-pocket expenses.*—Our goal is no out-of-pocket expenses for members.

*Rent scale.*—Rent scales are based on unit size and quality.

*Conveying land or units.*—We will not convey land unless it is excess to our long-term needs.

*Allowing non-military occupants.*—Service members will have preference. To ensure full occupancy, PPVs can accommodate civilian leases of limited duration.

We established two new PPV groups at the Naval Facilities Engineering Command—one for management and another for acquisition. These groups will manage PPVs in close coordination with the fleet and base commanders. Our acquisition strategy has matured to applying two business models for PPV projects. A Limited Partnership will be used for terms up to 15 years for housing on private land where our equity contribution is limited to cash. A Limited Liability Company (LLC) will be used for a minimum 50-year term for housing on government or private land where our equity contribution includes privatizing existing government owned housing. Both include escrow accounts, performance bonds, insurance, and personal and corporate guarantees to ensure that our interests are protected during the construction phase and succeeding years. Both models minimize government liability while still giving us flexibility to address changing requirements over the long-term as our needs, and local market conditions change. The longer term of the LLC led us to expand the use of cash reserves, participation in property management decisions, incentive clauses, and termination options for non-performance.

*PPVs Now in Process*

We have undertaken an ambitious, but I believe attainable goal over the next three years of over 33,000 PPV units at 16 locations for the Navy and over 8,000 PPV homes at 9 locations for the Marine Corps. These figures include both existing units and construction of new housing. Each of these projects has the full support of the fleet and local commanders. These projects will provide our Sailors and Marines with better housing sooner much sooner. Communities will also benefit from the additional housing construction and increased tax base.

Many PPV efforts have already met critical milestones. The Marine Corps is in the final stages of negotiations with a developer to exchange 419 existing homes and land located off-base for up to 160 new on base homes at Marine Corps Base Albany, GA. We expect to provide Congressional notification of the selection of a developer very soon.

The Marine Corps issued a solicitation in November 1998 to privatize and revitalize 512 on base homes, and construct 200 new homes on base at Marine Corps Base Camp Pendleton. The first part of this project would be funded with \$20 million in previously authorized and appropriated funds.

The Navy negotiated modifications to the existing agreements with Dujardin Development and Landmark Development to provide DLP on behalf of service mem-

bers. Payments would be paid directly to the developer to buy-down the service member's out-of-pocket expenses (rent plus utilities) to the BAH rate. We expect to provide congressional notification of the contract award and intent to transfer funds to implement the DLP selection this summer.

In January 1999, the Navy issued solicitations to competitively enter into two new limited partnerships for 300 townhouses near Naval Station Everett, WA, and 150 apartments and townhouses near Naval Air Station Kingsville, TX. The Navy envisions a mix of 2-, 3-, and 4-bedroom homes on privately owned land for active duty enlisted personnel. Funding for the Navy share (including DLP) would come from \$29 million in previously authorized and appropriated funds. We expect to notify the Congress of the selections later this year.

In the last five months, we have provided Congressional notification to issue solicitations for PPV projects in South Texas; San Diego, CA; Lemoore, CA; Brunswick, ME; and New Orleans, LA. Each PPV project would privatize all or substantial portions of government owned housing, renovate or demolish inadequate homes, and construct new units on or off-base. We would fund our share of the investment using the equity of those housing assets and \$114 million in previously authorized and appropriated family housing funds. These projects are currently on hold by the House Appropriations MILCON Subcommittee. We continue our discussions with the Subcommittee to resolve their concerns.

We plan to provide Congressional notification to issue solicitations for seven more Navy and seven more Marine Corps locations during the course of this year. Our share of the investment cost for these projects would come from \$257 million in previously authorized and appropriated funds, plus additional funds in the FHIF. Our fiscal year 2000 program includes nearly \$61.6 million in the FHIF for PPV projects at five locations. These funds will also be combined with additional prior year and future year funds for additional PPV projects at some locations.

DEPARTMENT OF THE NAVY FISCAL YEAR 2000 PPV PROJECTS IN FAMILY HOUSING IMPROVEMENT FUND		
Location	Funds in Millions	# Homes
NAS Lemoore, CA .....	\$20.1	406
MCAS Cherry Pt, NC .....	22.0	728
NTC Great lakes, IL .....	14.4	885
NICP Philadelphia, PA .....	0.2	6
Parris Island .....	4.9	201
<b>Total .....</b>	<b>61.6</b>	<b>2,196</b>

MILITARY CONSTRUCTION

Our military construction program continues our approach of budgeting for only those projects that meet the highest priority readiness and quality of life needs of the Fleet and Fleet Marine Force, and their Reserve Components. The Navy convenes a Shore Facilities Programming Board and the Marine Corps convenes a MILCON Program Evaluation Group each year to consider, evaluate, and prioritize military construction projects. Projects are selected based on a number of different criteria, including fleet priorities and the most critical readiness, quality of life, and compliance needs.

Military Construction policy, like Family Housing, focuses on first fixing what we own. To this end, 62 percent of the active and reserve military construction program for the Navy and 45 percent for the Marine Corps is dedicated to replacement and modernization projects.

This budget expands our efforts begun last year to modernize our piers and wharves. Our construction program includes \$168 million for five pier/wharf projects. Examples include:

- Berthing Wharf at Naval Submarine Base Pearl Harbor, HI. This \$29.5 million project (fiscal year 2000 appropriation of \$7.5 million) replaces two wharves built in the 1940s that are now deteriorated beyond repair and that do not have the structural capacity to support heavier mobile cranes now used to service new submarines.

—Berthing Pier at Naval Station Norfolk, VA. This is the second phase of a \$45.5 million project to replace Pier 2, which is over 50 years old. Pier 2 now has limited deck space, inadequate power supply, and lacks the structural strength to safely support current ship classes. Full authorization and a \$32.0 million appropriation were provided in fiscal year 1999. This budget requests the remaining \$12.7 million to complete the replacement of Pier 2, with a \$0.8 million SIOH tail through fiscal year 2004.

Our construction program also funds 14 operational facilities totaling \$35 million.

Examples include:

—Control Tower and Air Traffic Control Facility at Marine Corps Base, HI. This \$5.8 million project (fiscal year 2000 appropriation of \$1.5 million) replaces an existing control tower built that is deteriorated and lacks sufficient height to meet safety and FAA regulations. The project also replaces trailers installed in the early 80's that are too small to install new equipment scheduled for installation in 2001.

—Operational Support Facilities, Naval Support Activity, Souda Bay, Crete. This \$6.4 million project (fiscal year 2000 appropriation of \$1.6 million) provides several new buildings and an aircraft-parking apron to replace temporary trailers. There are 8 projects totaling \$40 million to support military training functions.

Examples include:

—Strike Fighter Weapons Training Facility, Lemoore, CA. This \$4.0 million project (fiscal year 2000 appropriation of \$1.0 million) upgrades and expands an existing facility to support the introduction of the F/A-18E/F aircraft to NAS Lemoore.

—Staff Non-Commissioned Officer Academy, Marine Corps Base Camp Pendleton, CA. This \$6.5 million project (fiscal year 2000 appropriation of \$1.6 million) provides an academic instruction building, armory and warehouse complex to replace temporary facilities that are located far from where the students do much of their training.

There are 17 maintenance and storage projects totaling \$120 million. Examples include:

—Aircraft Acoustical Enclosure at Naval Air Station Oceana, VA. This \$11.5 million project (fiscal year 2000 appropriation of \$2.9 million) provides a means to control noise generated during in-frame high power jet engine testing on F-14 and F/A-18 aircraft engines.

—Tactical Vehicle Maintenance Facility, Marine Corps Base Twentynine Palms, CA. This \$14.0 million project (fiscal year 2000 appropriation of \$3.4 million) provides a maintenance facility with an overhead crane, sunshades, and parking for tactical vehicles used during Combined Arms Exercises.

There are six environmental compliance and safety of life projects totaling \$52 million. Examples include:

—Sewage Treatment Plant, Naval Surface Warfare Center Division, Indian Head, MD. This \$10.1 million project (fiscal year 2000 appropriation of \$2.6 million) would demolish 17 failing septic systems and connect them to an upgraded treatment plant. The current plant is in violation of the Clean Water Act and Maryland Department of Environment standards.

—Hazardous Materials Storage Facility at Naval Air Station Joint Reserve Base Willow Grove, PA. This \$1.9 million project (fiscal year 2000 appropriation of \$0.3 million) in the Military Construction Naval and Marine Corps Reserve Appropriation provides a facility to store hazardous and flammable material in compliance with environmental and safety standards. Existing facilities have been cited for non-compliance.

The single most expensive project in our budget is an \$86.0 million project (fiscal year 2000 appropriation of \$15.9 million) to construct a new U. S. CINCPAC headquarters building at Camp H. M. Smith, HI. This project, to be constructed in three phases, would consolidate personnel that currently occupy portions of 25 different buildings, nearly all of which are deemed substandard or inadequate.

## NAVY BQ GOALS

Eliminate the 6,900 BQ spaces with gang heads by fiscal year 2008;  
 Eliminate the \$648 million BQ repair backlog by fiscal year 2004;  
 Achieve the 1 + 1 standard by fiscal year 2013.

## MARINE CORPS BQ GOALS

Eliminate 10,400 BQ spaces with gang heads by fiscal year 2005;  
 Eliminate the \$114 million BQ repair backlog by fiscal year 2004;  
 Assign more than two Marines per room by fiscal year 2036.

*Quality of Life*

There are a number of important quality of life projects included in our fiscal year 2000 budget. The single largest effort is for the construction and modernization of Bachelor Enlisted Quarters (BEQs).

The DOD adopted a 1 + 1 construction standard in 1995 for permanent party personnel. This configuration consists of two individual living and sleeping rooms with closets, and a shared bath and service area. The Marine Corps has been granted a permanent waiver to use an alternate 2 + configuration for junior enlisted, i.e., two persons per room. This allows the Marine Corps to foster team building and build unit cohesion. These standards do not apply to recruits and A-school students. Overseas locations also have unique considerations.

The Navy has 12 BQ projects totaling \$205 million (fiscal year 2000 appropriation of \$51.4 million) in the fiscal year 2000 program.

- Four projects are being built to the 1 + 1 standard for permanent party E1–E4 personnel. They provide a total of 582 two-room modules.
- Three projects are being built to the 2 + standard for E1–E4 personnel. They provide a total of 405 single-room modules. One of these projects is at a Marine Corps base where the 2 + standard applies; another is in Southwest Asia; the third is at Pearl Harbor as an interim step to the 1 + 1 standard due to the large shortage of adequate spaces.
- Four projects are being built to the 2 + 2 configuration for A-school students and transients. They provide a total of 484 two-room modules.
- One open bay project, which provides space for 480 recruits at Naval Recruit Training Center Great Lakes, IL.

The Marine Corps has three projects totaling \$50 million (fiscal year 2000 appropriation of \$12.5 million) in the fiscal year 2000 program. All three Marine Corps projects are being built to the 2 + standard. They provide a total of 592 single-room modules for junior enlisted personnel.

Both the Navy and Marine Corps are on track to achieve their long-range BQ goals. Navy BQ 1 + 1 and Marine Corps 2 + transition plans are nearing completion. Since moving to the new BQ construction standards, the Navy has completed thirteen 1 + 1 BQ projects providing 1,800 rooms and three 2 + BQ projects providing 600 rooms. The Marine Corps has completed three 1 + 1 BQ projects<sup>11</sup> with 961 rooms and four 2 + BQ projects providing 804 rooms.

There are other quality of life projects in the fiscal year 2000 program: the Navy has two multi-purpose fitness facilities, and the Marine Corps has a child development center, a family services center, and two fitness facilities.

## BASE REALIGNMENT AND CLOSURE

*Realignment and Closure Status*

We are implementing four rounds of base realignment and closure (BRAC), 1988 under Public Law 100–526 and 1991, 1993, and 1995 under Public Law 101–510. As a result of these decisions, we are implementing 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments. These closures and realignments include major Navy and Marine Corps installations in Philadelphia, PA; Charleston, SC; Orlando and Jacksonville, FL; Seattle, WA; San Francisco, Long Beach, San Diego, and Orange County, CA; Honolulu, HI; as well as other bases in Rhode Island, Alaska, and Guam.

<sup>11</sup>These Marine Corps 1 + 1 BQ projects were initiated prior to the blanket waiver to the 2 + 0 standard.

While this has been a complex challenge for the Department as well as for the communities that hosted our ships, aircraft, Sailors, Marines and their families for so many years, we have made substantial progress.

As of the end of January 1999, we had completed the operational closure or realignment of 93 percent (165 of 178) of all BRAC actions. Operational closure means that all mission equipment and military personnel (with the exception of a small caretaker cadre) have been disestablished or relocated to a "receiving" site. We will complete eight more actions in 1999, four in 2000, and one in 2001. We will meet the statutory requirement to complete all BRAC closure and realignment actions by July 2001. As of the end of fiscal year-1998, we had obligated 98 percent of the \$8.5 billion appropriated for DON BRAC actions.

*BRAC Costs and Savings*

We have closed or realigned bases to make the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms. As of the end of fiscal year 1998, we had spent \$8.5 billion on all four BRAC rounds to construct new or adapt existing facilities, move personnel, equipment, ships and aircraft to their new homeports, and clean up contamination. We will have saved \$8.0 billion from no longer having to operate, maintain, and staff these bases. The result is a net cost of \$471 million to date. However, at the end of this fiscal year, our net savings will exceed our net cost by \$1.4 billion. And by the end of fiscal year 2001, when all four rounds will be completed, we project that the DON will have spent \$9.9 billion and saved \$15.7 billion, for a net savings of \$5.8 billion. Beginning in fiscal year 2002, we will save an additional \$2.6 billion each year. These net savings estimates have been validated by several independent sources.

*Environmental Cleanup*

As we near the completion of BRAC-related construction, we are fully focused on finishing environmental cleanup and completing property disposal. We have already spent more than \$1.0 billion through fiscal year 1998 on environmental work at our BRAC bases for environmental baseline studies to identify potential contaminated sites and assess the nature and extent of contamination to doing the cleanup, removing underground storage tanks, and closing hazardous material storage facilities.

Each base has established BRAC cleanup teams composed of remedial managers from the Navy, States, and the Environmental Protection Agency to review, prioritize, and expedite the necessary cleanups consistent with reuse plans. We recognize the dynamics of reuse and stand prepared to phase our cleanup plans as needed to support changing community needs.

One measure of our progress in cleanup of contaminated property is the number of acres that have become suitable for transfer under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Community Environmental Response Facilitation Act (CERFA). Properties in categories 1-4 are environmentally suitable for transfer. Cleanup was either completed or unnecessary in these areas. Property in category 5 indicates remedial investigations or cleanup is underway. Properties in category 6 require cleanup, but actions have not been started. Category 7 property has not yet been completely evaluated. The table shows the progress we have made moving property towards categories 1-4. Most of the environmental studies are nearing completion. Fully 70 percent of our fiscal year 2000 BRAC environmental effort is targeted towards actual cleanup.

ACRES (ALL BRAC)			
	September 1996	September 1997	September 1999
CERFA Cat 1-4 .....	107,833	143,100	147,119
CERFA Cat 5 .....	11,260	1,596	3,193
CERFA Cat 6 .....	7,572	6,395	5,831
CERFA Cat 7 .....	39,194	14,768	9,716
Total .....	165,859	165,859	165,859



There are 1,000 contaminated sites at 53 BRAC installations. A contaminated site crosses the "cleanup finish line" when it achieves Remedy-in-Place/Response Complete (RIP/RC) and the regulator subsequently concurs. As of the end of fiscal year 1998, we had achieved RIP/RC status at 44 percent of all BRAC sites. By the end of fiscal year 2001, when BRAC ends, we expect to have completed cleanup at 90 percent of all BRAC sites. Cleanup at the remaining sites will extend through fiscal year 2010.

We are finding and continually searching for more ways to reduce cleanup costs. We are using promising cleanup technologies and adopting natural attenuation for low relative risk parcels at a number of our BRAC sites. We continue to work with regulators and communities to tie cleanup standards to realistic reuse needs. We use a BRAC Cost-to-Complete (CTC) index as a measure of our efforts to reduce cleanup costs. At the beginning of fiscal year 1996, our BRAC CTC estimate was \$2.8 billion. At the end of fiscal year 1998, it was \$1.5 billion. The CTC reduction of \$1.3 billion is the result of execution of \$868 million in appropriated funds and \$441 million in cost avoidance, such as changes in risk based approaches to cleanup, new information on the nature and extent of contamination, and use of new technologies for study or cleanup.

#### *Section 334 Early Transfer Opportunities*

Section 334 of the Fiscal Year 1997 Defense Authorization Act established a framework for the DOD to initiate an early transfer of contaminated property to the community. This authority allows DOD to defer the CERCLA requirement that all remediation actions have been taken before the date of property transfer.

Section 334 requires that we first meet a number of conditions. We must obtain concurrence from the governor of the State where the property is located. If the property is listed on the National Priorities List, the Administrator of the U. S. Environmental Protection Agency must also concur with the early transfer. Furthermore, we must determine that the property is suitable for transfer for the use intended by the transferee. We may place restrictions in the deed limiting the use of the property if determined necessary to protection of human health and the environment. Also, we must submit a budget that adequately addresses cleanup of the property. This authority does not relieve us from full compliance with the provisions of CERCLA.

We are pursuing several early transfer opportunities. All of them would conceivably expedite the conveyance of the property and may also reduce cleanup costs. Three early transfer opportunities are particularly promising.

- At the former Naval Training Center San Diego, CA, the San Diego Unified Port Authority has requested early transfer of a 51-acre site, which contains a former landfill. The parcel is adjacent to San Diego's Lindbergh Field Airport and will be redeveloped as a vehicle parking area. The cleanup remedy would be integrated into construction of the parking area.
- At the former Fleet Industrial and Supply Center Oakland, CA, the Port of Oakland has requested early transfer of the entire main site comprising 528 acres. The primary remaining cleanup action involves a four-acre site where a dry cleaner shop was located. The Port of Oakland is moving rapidly to transform this former Navy base to expand the Port's container terminal and has already demolished numerous structures to make way for their new development.
- At the former Naval Air Station Memphis, TN, the Millington Municipal Airport Authority has requested early transfer of 537 acres for airfield operations at the municipal airport. The site contains residual trichloroethylene groundwater contamination from solvents used in past Navy aircraft operations.

#### *Property Reuse*

Under the mandate of the National Environmental Policy Act (NEPA) of 1969, we consider the potential environmental impacts of disposal and reuse of base closure property before we convey property. We evaluate issues involving historic preservation, air quality, noise, traffic, natural habitat, and endangered species. The NEPA process concludes with the issuance of a Record of Decision (ROD). In fiscal year 1998, we completed seven RODs. Eight more are planned for this fiscal year and 10 for next year.

As the Local Redevelopment Authorities develop and refine their reuse plans, we want to support immediate reuse opportunities through Interim Leases and Leases in Furtherance of Conveyance. We must first prepare a Finding of Suitability to Lease (FOSL) document. At the end of fiscal year 1998, we had over 1,000 FOSLs in place covering nearly 18,000 acres. This year, we plan to issue more than 40 more FOSLs covering 19,000 acres.

At the end of fiscal year-1998, we had about 115 leases in place between the Navy and LRAs. Leased property is being used for a variety of purposes: port usage, movie production, steel fabrication, general manufacturing and repair, education, housing, childcare, shipbreaking, and police facilities. These leases have created several thousand jobs to help communities recover from the loss of the Navy and Marine Corps presence. The leases provide protection and property maintenance clauses and generate significant revenue for the LRA.

*Property Disposal*

While leases are desirable, they are only an interim step to the ultimate BRAC goal of property disposal. The DON must dispose of 434 parcels of land on 91 BRAC bases. Each BRAC base has a disposal strategy tailored for that base. It incorporates LRA reuse plans with environmental cleanup timetables, NEPA documentation, conveyance plans and schedules and transition requirements into a comprehensive business strategy for conveying the Navy property to another entity.

Like the FOSL, a Finding of Suitability to Transfer (FOST) is needed before we actually convey property. Here again, we are making good progress. As of the end of fiscal year 1998, we had completed 64 FOSTs covering nearly 29,000 acres. In fiscal year 1999, we plan to add more than 200 FOSTs covering 23,000 acres.

Through the end of fiscal year 1998, we had conveyed through economic development conveyances, negotiated sales, public sales, or Public Benefit Transfer over 1,850 acres, and earned \$10.2 million in revenue that is being reapplied toward BRAC cleanup. Our budget assumes we will receive about \$5 million in land sale revenue during fiscal year 2000; these funds will be applied towards environmental cleanup of other BRAC property.

In addition to expediting the communities' economic recovery, we want to dispose of BRAC property as soon as practicable so that we can avoid caretaker costs and focus on our core mission. The Navy recognized early on that the sooner a base closed and property was disposed, the sooner savings would be achieved. We have established cooperative agreements at many bases where the Navy has provided funding and the LRA has accepted responsibility for providing services such as fire, police, water, sewer, electricity, gas, and ground care as part of the property transition process.

After a base closes, however, disposal of the base closure property presents the most complex challenge. In the disposal process, the Navy is guided by the President's Five-Part Plan for Revitalizing Base Closure Communities, which emphasizes local economic redevelopment of the closing installation and the creation of new jobs. The Navy is bound by a legal framework of property disposal and environmental statutes that govern each phase of the disposal process.

The LRA's are central to the property disposal process. Their timely submission of a comprehensive, feasible reuse plan that will meet the standards of the National Environmental Policy Act of 1969 (NEPA) and the broad range of Federal statutes that govern treatment of protected resources is fundamental to the Navy's ability to proceed with the disposal of the property. The LRA must present a request to acquire the property that is consistent with one of the four statutory methods available to the Navy to dispose of BRAC property. Often, the LRA's do not meet these statutory requirements and property disposal is significantly delayed. In certain instances, the LRA is not adequately equipped or financially capable of assuming the responsibilities of owning the property and conveyance of base closure property to the LRA lags far behind Navy schedules for disposal of the property. The quickest and most efficient way to dispose of BRAC property may be by direct public sale.

INFRASTRUCTURE EFFICIENCY EFFORTS

*Need for Two More Rounds of BRAC*

I have so far discussed our investment plans to improve our infrastructure. However, as I indicated previously, we still have significantly more infrastructure remaining after four BRAC rounds than needed to support the conceivable force structure of the future. The Quadrennial Defense Review, Defense Reform Initiative, and the National Defense Panel all concluded that more rounds of BRAC are required to further shrink the military infrastructure. An April 1998 DOD report to Congress, submitted in accordance with Section 2824 of the fiscal year 1998 National Defense Authorization Act, analyzed capacity by types of bases for each military department and Defense Logistics Agency. The report concluded that the DOD has about 23 percent excess base capacity. The report also validated BRAC savings estimates, and noted that actual one-time implementation costs are close to or less than initial estimates.

I again ask your support for DOD's request for two more BRAC rounds, beginning in fiscal year-2001.

*Re-inventing Shore Infrastructure*

As we ask for two more rounds of BRAC, we have not been sitting idle. Under the leadership of the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations and the Commandant of the Marine Corps, we have a multitude of initiatives well underway to make our infrastructure more effective and less costly.

We have charted an ambitious course. The Navy has programmed \$8 billion in savings over the fiscal year 1998 to fiscal year 2005 period; the Marine Corps has programmed \$370 million over the same period. We also realize that these efforts require us to invest money, sometimes, significant sums of money up-front to do the necessary analyses. We are carefully evaluating proposals, and where the potential payback appears convincing, we are stepping up to the plate and putting money in the budget to pursue the most promising initiatives. Given the wide variety of initiatives, the Deputy Chief of Naval Operations (Logistics) has developed a strategic business plan that melds these myriad opportunities into a cohesive vision while still providing execution flexibility to Fleet and Base commanders.

Here are but a few examples:

- Competitive Sourcing.*—We are reviewing all “commercial activities,” i.e., those functions that are now performed by military or DON civilians but that are also performed by the private sector. Using the Office of Management and Budget Circular A-76 process, we are competing to find who can best perform such functions as food services, housing management, grounds maintenance, facility maintenance, data processing, and aircraft refueling—a “most efficient organization” of in-house personnel, or by contract to a private sector provider. This single initiative holds promise to generate over \$5 billion in savings by fiscal year-2005. We are still on the front end of this effort. We have to date announced competitions for about 21,000 Navy military and civilian billets. The Marine Corps plans to announce their first competitions later this year. A total of about 80,000 Navy and 5,000 Marine Corps billets are planned. Early results are promising. The Navy has completed competition of 896 billets so far, which have generated \$9.4 million in annual savings.
- Building Demolition.*—The goal of the building demolition program is to eliminate aging, unneeded and often unsightly facilities and their associated operating and maintenance costs. The Navy plans to demolish over 9.9 million square feet and the Marine Corps 2.2 million square feet by fiscal year 2002. Both the Navy and Marine Corps have centrally managed demolition programs with funds included in Real Property Maintenance Operations and Maintenance accounts. Through the end of fiscal year 1998, we had invested \$63 million to demolish 5.9 million square feet and removed nearly \$600 million in PRV from our rolls. We are now investing about \$40 million per year. Our fiscal year 1999 program consists of 59 projects to demolish 534 structures.
- Privatization of Utilities.*—Defense Reform Initiative Directive 49 directed the Services to privatize all their natural gas, water, wastewater and electrical systems except where uneconomical or where the systems are needed for unique security reasons. This is expected to reduce costs while providing quality utility services. The Navy has 751 systems and the Marine Corps has 135 systems worldwide to be examined for privatization. We have budgeted \$11.2 million in fiscal year 1999 and \$33.7 million in fiscal year 2000 to perform the necessary studies to meet the first DOD milestone: a determination by 30 September 2000 of which utility systems to try to privatize. Subsequent milestones are to issue all Requests for Proposals by 30 September 2001, and to award all contracts by 30 September 2003.
- Claimant Consolidation/Regionalization of Base Operating Support (BOS).*—Effective 1 October 1998, the Navy consolidated the number of major commands with BOS responsibilities from 18 to 8. Regional BOS Commands have been established to manage the BOS functions. This consolidation will allow smaller commands to focus on their primary mission, and provide new opportunities to optimize these functions under a single commander in a Navy fleet concentration area. The Regional BOS Commanders are now pursuing ways to develop more effective business practices.
- Smart Base.*—Smart Base is an attempt to bring off-the-shelf modern technology and business practices to Navy applications. A variety of demonstrations are planned or underway that promise to increase efficiency and reduce costs. One example is Distributed Learning Centers (DLC), which provide classroom skill training without the need to travel to a distant schoolhouse. DLC is now

deployed at 90 sites. Another example is Small Procurement Electronic Data Interchange (SPEDI), which provides paperless ordering of standard supplies and material on-line.

#### CONCLUSION

In conclusion, I believe the DON infrastructure program is now stronger than it has been in recent memory. Some of the additional topline relief made available to the DON has been applied to our programs. I believe we have truly turned the corner on our housing PPV effort. We are investing more military construction funds to renew and upgrade critical waterfront, maintenance, operational, and training facilities, while staying on track with our plans to improve the living conditions of our single Sailors and Marines. We are proceeding with numerous promising initiatives to make our infrastructure more responsive and less costly.

There is admittedly some concern and potential risk in delayed execution by financing our fiscal year 2000 construction program using Advance Appropriations. However, with the help of the Congress, I believe that we can safely manage this new effort with no real impact on construction time lines.

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

Senator BURNS. Thank you, Mr. Secretary.

We welcome our good friend, Senator Murray, from Washington, the ranking member on this committee. If you have an opening statement, we would like to hear from you now.

#### PREPARED STATEMENT OF SENATOR MURRAY

Senator MURRAY. Well, thank you, Mr. Chairman. I apologize for being late. I am trying to juggle several committee hearings this morning. I will just submit my statement for the record so that we can get to the questions for the panel. But just let me express my concern about the incremental funding plans, as you have as well, and I hope that we can work through that process and come to some good conclusions.

So, thank you very much.

[The statement follows:]

#### PREPARED STATEMENT OF SENATOR PATTY MURRAY

Thank you, Mr. Chairman, for scheduling this hearing to discuss the fiscal year 2000 construction program proposed by our navy and defense agencies.

I share the concerns that you have raised regarding the incremental funding plan for military construction proposed by the defense department. I have not detected a great deal of enthusiasm for this scheme from any source, including those who devised it.

Given the lukewarm endorsement of this plan by the services, I'm sure the chilly reception it has received on Capitol Hill comes as no surprise to any of our witnesses.

It is clear to me that there are a number of risks associated with this plan.

The services have indicated that they can execute construction projects under this incremental funding formula, and I have great faith in their ability, but they have also acknowledged that incremental funding could drive up costs, will definitely complicate oversight, and could result in schedule delays.

This is not an auspicious start to preparing our services to meet the challenges of the New Millennium.

The fact is, the infrastructure and quality of life programs that the Military Construction Appropriations Subcommittee oversees are crucial to the morale and readiness of our armed forces.

This is not an area in which we can afford to cut corners.

I have heard over and over again about the importance of quality of life issues to the men and women who serve in our military, and to their families. Deteriorating infrastructure at U.S. bases in this country and around the world is hampering our military's readiness at a time when the operating tempo is soaring.

Increased deployments are putting an added strain on families at a time when military family resources—housing, schools, clinics, support services—are struggling just to keep up with demand.

I note, for example, that ms. McGinn, in her prepared statement, says that the defense department is currently meeting only 58 percent of the total child care needs of the military members, and that the goal is to meet 65 percent by the year 2003. That leaves a huge gap in childcare services, which, as any working parent knows, is a necessity, not a luxury.

While I appreciate the fact that the defense department is working to find a variety of solutions to meet child care demands, the fact remains that all the creative thinking in the world won't help families who need quality child care now.

I am convinced that the military will never solve its recruitment and retention problems unless it pays significantly more attention—and commits a significantly larger proportion of its resources—to family needs. I am in no way attempting to imply that quality of life issues are more important than war fighting capabilities, but I do contend that both are essential elements of readiness, and both deserve our support. I know that you take very seriously the responsibilities of this subcommittee, and I commend you for the fair and even-handed leadership that you have consistently demonstrated in your handling of the many demands placed before this panel.

Given the budget constraints that we are facing, this is likely to be a more challenging year than usual. I wholeheartedly hope, in terms of proposals to finance military construction, that it is also an aberrant year, and that incremental funding proposals will not become a habit.

Thank you, Mr. Chairman. I welcome our witnesses, and I look forward to hearing their testimony.

Senator BURNS. We are joined now with a little Alaska sunshine, Senator Stevens, the full chairman of the Appropriations Committee.

#### STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman.

I, too, am worried about the problem of this deferred construction concept in the MILCON accounts, and I think we better find a middle ground fairly soon. We are trying to make some study to see whether this concept will drive construction costs up because of the risk factor involved in continued appropriations for some, as opposed to others.

In tight budgets, people like to know, when they get a contract, think that the money is in the bank, literally. We have always believed that it got us a lower price when people knew they really had the money tied down. The contractors have not been heard yet on this. I think, Mr. Chairman, we ought to think about getting some contractors to come in and tell us, if it is possible, what impact this new process would have on these contracts.

I remember once when Senator Stennis had a similar suggestion about starting a major naval vessel with a down payment and how he reacted. That was short-lived, and he was capable of making decisions and sticking to them.

I think our problem now is that we do have a ceiling here for the year 2000. If I am right, we are going to get the wall between defense and non-defense spending back again in the congressional budget resolution when it is not in the administration's budget. That needs to be explored also, to see how confusing that is going to become as we try to avoid another train wreck, as we call it, having an omnibus bill at the end of this session.

But, I do want to tell you I am grateful to you for your concept of leasing before final turnover of facilities. I am particularly concerned still with the Adak situation. Your people have been very

willing to consider the concept of leasing prior to final turnover. I think there are some of those areas that ought to be accelerated, and they should consider additional facilities that could be leased, because currently the limitations are very great.

In addition to that, there are some areas that are sort of out of bounds for the people who are trying to work there because of classification under the environmental concerns. Because environmental concerns have been expressed in some areas, I would like to have them reviewed. I think we are being too strict about that. If Navy personnel were able to operate there for the period since World War II on those properties without harm to the person, without extensive risks to the employees, I do not know why they should suddenly become out of bounds as far as successors in operation are concerned. They have expressed great consternation to me about that.

Have you been out there lately, Mr. Secretary?

Mr. PIRIE. I have not been there in about 3 years, Mr. Chairman.

Senator STEVENS. I hate to tell you, I have not been out there in about that time, too. Why don't we take a trip out there some time this year and take a look? Because I keep getting reports that the future of that civilian takeover is going to be severely impacted if they do not get access to the properties they need to commence business operations, particularly going into fuel supply for the trans-Pacific airlines and air cargo carriers, and into some concept of pre-port fabrication of materials brought through there by air cargo operations. If that does not get started soon, it will not be a possibility, with the longer- and longer-range aircraft being available to all the carriers.

Thank you very much, Mr. Chairman.

Mr. PIRIE. I would be glad to work with you, Mr. Chairman, on those issues.

Senator STEVENS. I appreciate that. I am just dropping by. We have about five subcommittees meeting at the same time this morning. I think I have some questions I will submit for the record for you all. Thank you very much.

#### INCREMENTAL FUNDING

Senator BURNS. Thank you, Mr. Chairman. We appreciate your comments. And I will tell you that we started a review on some of this, Mr. Chairman, with the Secretary, and that continues. So, we appreciate that.

Secretary Pirie, I am still concerned about the Department's plan to phase-fund military construction in 2000. I recognize that there is tremendous fiscal year pressures to realign money. We know where those pressures are coming from, and I am afraid that if the practice continues, it may have long-term implications on what we can do with this committee and the challenges we have had.

Do you want to comment on that? Because the realignment of money this past year—this past 2 years, really—has been substantial.

Mr. PIRIE. Well, Mr. Chairman, I guess I share Senator Stevens' concern about the amount of risk that we are imposing on the people that we are dealing with and the effect that that is going to have on what they are going to have to charge in order for them

to operate responsibly and for them to get access to financing. Admiral Smith looked into this and talked to some people about this. And I think he can expand on that.

Senator BURNS. Admiral Smith?

Admiral SMITH. Senator, as the head of the contracting agency for the Navy that executes the military construction program, when this concept was first broached, sir, I called in all of my attorneys and contract specialists, and we first went over the legalities of actually executing a program this way. And after we had determined that it could be done in accordance with the Federal Acquisition Regulations and with existing law, I then said, well, what is our risk here, what is it going to cost us? And, to be honest with you, we could not tell.

So, I made a couple of phone calls. And I called the president of the Association of General Contractors, as well as the CEO of a major construction company in America. And I asked them specifically, if I put a clause in a contract that says, "subject to the availability of funds," will it cost me any money; and, if so, how much?

In both cases, my friends said it will definitely cost you more money. However, it will vary with the contract. And it will vary with the project. And we cannot tell you it will be \$10, a half a percent or 20 percent, because it will vary with the project. But it will be in there. And, oh, by the way, it may well restrict the number of people who are interested in doing government work, as opposed to the way it is now.

Senator BURNS. Admiral, were you successful in any way of determining our old conventional way of financing those projects, how much more that cost is going to be?

Admiral SMITH. No, sir. And I tried to press them on that, because they tend to be very, very detailed in their cost accounting, on what it costs them to do work. And they of course do work for the private sector, as well as the public sector. And they said, no, it is just a matter of introducing risk into a business deal, and we will put an extra percentage on the side. But it will vary with the job, so we cannot give you a singular answer.

Senator BURNS. Did that make you think that maybe this approach may have to be looked into further, though?

Admiral SMITH. Yes, sir. Again, I am always concerned about getting the best value in any procurement for the taxpayers. And if there would be extra administrative costs or uncertainty costs in here, from my perspective, personally, it certainly would be something that we would want to look at.

#### BARRACKS

Senator BURNS. Secretary Pirie, I understand that the Navy will not be able to implement the 1-plus-1 standard until 2013. That is 14 years out there. And, by the way, looking out into the future, the only time we talk about that is sort of with the budget. We do not look at the immediate needs. I can remember one time we held a hearing on Y2K in 1991. We did not get one drop of ink, and now everybody is in this crash program of Y2K.

I am wondering, is the Navy allocating sufficient resources to solve this problem? And do you have a handle on that, when we

spread that out that far, the total cost? I have a feeling it is going to cost us more.

Mr. PIRIE. I am not sure about whether it is going to cost us more, Mr. Chairman. We are putting about \$120 million a year in MILCON for Navy Bachelor Quarters (BQ's) and \$90 million for real property maintenance. Not making the 1-plus-1 by 2013 is not the whole question by any means. Because we have a succession of other kinds of standards which are going to improve quality of life for people other than the 1-plus-1's—for example, the 2-plus-0's that we are putting in for the A schools and for transients or the barracks we are building for recruits.

So, even though it takes us a long while to converge on getting 1-plus-1 for everybody, we are steadily improving the overall quality of our barracks housing for single sailors. And I think that goes for the marines, as well.

Senator BURNS. Yes, I want to hear from General Higginbotham.

General HIGGINBOTHAM. Sir, we have a little bit different challenge. And what we are looking to do, at least with the 2000 money, is be able to get our marines out of gang head and open squad bays by the year 2005. But it is also going to take until 2037 just to get our marines in the two men per room. Now, that is not 2-by-0, that is just two men per room.

Senator BURNS. Do not plan on me being there to cut the ribbon. [Laughter.]

General HIGGINBOTHAM. Right. So, that is really reaching out there.

What we have recently done, though, the Commandant and I have put together a 10-year plan that will improve those numbers. But to be able to do that is going to require some enhancement. And so what we would really like to be able to do is have two men per room by the year 2020. And so we have a plan that will get us there, but it is going to take a little help to do that. And so that is what we are striving to do.

So, we have a very aggressive plan in terms of the money that we are putting into MILCON and quality of life is very aggressive at this point.

Senator BURNS. Tell me, is it such a big, important item in retention? Is that a major item in retention?

General HIGGINBOTHAM. Absolutely.

Senator BURNS. From your observations.

General HIGGINBOTHAM. Oh, absolutely it is. In fact, during this past month, I had the opportunity—I visited every one of our installations in the Marine Corps to look at all of our fiscal year 2000 MILCON projects. And in particular, I went out to Twentynine Palms, and I looked at one facility they had out there for students. And in one barracks, we have six students per room, inadequate lighting, no adequate desks. And so it is that kind of environment that we really have to do something about.

And so these are our young marines that, even though it is a Permanent Change of Station (PCS), they are there for a year to undergo schooling, that is really inadequate. So, that is really what we are trying to do, is put money into readiness, do something about Bachelor Enlisted Quarters (BEQ's) and quality of life. And so that is a principal piece of our focus.



## RETENTION AND RECRUITING

And, Mr. Chairman, if I could just make one other quick statement here, because in your opening statement you talked about retention and recruiting. And so, your Marine Corps is doing very well as it relates to recruiting and retention. We have made those goals 44 months straight.

Now, with that said, this is tough business. And so we truly have our best marines out there recruiting. But it takes leadership and hard work to do it. But we are doing very well at this point.

Senator BURNS. Any comment, Admiral Totushek?

Admiral TOTUSHEK. No, sir.

Senator BURNS. Secretary Pirie, did you want to respond?

Mr. PIRIE. Well, I was just going to say, as to the retention value of improving the BQ's, I mean the Marsh panel was unequivocal about how important it is. And in my talking to young sailors and marines, when they see the kind of new 2-plus-0's and 1-plus-1's, they are absolutely delighted. So, I think it is important.

Senator BURNS. Well, I do, too. When we started down this road, and when Senator Murray and I assumed this subcommittee, we made that decision that we were going to do those things. However, I am still in an old buggy whip attitude. There were 63 in my room in F-212, 3rd Marine Division [Laughter.]

Senator MURRAY. Are you recommending that, Mr. Chairman?

Senator BURNS. No, I am not. [Laughter.]

It caused some problems every now and again. [Laughter.]

## BARRACKS FUNDING

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

Let me just quickly follow up on that last question. A 40-year program, is that aggressive? I do not understand. You are describing a 40-year program to meet the housing needs. That does not feel to me like a very aggressive program.

General HIGGINBOTHAM. Well, the problem is it is all about money. And so what we have got to be able to do in the Marine Corps, in terms of our total obligational authority, is that we have got to balance that money with readiness—in this case, readiness, modernization and our military construction family programs. And so part of our challenge today is that we have aging equipment. As an example, our amphibious assault vehicle is now 27 years old. We are going to have to spend \$309 million here in the next couple of years for an improvement program, that we call a Reliability, Availability, Maintainability and rebuild to standard (RAM/RS) program, to be able to extend the life of that vehicle out to 36 years, until the Advanced Amphibious Assault Vehicle comes on line.

And so that is part of our significant problem today. And to be able to fund our spares today; our repairables has increased 104 percent in cost just during the last several years. And so we have gone from \$82 for an average equipment repair order up to \$190-some at this point in time.

So, it is readiness that has taken more of our money. And so modernization certainly is the central theme to all of this. We have

got to do something about that. But, clearly, the Commandant is committed to making sure that our marines have equipment that works, that it is ready, because that is the true indicator of quality of life, is to bring them home alive. And so we have got to be able to split that money out into those different pots.

Senator MURRAY. Right, I understand. It is a difficult challenge, but it still has a lot to do with retention and morale. And we need to really, I think, aggressively go after it.

#### INCREMENTAL FUNDING

Mr. Secretary, let me just ask you if you were consulted on the idea of incrementally funding the military construction program and, if so, did you recommend funding the plan?

Mr. PIRIE. I was not consulted prior to that decision being made. After it was made, we were consulted on how much of a safety factor might be appropriate to put in. But we were not given the opportunity to argue for the reversal of the decision.

Senator MURRAY. Okay. Admiral Smith, let me just follow up. You were talking about talking with the general contractors, and they said that it was going to cost more money. Did they define exactly why for you, so we can understand that?

Admiral SMITH. Their concerns, of course, are, in any business deal, the uncertainty associated with it. And since of course we always pay them after they have done the work, they will generally have to go to a bank or some other lending institution to obtain financing. And of course the bankers tend to look askance at anything in their contract against which their borrowing the money that might not get them paid on time or might not get them the funds for the work that has been performed. So, again, from their perspective, it is more uncertainty in the deal than had historically been there.

Senator MURRAY. So, there is not anything concrete except for perhaps financial loan interest?

Admiral SMITH. Yes, ma'am.

Senator MURRAY. Okay. Mr. Secretary, if the fiscal year 2000 military construction budget is restricted to \$5.4 billion, without incremental funding, it will obviously result in many projects going unfunded for at least a year. In your opinion, what impact is that going to have on retention and readiness and morale in the Navy and Marine Corps?

Mr. PIRIE. Well, it is pretty hard to quantify it exactly, Senator Murray. But it is not going to help it. It will not be good. And if we are not given the appropriations and authorization for what we have asked for in terms of appropriations, it is going to essentially defer the rest of those things 9 months to a year.

Senator MURRAY. As you know, one of my primary concerns has been quality-of-life issues. And my concern is that these are going to be left behind, with very limited resources, if we prioritize pier modernization and environmental compliance or maintenance and repair. And I know that you can point to your plan to fund bachelor enlisted quarters, but those are very expensive projects. Assuming that we find this advanced appropriations notion untenable and find we have to fully fund projects at a much lower number than

any of us want, how are you going to prioritize some of these quality-of-life issues?

Mr. PIRIE. I think, at the moment, we have provided a list in the order that they were originally developed at our planning board. And we will probably simply defer the rest of the projects that do not come under that funding cap until either very late in the fiscal year or the beginning of next fiscal year.

General HIGGINBOTHAM. Ms. Murray, may I make a comment about that?

Senator MURRAY. Yes, General.

General HIGGINBOTHAM. We have 23 projects for the fiscal year 2000. And if we do not get the incremental funding, now we are going from \$161.5 million down to \$40.4 million, that means, out of 23 projects, perhaps we can fund maybe four, maybe five.

Senator MURRAY. How are you going to prioritize those?

General HIGGINBOTHAM. We have a prioritized list at this point that we can provide for the record if you like.

[The information follows:]

		Planning and Design	Authorized	Cumulative Total
		PLANNING AND DESIGN .....	11,873	11,873
P-536 .....	MCAS New River, NC .....	AIRCRAFT TAXIWAY ADDITION .....	495	12,368
P-076 .....	MCB Camp Pendleton, CA .....	INTEGRATED COMMUNICATIONS HUB .....	3,623	15,991
P-481 .....	MCAS Yuma, AZ .....	LAND ACQUISITION .....	13,731	29,722
P-495 .....	MCAGCC Twentynine Palms, CA .....	BACHELOR ENLISTED QUARTERS .....	18,195	47,917
P-063 .....	MCB Camp Pendleton, CA .....	ACADEMIC INSTRUCTION BUILDING .....	6,155	54,072
P-568 .....	MCB Camp Pendleton, CA .....	MAINTENANCE/OPS FACILITY .....	7,986	62,058
P-122 .....	MCB Hawaii .....	CONTROL TOWER .....	5,486	67,544
P-935 .....	MCB Camp Lejeune, NC .....	ROAD AND UTILITY CONSTRUCTION .....	8,339	75,883
P-022 .....	MCB Camp Pendleton, CA .....	TACTICAL VEHICLE MAINT FAC .....	8,573	84,456
P-413 .....	MCAS Beaufort, SC .....	CORROSION CONTROL FACILITY .....	8,275	92,731
P-067 .....	MCB Camp Pendleton, CA .....	ARMORY .....	2,494	95,225
P-920 .....	MCLB Barstow, CA .....	TEST TRACK/TEST POND FACILITY .....	4,445	99,670
P-619 .....	MCAGCC Twentynine Palms, CA .....	TACTICAL VEHICLE MAINT FAC .....	13,282	112,952
P-919 .....	MCLB Albany, GA .....	ENGINEERING EQUIPMENT SHOP .....	5,960	118,912
P-478 .....	MCB Quantico, VA .....	BACHELOR ENLISTED QUARTERS .....	19,802	138,714
P-645 .....	MCAS New River, NC .....	FAMILY SERVICES CENTER .....	1,271	139,985
P-437 .....	MCAS Yuma, AZ .....	CHILD DEVELOPMENT CENTER ADDITION ..	2,494	142,479
P-119 .....	MCB Camp Lejeune, NC .....	PHYSICAL FITNESS CENTER .....	4,026	146,505
P-069 .....	MCB Camp Pendleton, CA .....	SNCO ACADEMY, BEQ .....	9,266	155,771
P-285 .....	MCRD San Diego, CA .....	PHYSICAL FITNESS CENTER .....	3,044	158,815
P-384 .....	MCAS Beaufort, SC .....	ARMY .....	1,700	160,515
P-535 .....	MCAGCC Twentynine Palms, CA .....	CAST TRAINER ADDITION .....	1,588	162,103
P-500 .....	MCAS New River, NC .....	PROPERTY CONTROL FACILITY .....	3,437	165,540

Mr. PIRIE. The budget submit lists these projects in order. So, that is the one we will work off for the moment, Senator Murray.

General HIGGINBOTHAM. But the point is that with that lesser amount of funding, that will have a serious impact on our ability to execute this 10-year plan that I am talking about now. But I also want to alleviate one of your concerns in terms of how we are committing our money. In the President's budget in 1996, we had identified \$97.2 million for the fiscal year 2000, and we have committed \$161.5 million. So, you can see that is an appreciable increase.

And so General Krulak is very committed to funding quality of life and these construction programs. But we also feel like we need a little help to kind of improve our current status.

## PUGET SOUND PROJECTS

Senator MURRAY. Let me ask you one specific Washington State issue, which is a dredging project in the fiscal year 2000 budget at Puget Sound and a D-5 missile support facility at the Puget Sound Shipyard. This is the first phase of a major project to modernize both the Trident fleet and the Submarine Base at Bangor. The Navy is also reportedly considering homeporting additional Trident submarines at Submarine Base Bangor. Can you tell me the scope and status of the proposals and what impact they are going to have on Kitsap County in my home State?

Mr. PIRIE. We can provide I think the detailed information for the record, Senator Murray. But it is true that we are doing considerable dredging and building a pier at Puget Sound Shipyard in support of carrier homeporting, and the Bangor construction project, as you know. As to the impact on the county, I will have to take that for the record.

[The information follows:]

The President's Fiscal Year 2000 budget includes a Puget Sound dredging project (MCON P-338, \$14.85 million) and a D-5 missile support facility (MCON P-321, \$6 million). MCON P-338 is sited at the Puget Sound Naval Shipyard in Bremerton to support CVN berth depth requirements and is not in any way connected with TRIDENT fleet requirements. The MCON P-321 project is sited at Bangor, not at the Puget Sound Naval Shipyard, and provides utility and site improvements to prepare for a limited D5 capability at Bangor.

Regarding homeporting additional TRIDENT submarines at Bangor, the Navy is still studying final homeporting alternatives. However, the Navy has determined that the final number of TRIDENT submarines homeported in Bangor will not exceed the current number of 8.

Senator MURRAY. Okay. I would appreciate getting that back. And I have some other questions that I would like to submit for the record, Mr. Chairman.

## MILCON FUNDING LEVELS

Senator BURNS. Thank you, Senator Murray.

Going back to what you said, General. You know, as near as 4 years ago, I think this MILCON expenditure was between \$10 billion and \$11 billion. Now we are down around \$6 billion. That is what I alluded to a while ago in my statement, that the shifting of funds in the Department of Defense concerns me. Not only the mission of military construction, but then we are shifting those monies away. I am not real sure that our costs—we may be putting more projects on line, but then are we, at this funding level, going to be able to fulfill those obligations in 3, 4 and 5 years?

I see these costs starting to build up. Now, do you understand where I am coming from? I am probably not making myself too clear, but I am saying that it looks like we are going to run into a balloon-type of situation here in trying to maintain our funding levels.

Mr. PIRIE. Clearly, if we push a great deal of the 2000-2001 appropriations into 2001, there is a substantial bow wave, yes, sir, Mr. Chairman.

Senator BURNS. Is that the way you see this?

General HIGGINBOTHAM. Yes, sir.

Senator BURNS. I just do not want to get us in a position to where we have to come back and it would be more costly just to

complete the projects as we pushed them out. I would like to go back to put another billion dollars in here and take care of some obligations that we can pay for right now, and complete some of these projects, and still have a master plan of where we want to go.

Do you have anything against that? I may have to wrestle my chairman a little bit.

Mr. PIRIE. Well, we can use all the help we can get, Mr. Chairman. [Laughter.]

Senator BURNS. I thought maybe that may be the answer.

Mr. PIRIE. I do not need to conceal my feeling about that.

The projects that we have ongoing now are, by and large, fully funded. We have one or two incrementally funded projects and so forth. And those in fact were protected in this budget. That is, the full increments of the completion costs were protected.

Senator BURNS. But we have accelerated that, though, with this.

Mr. PIRIE. But there are others that have been pushed out, sir.

#### BASE REALIGNMENT AND CLOSURE [BRAC]

Senator BURNS. Yes. Now, tell me about—we have now completed, what, the fourth round of BRAC—savings there. There are some savings, I assume, from what you have told us. I am wondering, whenever we start crowding that out, what would be our future obligations if we have another round of BRAC.

Mr. PIRIE. Well, we will clearly have to put in the initial seed money up front to finance all of the expenses of BRAC, which include the moving of people, the buyouts and early retirements, and those kinds of programs, the building of new facilities at receiving installations that get activities from BRAC installations and so forth. And Admiral Smith has an eloquent line on how much you have to put up front to make the eventual savings and his concerns about how much we would have to put up for some additional rounds.

Admiral SMITH. Sir, in my previous position in the Navy, I was the Chief of Naval Operations' Civil Engineer. And so I was involved in the programming and the early project management of the first four rounds of BRAC. And in those first four rounds, the Navy expended something like a little over \$10 billion to realize the annualized savings of about \$2.5 billion a year. And we found that we stuck to our original projections pretty well in terms of the costs and the benefits.

So, our estimate was about \$4 up front for every dollar per year you would save over the long haul. And of course, those \$2.5 billion a year in savings are in perpetuity. I mean we are no longer paying base operations costs to run the Naval Station in Charleston, that has been closed.

As we go into the next round, since we of course picked a lot of low-hanging fruit in the first 178 realignments and closures, our estimate is it may cost us more, perhaps 4 and a half dollars, for every dollar per year of savings. So, we are watching that very closely as we go forward into hopefully another two rounds of BRAC in the future.

Mr. PIRIE. That means you recoup your initial expenses in 4 and a half years. And, after that, everything that you get is free and clear.

Senator BURNS. And we are to complete those by what, 2001?

Mr. PIRIE. 2001 for the last round of BRAC, yes, sir.

Admiral SMITH. Yes, sir. And as Secretary Pirie correctly puts in his statement, the big savings are accrued when you get to the realign and close point. After that, the cleanup and dispose, which is where we are on many properties right now, most of your savings have already been realized when you come to that point.

Senator BURNS. Secretary Pirie, we had a hearing and we have discussed many times the cost of cleanup. And I assume that we are moving forward on that and we are staying within projected costs?

Mr. PIRIE. Yes, Mr. Chairman, we are. In fact, we have realized, over the course of the past few years, some significant savings over projected costs because of various kinds of efficiencies—negotiations with regulators to clean up to standards of use that the community is going to make rather than to national park standards, and other kinds of cost avoidances. So, we are on track to complete the projected cleanups.

Admiral Smith.

Admiral SMITH. Yes, sir. No, I cannot really add anything to that. As a matter of fact, we have found that in working with the communities and the State and Federal regulators, we have actually been able to save money over original estimates on the cleanups.

Senator BURNS. Well, the reason I ask you about that is because, basically, we have incrementally funded BRAC accounts. We have done it in that respect. And we still have some obligations to pick up there between 2000 and 2001. I am still concerned about this incremental thing. That bothers me a lot. I just feel like we are going to get out there another 5 or 10 years, and all at once we are going to be hit right between the eyes with a balloon-type thing. And I would like to prevent that or some problems down the line.

#### DEMOLITION PROGRAM

Last year, we discussed the Navy's demolition program. It would appear that the program has been quite successful, from your reports. Do you have any idea how much we have saved on the demolition of some of those old buildings? Have you put a pencil to that? I know that is sort of a hypothetical question. It is probably into an area where you cannot. But how successful has it been, Admiral?

Admiral SMITH. Sir, I love the demolition programs. [Laughter.]

Senator BURNS. You just like to tear up things. [Laughter.]

Admiral SMITH. Yes, sir. I guess my mother would have told you that I was a destructive little boy.

Mr. PIRIE. Seabees with bulldozers, Mr. Chairman. [Laughter.]

Admiral SMITH. As you are probably aware, we have demolished over 6 million square feet of old buildings. And we have found a lot of things. We have found, almost serendipitously, that it has saved us a lot of money. For the most part, they were World War

II or pre-World War II buildings. I would tell you, as an engineer, those temporary wood frame barracks buildings we built during the Second World War, that were only supposed to last 20 years, are still as sound as the dollar. I mean they are going wonderful. And I have no idea when they are going to come down.

Senator BURNS. Can you give us an idea of basically what are we talking about? What buildings? Give me an idea of which ones.

Admiral SMITH. If you will remember the barracks that we built during the Second World War, most of which have been—they were two-story, wood frame structures, long, skinny, with central heads in them. Those convert to office spaces very well. And virtually all of them have been converted to office spaces now. Those are typical of the genre.

We have also torn down production facilities, warehouse-type facilities. It has really helped us in our consolidation efforts in the Navy. The unexpected benefit is not only do you get rid of an eyesore and a building that perhaps contains asbestos and other hazardous substances, but also now you do not have to run a steam line to it to heat it in the wintertime. And you do not have to replace that old building, so that the roof is now worth more than the building is.

So, it has been an enormous success for us. It has helped us a very great deal. We are still scheduled to tear down about another 3 million to 4 million square feet over the next 2 years. But if you go to some of our Naval stations, for example, the Naval Air Station at Breezy Point, it has really never looked better. We had forgotten how pretty our bases were until we tore down a lot of these old, unsightly buildings.

Senator BURNS. How much is out there yet to do?

Admiral SMITH. Our last Navy-wide survey said that we needed something like 10 million square feet demolished. I would tell you, sir, as an old public works officer, that people did not think they could get any money to do it, and they never really had the money to do it, so I do not think they really went as far in looking for demolition projects and candidates as they are now.

If I could also go back to kind of your first opening statement. I have resisted the impulse to go and ask people how much money they have saved, because there are unscrupulous people out there in our budgeting process who would take those savings. And we are trying to encourage our base commanders, honestly, to use that money for other good things, because we worry they do not quite have enough. [Laughter.]

So, maybe that is more candor than I should be showing here, Secretary Pirie. [Laughter.]

Mr. PIRIE. That is very subtly stated. [Laughter.]

Admiral SMITH. Yes.

Senator BURNS. Very subtle. Would you like to respond to that, Mr. Secretary, in some way or other? That is a nice shade of red, by the way. [Laughter.]

Mr. PIRIE. I am not the budgeteer, sir. But I would point out that we also want to get these buildings down before they land on the Historical Register. [Laughter.]

Admiral SMITH. Absolutely.

Mr. PIRIE. Because that gives us some problems, as well.

And, to be honest, it is not all World War II-vintage buildings. Some of the things we built in the sixties are looking pretty ugly now, too, and need to be done away with.

General.

#### MARINE CORPS DEMOLITION PROGRAM

General HIGGINBOTHAM. Yes, sir, I would like to comment on it, as well. Since 1994, we have demolished 3.9 million square feet in our facilities. Last year, in 1998, 1 million square feet. This year, another 1.1 million square feet. And, by the year 2000, we will have demolished what we need to demolish.

But we sort of look at it in terms of cost to savings. It is about a 5-to-1 ratio. And so, starting your sixth year, then you will realize cost savings associated with it.

Senator BURNS. I guess just to make the point, how many Quonset huts have you got left at Camp Pendleton?

General HIGGINBOTHAM. A whole bunch.

Senator BURNS. Have you?

General HIGGINBOTHAM. That is part of that \$1 million this year. But when I talk about demolition, the buildings that we want to destroy, you know, that we no longer need.

Senator BURNS. Well, I still think we have got some at MCRD San Diego, do we not?

Admiral SMITH. Sure.

General HIGGINBOTHAM. Yes, sir, there are some.

Admiral SMITH. I believe there are some at Quantico, even, still.

General HIGGINBOTHAM. Right.

Senator BURNS. Well, Quantico, I do not worry too much about them. I just worry about Camp Pendleton and Marine Corps Recruit Depot [MCRD]. But I noticed when I was out there some time ago that most of them had been boarded up, though. They just have not been removed.

General HIGGINBOTHAM. Right.

Senator BURNS. And those will finally be removed?

General HIGGINBOTHAM. Yes, sir. In fact, if you go out to the Infantry Training School now, where historically you will see a lot of those old Quonset huts, we have new BEQ's being built as we speak. And so a lot of those buildings are in fact being replaced.

#### QUALITY OF LIFE

Senator BURNS. Any other comments? That is about the end of my questions. And I know we will probably have some more before we finally make it through this process. We would like just to keep the telephone lines open. But I think Senator Murray has expressed some concern, and I think it is a well-founded concern, on the incremental. I am not real sure I get a read from my own judgment. I cannot project out there, 5 and 6 and 10 years from now, the problems that we may run into, especially how that will affect if we have another round or BRAC.

I will tell you that I am going to go to the Armed Services Committee, and I am going to work very closely with Chairman Stevens, because the shift of funds and what we have to do and what we are expected to do in the quality of life, such as day care centers, we have pointed more to families than we ever have before,



in medical facilities and medical care, those concern me greatly. And the shift away, to use that money somewhere else, even though it is in the Department of Defense, concerns me.

Because I feel that we initiated a mission to improve that quality of life some 5 or 6 years ago, and with the help of Senator Murray. And I do not want to abandon that because we are shifting money away from our mission in military construction to other areas and what some would view as of doubtful expenditure. So, I am going to try to get you a little more money, to be right honest with you. I know we kind of beat up on you every now and again, but I think retention right now is utmost, and the morale of the troops. I know that is very, very important when you have to put together a fighting force. And that is what we have to maintain.

So, I thank you for coming this morning.

Do you have any other more questions?

Senator MURRAY. No, thank you, Mr. Chairman.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. Thank you. As we work on this, we will be working very closely with you. I thank you for coming this morning.

Mr. PIRIE. Thanks very much, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR BURNS

##### NAVY FUNDING

*Question.* Secretary Pirie, last year you informed me that the Navy spends approximately 1.7 to 1.8 percent of plant replacement value per year on facility maintenance. Has that number changed with the fiscal year 2000 Budget.

*Answer.* The fiscal year 2000 budget request includes funds in Real Property Maintenance and Quality of Life Enhancements, Defense appropriations. Combining these accounts, the percentage remains essentially the same as the fiscal year 1999 enacted level.

##### NAVY PUBLIC/PRIVATE VENTURES (PPV)

*Question.* Secretary Pirie, with respect to family housing privatization, I am concerned about Sailors and their families paying more to live in one of these projects than housing provided through traditional military construction. What assurances can you give me that they will not have out of pocket expenses?

*Answer.* The Department of the Navy's goal for housing privatization projects is to ensure that rent plus costs associated with average utility consumption does not exceed the member's Basic Allowance for Housing (BAH). Privatization projects are being developed in accordance with this goal. Furthermore, safeguards will be incorporated to ensure that future rents to be paid by members will be linked with BAH growth. If a family consumes excessive utilities, they may incur out-of-pocket expenses.

*Question.* What is the average lease period with the developers for these types of Navy privatization deals?

*Answer.* Most projects involving the privatization of existing Government housing are anticipated to be 50-year deals. There may be some projects of shorter duration. The Navy is also using 15-year terms for Limited Partnership deals for housing on private land where our equity contribution is limited to cash. We remain flexible to consider other arrangements that would be mutually beneficial to all parties.

*Question.* How will installations with family housing privatization ventures be treated in future rounds of BRAC?

*Answer.* Installations with family housing privatization ventures will be treated no differently than any other installations (i.e., they will neither be penalized nor treated favorably). The Navy is developing its PPV plans in order to maintain the ability to terminate such agreements in the event it becomes necessary.

## NAVY CONSTRUCTION EXECUTION

*Question.* Secretary Pirie, the Navy has greatly improved their construction project execution the past several years. How will advance appropriations and phased funding impact your execution?

*Answer.* The challenges that face the Navy in executing this budget are centered on project and funds management. Successful execution of the program will depend on our ability to accurately project outlay streams for each project, and to optimize the allocation of funds for each project based on the projected outlay stream and on the date of award.

Our projected outlay streams have to accommodate material procurement (including any long-lead time items), job phasing, work scheduling, etc. to accurately reflect optimum contractor performance as if funds were to be obligated for the full value of the contract.

Projected outlay streams then have to be time-phased against projected dates of award and the date of the availability of the advance appropriations, in order to determine the appropriate level of funding to be obligated against the contract.

In addition, actual work-in-place and contract expenditures must be monitored to ensure that sufficient funds are available throughout the year to preclude any work stoppages or contract terminations. Award dates for subsequent projects will have to be managed to maintain availability of sufficient funds for such purposes.

## NAVY CONSTRUCTION EXECUTION

*Question.* With some of the BRAC money split between fiscal year 2000 and fiscal year 2001, how will that affect implementation of the 1995 BRAC decisions?

*Answer.* There will be no effect on the implementation of the 1995 BRAC decision. The fiscal year 2000 appropriation request of \$211.4 million is only for that portion expected to be actually spent in fiscal year 2000, plus an additional factor for unforeseen actions. The Navy has already completed 93 percent (165 of 178) of all closures and realignments, and will complete an additional eight by the end of fiscal year 1999, four in fiscal year 2000, and one in fiscal year 2001.

*Question.* Explain the Navy's rationale for phasing the supervision, inspection, and overhead (SIOH) costs over a five-year period when the projects are phased in two years?

*Answer.* SIOH annualization allowed the Department to realize a one-time savings over the four-year implementation period by reducing the amounts of SIOH that are obligated but not yet expended.

SIOH annualization was developed as a permanent change in the manner in which the Department will budget for such costs. Phasing the funding over five years aligns the SIOH funding with historic MILCON outlays. SIOH is obligated against a MILCON project based on the obligated amount of the contract or work order. SIOH is expended (or outlaid) from a project at the same rate as the construction contract or work order is outlaid.

On the other hand, the use of advance appropriations to phase project costs over two years is a one-time effort to satisfy critical readiness shortfalls within the Department of Defense in fiscal year 2000.

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 QUESTIONS SUBMITTED BY SENATOR HUTCHISON

## CLEANUP AT DALLAS NAVAL AIR STATION

*Question.* It appears the successful redevelopment of the Dallas Naval Air Station (DNAS) is being threatened. Timing is particularly critical since the City of Dallas successfully completed a long-term lease agreement for a tenant corporation. This project has the potential to make DNAS one of the BRAC "success stories" by reusing the base and providing 1,500 jobs. Unfortunately, it could also become one of the BRAC "horror stories" if this opportunity is lost. In addition, some consideration should be given to the fact that most of the DNAS property has been leased from the City of Dallas for \$1 per year for over 50 years.

When will the Navy complete the environmental investigation and clean up work plan?

*Answer.* The environmental investigation is complete and a clean-up schedule has been established which calls for cleanup to be completed in fiscal year 2001. The City of Dallas has been provided the opportunity to begin reuse of the leased property; in addition, the Navy is willing to work with the City on any specific case that may hinder redevelopment.

The Navy continues to support the reuse efforts of the cities of Dallas and Grand Prairie and is committed to a successful transition from military to civilian use of the former Air Station.

#### TIMING OF CLEANUP

*Question.* The Navy is now scheduled to turn over the property on May 10, 1999. Is there any reason to think the Navy will not meet this commitment?

*Answer.* The Navy is fully committed to terminating the lease for property at NAS Dallas by the date in question. Notification was given to the City of Dallas in a letter dated March 10, 1999 that the leased property would be returned to them by means of lease cancellation on May 10, 1999. The Texas Air National Guard (TANG) continues to occupy facilities at Dallas while construction of their new facilities is nearing completion at the Naval Air Station Joint Reserve Base Ft. Worth, Texas. The leased property cannot be terminated until TANG fully relocates which is scheduled for April 30, 1999. However, the Navy has notified the City of Dallas that a license can be issued to begin reuse for any facility not currently occupied by TANG.

#### CLEAR ZONE AT NAVAL AIR STATION DALLAS

*Question.* What is the Navy's plan for the "clear zone?" Since the commercial value of the whole property includes the clear zone (just as the Navy needed it for DNAS), will the Navy include the property in the land transfer to the City of Dallas? Is there any reason (or possibility) the Navy would instead offer the clear zone for open public sale?

*Answer.* Because the Naval Air Station Dallas, Texas, was approved for closure under the Defense Base Closure and Realignment Act of 1990, Public Law, 101-510, as amended, the Navy must comply with prescribed federal real property and base closure disposal procedures under the Federal Property Management Regulations and applicable base closure statutes. BRAC law prohibits the Navy from including Navy owned "clear zone" property as part of the property being returned to the City of Dallas by means of lease termination. The cities can acquire the property by public benefit conveyance, negotiated sale, or if none of the previous methods are applicable, then through an economic development conveyance which allows a reduction of the sale price by incorporating discounts for certain development costs and job creation.

The City of Grand Prairie has formally contacted the Navy and the Department of the Interior concerning a public benefit conveyance of the runway protection (clear) zone located north of Jefferson Boulevard for park and recreation purposes in order to protect the property from incompatible development. The City of Dallas is working with Grand Prairie for preservation of the lighting system and that will be addressed in the public benefit conveyance application. The Department of the Interior may recommend this conveyance at no cost.

The City of Dallas has also notified the Navy that it is willing to pursue conveyance of other Navy-owned property of interest to the City via a negotiated sale. This method of acquisition requires a payment of fair market value to the Government. We are in the initial stages of this negotiated sale process and will be working with the City and the General Services Administration to facilitate the transfer.

#### PERCHLORATE CONTAMINATION EXPENSE

*Question.* There is evidence of perchlorate contamination in surface and ground water around the Naval Weapons Industrial Reserve Plant McGregor, Texas. Although there is no current federally recognized safe limit of perchlorate, a draft Environment Protection Agency report recommended 32 parts per billion (ppb) as the limit for safe drinking water. It is my understanding that onsite and offsite testing found concentrations of the rocket-fuel oxidant as high as 22,000 ppb in onsite surface water and 5,500 ppb in boundary surface water. Sites toward Lake Belton measured 670 and 190 ppb. Fortunately, there is not yet any known contamination of the public drinking water.

How extensive is the perchlorate contamination on and around the NWIRP?

*Answer.* The perchlorate investigation began in August 1998. The ongoing investigation is very extensive and will identify the vertical and lateral extent of the perchlorate plume. Sufficient data should be available in the fall of 1999 to fully determine the extent of the perchlorate contamination.

*Question.* What is the Navy's plan to monitor and clean up the contamination?

*Answer.* To insure public protection, the Navy has sampled surface water at various locations on and off the facility property. No confirmatory sample analysis at the site where the earlier concentration of perchlorate was found to be 22,000 ppb

was performed because the seep was dry, i.e., no flow. The Navy sampled and found no detectable concentration of perchlorate in all of the raw water intakes, located downstream on Lake Belton and Lake Waco, for the City of Waco's and the City of Temple's potable water systems.

Perchlorate has been detected in water samples taken from the streams leaving the facility and flowing into Lake Belton and Lake Waco. In response, the Navy conducts monthly monitoring of the streams at strategic locations between the facility and the raw water intakes. In addition and contingent upon the property owner's permission, the Navy will also install wells within a 1-mile radius of the facility, as well as, along the watershed of each stream/creek flowing into Lake Waco and Lake Belton (Harris Creek, South Bosque River, and Station Creek). The Navy plans to conduct periodic sampling and monitoring of these wells to determine the concentration of perchlorate in the ground water.

The technology for clean up of perchlorate is in its infancy. Two pilot projects for perchlorate clean up are actively being pursued for demonstration at McGregor under the Department of Defense Strategic Environmental Research and Development Program. In addition, an Interagency Perchlorate Steering Committee, comprised of EPA, DOD and industry representatives is conducting toxicity evaluations and cleanup technologies to establish realistic risk levels and exposure limits.

Recently, the Navy discovered a perchlorate source in the soil within Area M on NWIRP McGregor. Samples are being taken to determine the vertical and lateral extent of contamination. During June, 1999, the Navy will begin cleanup of the site by removing the contamination source.

#### NAVY PLANS FOR MCGREGOR NWIRP

*Question.* Is there any impact on the Navy's program to decommission the site and cede it to the city of McGregor for industrial development?

*Answer.* Prior to any property transfer, the extent and magnitude of all perchlorate and other contamination must be determined and a cleanup plan put in place. Perchlorate is one of many possible chemical contaminants being investigated. The existing perchlorate contamination and ongoing clean up is not expected to impact the property transfer. However, there are many other sites which may contain contamination sources that need to be investigated prior to property transfer. The Navy expects that all investigations will be completed during the year 2001.

#### NAVY COOPERATION WITH BRAZOS RIVER AUTHORITY

*Question.* How is the Navy cooperating with the Brazos River Authority, area health districts, water suppliers, and cities who have a valid interest in all aspects of this contamination?

*Answer.* Yes. The Navy met with the Brazos River Authority, the Mayors of municipalities in Central Texas, EPA and Congressman Chet Edwards on March 9, 1999. The Navy also met with the Brazos River Authority, the City of Waco and the City of Temple on March 18-19, 1999 and March 25, 1999. All meetings have been productive with the Navy providing full disclosure of all data they possess on perchlorate contamination. The Navy plans to continue its good working relationship with the Brazos River Authority and all stakeholders and provide all information concerning perchlorate contamination.

#### QUESTIONS SUBMITTED BY SENATOR STEVENS

##### ADAK PROPERTY DISPOSAL AND REUSE

*Question.* Secretary Pirie, what is the status of the ordnance investigation of the former Naval Air Station, Adak?

*Answer.* Navy has completed ordnance characterization of the main developed core ("downtown") area, approximately 2,500 acres, and no further investigation or clearance of this area is required. The Navy has also completed the clearance of the only confirmed minefield site near Clam Lagoon. Other proposed minefield sites identified by World War II Island defensive plans have been investigated. No evidence of mines or other ordnance related items were discovered.

The Navy has formulated a work plan for investigating other areas identified in World War II documentation as potential impact ranges, combat ranges, ammunition handling/storage areas, and gun emplacements. That work will be undertaken during 1999. The United States Environmental Protection Agency Region X, and the Alaska Department of Environmental Conservation have expressed concerns that the Navy work plan will not yield sufficient information to enable property transfer decisions. The issues involved are part of an emerging national policy discussion

about the appropriate investigation and clearance of property with potential ordnance contamination. Discussions are underway with those agencies to attempt to resolve those concerns in a manner that would enable property transfer.

*Question.* Will the Navy meet the necessary regulatory requirements in order to transfer the property to the Aleut Corporation or Local Reuse Authority by the end of the year?

*Answer.* No. All environmental cleanup actions required by applicable regulations will be completed by the end of this year except ordnance issues outside the "downtown" area. There will not be a Record of Decision (ROD) for those issues until 2001 at the earliest.

A ROD for Operable Unit A, which primarily addresses chemical and petroleum issues, but also includes ordnance within the "downtown" area, has been drafted and is pending signature by the Navy and concurrence by the United States Environmental Protection Agency Region X, and the Alaska Department of Environmental Conservation. This ROD will identify the remedial actions required pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as well as, a separate agreement between the Navy and the State of Alaska concerning petroleum cleanup issues. The remedial actions required by this ROD will all be completed, or, in the case of petroleum recovery systems, installed and operating properly by the end of this year.

Operable Unit B consists of environmental cleanup of ordnance issues outside the "downtown" developed area. The Navy and the regulators have agreed on a proposed time line to complete a ROD for Operable Unit B, which shows completion in early 2001. However, the Navy and the regulators have not yet agreed that the Navy proposed approach to ordnance characterization is sufficient. Discussions are ongoing to attempt to resolve those differences.

*Question.* What will be the cost of extending the island support services contract for an additional year while the ordnance situation is resolved?

*Answer.* The cost of the current island services contract is approximately \$15.7 million per year, and it is scheduled to terminate March 31, 2000. A one-year extension at the same scope would cost approximately the same.

However, it will not be necessary for the Navy to operate the island support services at the current scope to support further ordnance characterization and/or clearance activities if required beyond the 1999 field season. In the event that additional field work is required, such work would be supported from vessels or from self-contained base camps to the maximum extent possible due to the remoteness of the areas involved. Accordingly, the Navy is prepared to discontinue operation of island services at the current scope by the end of March 2000, and either turn such operations over to the Adak Reuse Corporation or reduce operations to the minimum required for Navy purposes.

The Navy advised The Aleut Corporation (TAC) and the Adak Reuse Corporation (ARC) of these plans in November 1998. The Navy has had a number of transition planning meetings with TAC and ARC representatives, and has notified ARC that they should plan to assume operation of island support services by March 2000 in order to continue availability of such services to support reuse.

Operation of island support services by the Navy at the current scope beyond the planned transition in March 2000 is not needed to support Navy requirements.

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#### QUESTIONS SUBMITTED BY SENATOR MURRAY

##### WASHINGTON STATE QUESTIONS

*Question.* The fiscal year 2000 budget includes a dredging project at Puget Sound and a D5 missile support facility at the Puget Sound shipyard. I understand that this is the first phase of a major project to modernize both the Trident fleet and the submarine base at Bangor. The Navy also reportedly is considering home porting additional Trident submarines at Submarine Base Bangor. Can you tell me the scope and status of the proposals, and what impact they will have on Kitsap County?

*Answer.* The President's fiscal year 2000 budget includes a Puget Sound dredging project (MCON P-338, \$14.85 million) and a D-5 missile support facility (MCON P-321, \$6 million). MCON P-338 is sited at the Puget Sound Naval Shipyard in Bremerton to support CVN berth depth requirements and is not in any way connected with TRIDENT fleet requirements. The MCON P-321 project is sited at Bangor, not at the Puget Sound Naval Shipyard, and provides utility and site improvements to prepare for a limited D5 capability at Bangor.

Regarding homeporting additional TRIDENT submarines at Bangor, the Navy is still studying final homeporting alternatives. However, the Navy has determined that the final number of TRIDENT submarines homeported in Bangor will not exceed the current number of 8.

*Question.* Will the current work force at the Puget Sound shipyard be sufficient to carry out this work, or is it likely that the work force will have to be expanded? Do you have any estimate of the number of jobs this project could create?

*Answer.* The dredging project at Puget Sound Naval Shipyard (NSY) is for CVNs. The modernization at SUBASE Bangor associated with the D-5 missile system is primarily at the Strategic Weapons Facility Pacific and involves upgrades/changes to the handling and storage facilities, as well as, some work at the Explosive Handling Wharf (EHW). Although there are some major modifications, they will be relatively transparent to the rest of the base and will result in no personnel changes.

There will be approximately \$15 million in contracts awarded during fiscal year 2000-2005 for military construction and equipment installation associated with the D-5 project. Initial Operational Capability (IOC) for D-5 in Bangor will be May 2002.

The current Navy plan will move two Atlantic Fleet SSBNs to SUBBASE Bangor in fiscal year 2003. This shift to Bangor will coincide with the removal from strategic service of two SSBNs currently at Bangor. Although the final disposition of the SSBNs removed from strategic service has yet to be determined, they will likely continue to be in a shipyard. The net result is that there will be no appreciable change in the number of industrial personnel assigned to SUBBASE Bangor.

Based on current projections, the Puget Sound NSY current work force level will be sufficient to support the depot level maintenance requirements of Bangor homeported SSBNs. This includes a SSBN fiscal year 2000 Overhaul/D5 backfit and a SSBN fiscal year 2001 Overhaul/D5 backfit.

*Question.* What is the total military construction cost estimate and timetable for modernizing the Submarine Base at Bangor?

*Answer.* Projects currently on the MCON FYDP for SUBASE Bangor are: fiscal year 2004 P-199 BEQ \$20.7M and fiscal year 2005 P-188 Lower Base Fitness Facility \$0.9M.

*Question.* If additional submarines were homeported in Washington State, how many additional military personnel would be based at Bangor? What impact would that have on other military construction needs in the area, such as barracks, family housing, schools and the like?

*Answer.* The Navy is still studying final homeporting alternatives in Washington State. However, the Navy has determined that the final number of TRIDENT submarines homeported in Bangor will not exceed the current number of 8. Any operational, personnel support, housing, and school facility impacts on Kitsap County due to homeporting changes would be analyzed as part of the National Environmental Policy Act (NEPA) process (if required) and required facilities would be identified, developed, and programmed through appropriate military construction projects.

*Question.* Has a decision been made yet on where the Jimmy Carter nuclear submarine will be homeported? Is Bangor under consideration? When will a decision be made? With the dredging project in this year's budget, what other improvements would the Bangor Submarine Base need to accommodate the Jimmy Carter?

*Answer.* A final decision on where to homeport U.S.S. *Jimmy Carter* (SSN 23) has not been made. With a limited number of submarine assets available to meet a variety of mission requirements, there are many factors that must be weighed prior to reaching a final homeport decision. Bangor is one of the Navy bases under consideration to be the homeport for *Jimmy Carter*. I expect a decision to be made during fiscal year 2000. The entire infrastructure must be evaluated to ensure that the homeport can adequately support the ship.

#### ADVANCED APPROPRIATIONS IN MILCON AND ITS AFFECT ON BMAR

*Question.* Mr. Pirie, in your testimony you talk about the Navy and Marine's backlog of maintenance and repair. I know you've talked to this Subcommittee about your backlog concerns in the past, and your testimony indicates a genuine concern for the rate at which this is growing. How do you think the proposed budgetary gimmick of advanced appropriating will impact your backlog problem?

*Answer.* There will be no impact on the Real Property Maintenance backlog if the Congress supports the Administration position on Advance Appropriation of Military Construction, or otherwise fully funds construction projects. The backlog will increase if any replacement/modernization construction projects must be deferred.

## BACKLOG OF MAINTENANCE AND REPAIR

*Question.* As you know, I'm very concerned about the quality of life of our troops. I note that your backlog in family housing for the Navy is \$2.2 billion and \$1.3 billion for the Marines. Maintenance and repair takes on a much more human meaning when we're talking about the actual residences of our servicemen and women and their families. What would it take financially to actually begin chipping away at this major shortfall?

*Answer.* Beginning in fiscal year 1994, the Navy began to make a significant investment in the revitalization of the unsuitable military family housing inventory. The Navy plans to eliminate the remaining backlog of existing unsuitable homes by the end of fiscal year 2005 through replacement construction, improvement and repair projects and, where feasible, privatization initiatives in CONUS.

The Marine Corps is chipping away significantly at the revitalization backlog and has implemented a plan that will eliminate this backlog by fiscal year 2012. This investment, coupled with the moderate implementation of the Military Housing Privatization Initiatives, will allow the Marine Corps to reduce the backlog by 66 percent to \$439 million at the end of fiscal year 2005.

## QUALITY OF LIFE-DEFENSE ACCOUNT

*Question.* Mr. Pirie, I note in your fiscal year 2000 budget, \$643 million of the Navy's Real Property Maintenance funds are included in the Quality of Life Enhancements, Defense account. Can you tell the Subcommittee why you've made this change and what you expect the benefits will be?

*Answer.* The Department of Defense followed recent Congressional practice and budgeted funds in Quality of Life Enhancements, Defense instead of the Operations and Maintenance appropriations. The action gives these funds special emphasis and encourages more management flexibility by providing them a two-year life.

## FAMILY HOUSING

*Question.* Mr. Pirie, Everett, Washington was one of two public/private venture projects that the Navy undertook in the last few years. The Navy invested \$5.9 million in a limited partnership with Dujardin Development Company to manage 185 homes off base at an area called Country Manor. Could you tell me how you rate the success of this venture?

*Answer.* The Navy's limited partnership in Everett, Washington successfully achieved the goals established for that project: 1) construction of quality units; 2) establishment of below market rents; and 3) minimize Navy's capital investment. The units are fully occupied by Navy enlisted families, and there is a waiting list for these units. While the rental rates for the units are less than the prevailing market rates, junior enlisted families, especially those who have a need for the three- and four-bedroom units, are absorbing a significant portion of the total monthly shelter cost (rent and utilities). To reduce the out-of-pocket cost burden for these families, the Navy notified Congress of our intent to modify the existing limited partnership agreement to include provisions for differential lease payments. The Navy anticipates submitting a notification for funds transfer and agreement modification in the spring of 1999.

*Question.* What lessons has the Navy learned from its experience both here and at Naval Air Station Corpus Christi?

*Answer.* The Navy gained valuable experience in structuring a public-private partnership during the execution of the projects in Everett, Washington, and the Corpus Christi area, Texas, including:

- The importance of site location, desirability, environmental conditions, availability of utilities and local zoning cannot be overstated. The Navy's current projects require developers to identify proposed sites at the Request for Qualification stage, thereby providing more time to complete environmental reviews and achieve any local approvals that may be required.
- Local governmental jurisdictions have a role to play in most privatization projects. The Navy will work with local governments, early in the process, to address and resolve issues that could affect development.
- Financial risk and return analysis must be accurate and current throughout the process as final agreements are negotiated. The Navy's objective is quality, well-maintained and affordable units. The developer's objective is profit. If the deal is properly structured, both objectives can be met.
- An active residual management/stewardship function is essential to the overall continuing success of a Navy public/private ventures (PPV) project. Detailed

processes and procedures for every aspect of our residual management responsibility have been established, and are continuously being updated and refined.

*Question.* I understand we're to expect a Congressional notification regarding a new limited partnership agreement for Everett. Can you estimate when we'll be hearing from you on this?

*Answer.* The Navy submitted a pre-solicitation notification for a follow-on Everett, Washington project on 1 October 1998. Proposals have been received and are currently under evaluation. The Navy anticipates submitting a funds transfer and project award notification in early fiscal year 2000.

*Question.* In your testimony, you mention that the House MILCON Subcommittee is concerned with your intent to solicit PPV projects in Texas, San Diego, Lemoore, Maine and New Orleans. Can you comment on the nature of the House concerns?

*Answer.* The House MILCON Subcommittee has expressed concerns about the scope and pace of the Navy's housing privatization plan. They are also concerned about how the Government's interests will be protected over the course of the privatization agreement.

We are continuing to work with the Subcommittee to address their concerns.

*Question.* Do you have any concerns that we are giving up too much control, or that there may be security concerns with having a private entity responsible for our military housing?

*Answer.* The Navy proposes to leverage our units and land assets through a public-private entity (e.g., a Limited Liability Company (LLC)) that includes the Navy. The Navy will be a partner in the deal, and as such will be able to affect the key decisions made by the entity over the long-term. Navy and Marine Corps families occupy these units now, and will continue to do so for the foreseeable future. Given these long-term requirements, and our fiduciary responsibility to protect the Government's assets, it is our intention to remain actively involved and therefore retain a measure of control. We will include provisions in our privatization agreements that afford protection to the Government's interests.

We do not envision any security concerns associated with the privatization of military housing. Most of the Navy's family housing units being evaluated for privatization are either located in the surrounding communities or at the perimeter of the Base. Given the possibility that exists if unforeseen manpower reductions at an installation cause the housing supply to exceed the military requirements, the Marines are structuring the agreements with the developer so only military members would be assigned to interior parcels and all civilians to off-base or perimeter parcels.





DEFENSE AGENCIES

U.S. SPECIAL OPERATIONS COMMAND

**STATEMENT OF REAR ADM. RALPH E. SUGGS, USN, DEPUTY  
COMMANDER IN CHIEF**

TRICARE MANAGEMENT ACTIVITY

**STATEMENT OF REAR ADM. THOMAS F. CARRATO, PHS, CHIEF OPER-  
ATING OFFICER**

DEFENSE LOGISTICS AGENCY

**STATEMENT OF FREDERICK N. BAILLIE, EXECUTIVE DIRECTOR OF  
RESOURCES, PLANNING, AND PERFORMANCE, DEFENSE LOGIS-  
TICS SUPPORT COMMAND**

PERSONNEL SUPPORT, FAMILIES AND EDUCATION

**STATEMENT OF GAIL H. MCGINN, ACTING DEPUTY ASSISTANT SEC-  
RETARY OF DEFENSE**

Senator BURNS. Now, we will hear from our second panel this morning, representing the Defense agencies. We will hear from Rear Admiral Ralph Suggs, Deputy Commander in Chief, U.S. Special Operations Command; Admiral Carrato, Chief Operating Officer of TRICARE Management Activity, and we certainly appreciate you coming this morning, the Executive Director of the Defense Logistics Agency, Frederick Baillie; and Ms. Gail McGinn, Acting Deputy Assistant Secretary of Defense for Personnel Support, Families and Education. And we appreciate what a mission you have, by the way.

We will let the room settle down here just a little bit. Thank you. We appreciate you being with us today. I hope this testimony this morning will provide this subcommittee with an overview of your respective agency's proposals for the 2000 budget. All your statements, if you have prepared statements, will be made a part of the record in their entirety, and if you want to capsule, that is fine. We will do a dialogue up here.

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman. I welcome all the witnesses. I look forward to your testimony.

Admiral SUGGS. Good morning Senator Burns and Senator Murray. I am pleased to be here today to discuss the fiscal year 2000 military construction budget request for the United States Special Operations Command. I am Rear Admiral Ralph Suggs, the Deputy Commander in Chief of the Special Operations Command. I just recently joined the Command, after commanding Carrier Group 6, known as the John C. Stennis Battle Group, returning from the Gulf last fall.

I am accompanied this morning by Lt. Colonel Steve McCain, from our congressional liaison staff, as well as Mr. Steve Dwight, who is our command engineer.

I will submit my formal statement for the record and present a brief summary this morning, if I could.

Our military construction program has a direct, positive and enduring impact on our joint special operations capability, as you all know. The Command's Guard, Reserve and active duty soldiers, sailors and airmen possess highly specialized skills required to successfully execute the full range of joint special operations. The current military construction program is planned to provide essential—and I underline "essential"—facilities that preserve and improve force capability, increase the readiness of complex weapon systems—which really means our people—and support demanding training needs.

#### SPECIAL OPERATIONS COMMAND (SOCOM)

Our military construction budget request for fiscal year 2000 is \$58.6 million—\$50.6 million for major construction, \$2.3 million for unspecified minor construction, and \$5.7 million for planning and design for future projects. We feel this is fairly modest, relatively. Approval of this program is essential to the continued development of joint special operations forces, which support America's national security needs.

This committee's support in prior years has greatly improved our operations capability. We look forward to working with you all to acquire the facilities needed by our people at USSOCOM, so that they can perform the mission that you expect.

#### PREPARED STATEMENT

Thank you for the opportunity to meet with you all this morning, and I look forward to entertaining your questions.

[Statement follows:]

#### PREPARED STATEMENT OF REAR ADMIRAL RALPH E. SUGGS

##### INTRODUCTION

Mr. Chairman and members of the committee, I am pleased to present the United States Special Operations Command (USSOCOM) fiscal year 2000 Military Construction (MILCON) submittal. Our MILCON program has a direct, positive impact on our training and operational capabilities. The highly specialized skills and equipment required to successfully execute the full spectrum of special operations missions also demand a modern array of operations, training, maintenance and storage facilities.

##### PURPOSE

The long term goal of the USSOCOM facilities program, of which MILCON is one part, is to have all units and individuals working and living in adequate facilities in order to maximize training and operations capabilities. Facilities requirements are generated by the need to modernize and replace inadequate facilities and the need to support new weapons systems, force structure, and missions. The current program is planned to provide facilities that will improve force capability, increase readiness of complex weapons systems, and support diverse training needs. In particular, the program provides facilities to support the Special Operations mission to provide riverine training for our allies when the Naval Small Craft Instruction and Technical Training School (NAVSCIATTS) is transferred from Panama to Mississippi. It also replaces substandard facilities for the 75th Ranger Regiment and 4th Psychological Operations Group. These facilities will accommodate an improved

and expanded special operations forces (SOF) capability. All of the individual construction requests are part of a component master construction plan. Component MILCON projects are integrated at the USSOCOM level to ensure that the most needed projects are constructed at the right place, on time, and with the highest return on investment.

Your support in prior years has aided immeasurably in improving our operations capability. We look forward to working with your committee to acquire facilities needed by USSOCOM to perform its missions and ensure we have a fully trained and capable force in the future.

#### MILCON PROGRAM

The six military construction projects in this program include two projects for the Army Special Operations Command, three for the Naval Special Warfare command and one for the Joint Special Operations Command. Our MILCON budget for fiscal year 2000 requests fiscal year 2000 appropriations of \$20.2 million for six major construction projects, plus \$2.3 million for unspecified minor construction, and \$5.7 million for planning and design. We are also requesting fiscal year 200 advanced appropriations in the amount of \$30.4 million to provide for the completion of these fiscal year 2000 projects. The majority of our program supports replacement and renovation of current mission facilities. One project supports relocation of the Naval Small Craft Instruction and Technical Training School (NAVSCIATTS) from Panama to Mississippi. This budget request recognizes the need to balance construction requirements against acquisition programs and the high state of readiness required of all special operations forces.

Following is a brief description of each of the six projects listed by state:

*NSWC Command and Control Facility Addition NAB Coronado, CA—\$6,000,000.*—Construct a command and control administrative facility addition (including renovation of existing administration facility) for the Naval Special Warfare Command (NSWC). The existing facilities are not large enough to accommodate NSWC Command and Control Headquarters personnel. The number of NSWC personnel has doubled since original construction. Currently, temporary buildings (trailers) are being used to alleviate space deficiencies. The construction will provide adequate and safe facilities to support NSWC Command and Control Headquarters. Renovate the existing facility to include administrative support areas, physical conditioning areas, seventy-five person amphitheater/auditorium and conference spaces.

*Regimental Command and Control Facility Fort Benning, GA—\$10,200,000.*—Provides a regimental headquarters, reconnaissance and signal detachment facility, company operations, and training detachment building for the 75th Ranger Regiment. This headquarters currently occupies a dilapidated and antiquated Korean War era barracks building. The building is completely inadequate as a command and control facility. The facility's layout is inefficient and impeded smooth and synchronized operations. Work place quality of life of the soldiers is substandard. The regiment needs new facilities to replace an old barracks building it is currently using as a regimental headquarters. The Army has slated the old barracks for demolition. This project is required to provide permanent facilities for the consolidated command and control and supporting sophisticated intelligence, communications, and command and control systems which link the 75th Ranger Regiment to Army, joint, unified and national level systems and agencies.

*Small Craft Training Complex Mississippi Army Ammunition Plant, Stennis Space Center, Mississippi—\$9,600,000.*—Construct a Naval Small Craft Instruction and Technical Training School (NAVSCIATTS) complex for naval Special Warfare Center. The existing facilities are located in Panama and will be turned over to the Panamanian Government. The need to provide courses such as riverine operations planning, patrol craft weapons maintenance, outboard motor maintenance and overhaul still remains to be provided by the Naval Special Warfare community. Instruction to allied forces is a continuing need. The complex will provide adequate and safe instruction and training facilities to support NAVSCIATTS. Training facilities will include, instructional and mock training areas, classrooms, support areas, storage areas, conference spaces, instructors and administrative office rooms, student berthing and student support areas.

*Battalion Operations Complex Fort Bragg, NC—\$18,600,000.*—Constructs two battalion headquarters and two company administration and supply buildings for the 4th Psychological Operations Group and 96th Civil Affairs Battalion. New facilities are needed to replace old, deteriorated, undersized, WWII wooden buildings uneconomical to maintain or restore. Current substandard 4th POG facilities are undersized by 45 percent and are located in old, deteriorated World War II temporary

wooden buildings. These buildings lack adequate electrical, heating, ventilating, air conditioning, and plumbing systems.

*Deployable Equipment Facility Fort Bragg, NC—\$1,500,000.*—Constructs an 8,000 square-foot deployable equipment facility to be used by the Joint Special Operations Command (JSOC). JSOC personnel individual equipment (uniforms, boots, helmets, ruck sacks, protective vests, etc.) is stored, secured and packed for immediate deployment when the need arises. Currently, the equipment is stored in various work areas, hallways, stairwells and ad-hoc locker rooms that could be used more effectively. The new building will provide the required secure storage, which is essential to meeting mandated time lines for rapid deployments.

*Mission Support Facility FCTC-Atlantic, DAM Neck, VA—\$4,700,000.*—Construct a single story building and a three story building to support Naval Special Warfare Ordnance operations. The existing facilities are temporary buildings that do not provide adequate space or ventilation for the safe use of materials and equipment needed to perform the mission. Material is store in milvans which do not provide adequate ventilation. Specialized equipment is left exposed to the corrosive salt water environment due to lack of storage facilities. A facility is required to provide a safe working environment for ordnance operations personnel involved in research, testing, and development of specialized ordnance procedures. Spaces for administrative support and planning are necessary for additional personnel being assigned to work in the ordnance mission support arena. Storage areas are needed for administrative materials, testing equipment and personnel gear.

#### SUMMARY

Our proposed fiscal year 2000 MILCON budget for facility investments will significantly improve the operational and training capability of Special Operations Command. Approval of this program is essential to ensure the continued development of our nation's Special Operations Forces.

#### STATEMENT OF GAIL H. MCGINN

Senator BURNS. Secretary McGinn.

Ms. MCGINN. Thank you, Mr. Chairman. Mr. Chairman and members of the committee, it is indeed a privilege to appear before you today and report on the current status of a key component of our quality-of-life program, the Department of Defense education activity's construction program for fiscal year 2000.

I have submitted my full statement for the record, and I do have some brief comments.

I would like to thank the committee for your unwavering support and commitment to service members' quality of life. When ground is broken on our military installations, our community knows that we believe in the importance of sustaining and improving their quality of life. Our schools, along with our facilities, such as child care, fitness centers, family centers, and education centers, are critical components of our strategy to develop livable communities.

Last year, with your support, we made great improvements in quality of life through military construction, including 12 fitness centers, nine child care centers, three education centers, and six school projects. This year we are committed to continue to build upon this momentum by requesting over \$1.5 billion for quality-of-life construction projects. This is critical, since providing a good quality of life remains essential to sustaining U.S. forces.

Having modern, safe and attractive facilities underscores our joint commitment. As a result of the fiscal year 2000 construction program, the Department plans to construct or modernize 11 additional fitness centers for our military communities, two child development centers, one family service center, and six more schools—three in the United States and three overseas.

Our school system is in good hands, and continues to make enormous strides to provide a quality educational opportunity for our military children, by improving the teaching and learning process and raising the standard of learning to ensure excellence, and creating greater accountability so that we reach our expected outcomes. In support of this, beginning in fiscal year 2000, we will be phasing in a full-day kindergarten program in all our schools and reducing pupil-to-teacher ratios in grades 1 to 3 to 18-to-1.

The high educational standards we have set for our students and our teachers must be matched by our equal commitment to our school infrastructure. Clean, well maintained facilities send a clear message to our students and their parents that we are committed to providing a world-class education.

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY (DODEA) FACILITY  
REQUIREMENT

Last year we briefed the committee that we had developed a long-term strategy to address our facility requirements by focusing on the most urgent needs, with special emphasis on Guam and Camp Lejeune. I am pleased to report that we are on track with all of the 1999 projects. Our plan for this year will provide improvements to our school infrastructure, totally \$84.3 million, almost double the amount of last year, and demonstrate our continuing commitment to modernize our schools.

This year our plan calls for continuing improvements at Guam, at Anderson Air Force Base and Camp Lejeune, launching the overseas component of our modernization strategy at Rota, Spain, and at RAF Feltwell, in the United Kingdom, and addressing deficiencies, to include physical education facilities both at our school at Marine Corps Air Station Beaufort, South Carolina, and at RAF Lakenheath, in the United Kingdom.

Our first project is on Guam. The Anderson Elementary School project will provide a permanent pre-kindergarten through eighth grade facility, and allow students to move out of current relocated leased facilities that have housed many of the school functions since 1997. Over the past 2 years, we have made great strides in our facilities on Guam. Not only have the schools been a great morale booster for our families, but they have had the added value of stabilizing the accompanied tour rate on the island.

The Tarawa II Elementary School is in the second phase of a long-term plan to replace all the substandard school facilities at Camp Lejeune, North Carolina. These schools were hit hard by a hurricane in 1996. This project will replace a facility with serious structural problems that do not meet North Central Association or Department standards.

The project at Naval Air Station Rota, in Spain, will provide an addition to replace most of the current elementary school complex, which is in need of significant renovations and upgrade work. Furthermore, since the current elementary school campus design is located in six separate buildings, this new project will enhance the quality of education by allowing us to consolidate many of the school activities for our students and faculty.

The final three projects—Feltwell Elementary School, Laurel Bay Elementary and RAF Lakenheath Middle School—will allow us to

move our students out of current substandard temporary facilities into modern ones that can properly support the rigors of a quality educational program. These projects will enhance our students' learning environment by providing them with new physical education facilities, appropriate-sized, multipurpose classrooms, and modern science and computer media labs.

In conclusion, I want to thank the committee again for your support for our school system's military construction requirements, and, moreover, for all programs that support our troops and their families and the livability of our military communities. Quality-of-life programs, as you know, are not just nice to have, but, rather, provide the foundation of our corporate culture of taking care of people so they can focus on our mission.

#### PREPARED STATEMENT

I look forward to working with you and the rest of the Congress on these challenges now and in the future. So, again, thank you very much, and I will be glad to answer any questions you have. [Statement follows:]

#### PREPARED STATEMENT OF GAIL H. MCGINN

Mr. Chairman and members of the Committee, it is indeed a privilege to appear before you today. I am pleased to report to Congress on the current status of a critical component of the Department's quality of life program, the Department of Defense Education Activity's (DODEA) construction program for fiscal year 2000. Let me begin by stating that the Department's school system is in good hands, focused on providing our children with a world class education designed to prepare them to compete in the global economy in the 21st Century. DODEA continues to make enormous strides to provide a better quality educational opportunity for our military children by improving the teaching and learning process—raising the standard of learning to ensure excellence and creating greater accountability to measure progress toward expected outcomes.

#### PUTTING PEOPLE FIRST

Providing a good quality of life for America's military and their families remains essential to sustaining U.S. military strength. Reflecting that reality, the Secretary is emphasizing our quality of life programs in this year's budget by putting people first. We never lose focus on our people—soldiers, sailors, airmen and Marines. They are the bedrock of our National Security strategy. We remain the world's pre-eminent military force because our people are highly skilled and motivated. The quality of our force is directly related to our strong and sustained commitment to their quality of life.

#### THE MILITARY COMMUNITY

Our military communities provide a healthy and secure environment in which to live, raise a family and educate children. Schools are the fabric of the military community and help to reinforce the livability and vitality of our overseas installations and many communities in the United States. At many installations, schools act as old fashioned town squares—where families come to meet and exchange the latest news and where the futures of their children are forged and everlasting friendships are cemented. Military personnel cannot choose where they live. They face long separations from their families, imminent danger, short-notice deployments and frequent relocations. Building a sense of community is important since military life imposes this particular set of burdens on families.

Our schools along with other programs such as housing, child care, fitness centers and family centers are critical components of our strategy to develop livable communities. Last year with your support, we made great improvements in quality of life through military construction projects including 12 fitness centers, 9 child care centers, three education centers and six school projects. All projects authorized in the fiscal year 1999 program are on track and are either in the final stages of design or contract award. Before fully addressing the specific requirements for each

DODEA project submitted with this year's budget, let me briefly summarize some of the other priorities, programs and associated construction projects that we have submitted this year to enhance military community quality of life.

#### FISCAL YEAR 2000 COMMUNITY QUALITY OF LIFE CONSTRUCTION

Military construction is a high impact morale booster at the community and individual level. There is no more demonstrable way to show support for quality of life, than when the brick and mortar starts going up at a base. The perceived quality of programs and commitment of leadership is often judged by the condition of the installation infrastructure. Having modern, safe and attractive facilities underscores our joint commitment to the standard of living of our Service members and their families.

Our fiscal year 2000 quality of life construction program of over \$1.5 billion reflects that commitment. As part of this MILCON request for military community quality of life, we will construct or modernize 11 community physical fitness centers, two child development centers and one family service center (attached at the end of this statement).

#### FITNESS CENTERS

A major goal within the Department is the modernization and upgrading of fitness facilities. Fitness centers not only rank as the top morale, welfare and recreation program, they are also the program used by the most people. A recent survey of fitness facilities found that 24 percent of 576 facilities were in excellent condition; however, 22 percent were in poor condition requiring renovation or replacement. Recently, the Department launched Operation Be Fit, a special initiative to improve fitness programs and increase individual participation in fitness activities. The Services supported improvement in fitness facilities with facility renovations, equipment upgrades, increases in operating hours, and development of Service-specific operating standards. This year our plans call for over \$63.7 million for 11 fitness construction projects for our military communities (see following chart).

[In Thousands of Dollars]

Service	Location	Project	Amount
Army	Ft. Campbell, KY	Physical Fitness Training Center	6,000
	Walter Reed Army Med. Center, DC	Physical Fitness Training Center	6,800
	Ft Lewis, WA	Physical Fitness Training Center	6,200
Navy	Norfolk Naval Station, VA	Waterfront Athletic Complex	10,890
	San Diego Marine Corps. Recruit Depot, CA.	Physical Fitness Center Addition	3,200
	Camp Lejeune Marine Corps. Base, NC.	Physical Fitness Center	4,230
Air Force	Travis AFB, CA	Add to Physical Fitness Center	7,500
	Schrivier AFB—Falcon AFS, CO	Physical Fitness Center	3,900
	Mac Dill AFB, FL	Physical Fitness Center	5,500
	Whiteman AFB, MO	Physical Fitness Center	1,900
	Osan AB, Korea	Adal Physical Fitness Center	7,600
Total			63,720

#### CHILD CARE PROGRAMS

The Department appreciates your continuing support of our child care program. The availability of accessible, affordable, high quality child care is critical to the maintenance of our workforce. We are currently meeting about 58 per cent of the total child care needs of our members. Our goal is to meet 65 per cent by 2003. For fiscal year 1999, we have nine projects in progress. Of these two provide expanded capability to meet the local need and seven replace temporary or substandard structures that are no longer cost effective to maintain or adequate for delivering child care. In fiscal year 2000, we have two projects scheduled, one at Yuma Marine Corps Air Station, Arizona for \$2.6 million and a second at RAF Lakenheath in the United Kingdom for \$5.8 million. Both are new facilities to expand capacity and replace existing inadequate or substandard structures.



Our efforts to increase capacity through contracting initiatives have provided mixed results. The Navy competed their entire child care program for the San Diego area under the A-76 competitive sourcing authority and won the competition. The Army competed child care programs at three locations and only received a competing civilian bid in one case which the Army won. The Navy tested expanding capacity by buying down the cost for space in civilian child care centers so members would pay the same as they would at a military center. They found that there was little to no availability of space for children under age two and those spaces that were contracted were only used if the civilian center was convenient to the military installation. Through the Defense Logistics Agency we're also testing third party management of government built child care centers.

We have the RAND Corporation studying the potential for outsourcing military child care. The study is looking at whether outsourcing is a feasible approach to expand our capacity and whether outsourcing of any type can reduce the cost per space to DOD. We expect the study to be completed in about a year. We plan to continue the use of contracting options, but we're also going to target efforts to expand the in-home family child care component of our program. We believe we can expand our in-home care capacity by expanding our use of subsidies to in-home providers and establishing licensing agreements with state and local licensing agencies to allow those military spouses living off-base to provide in-home family child care.

We appreciate your support of our child care construction programs and we know that we must look for as many low cost options as possible. We support a balance of program delivery models including outsourcing at each installation. No one option will provide the entire solution to the need for military child care.

#### FAMILY SUPPORT

Family support programs are a lifeline for families in an unstable environment during deployments, frequent moves, and long work hours. The stresses of the military life require an ongoing commitment to families' quality of life. The 284 DOD family centers deliver an extensive array of human and social services to promote healthy personal and family life. The centers also help members and their families adapt to the unique challenges of military life. Various programs provide assistance in relocation, spouse employment, parenting, financial management, deployment and family separation, crisis or unexpected contingency, and other areas. This year we are requesting \$1.34 million for a project at New River Marine Corps Air Station in South Carolina. Family support is an integral part of the Department's strategy to maintain a ready force and a major determiner of retention.

#### DEPARTMENT OF DEFENSE EDUCATION ACTIVITY (DODEA)

Now, I'd like turn to our school system, the Department of Defense Education Activity (DODEA). The education of the children of our Service men and women is key to recruitment and retention. The Department operates the 21st largest school system in the nation, 231 schools worldwide—161 schools serve more than 80,000 children in 14 foreign countries, and 70 schools serve more than 35,000 students in the United States. To be sure that students are properly prepared and ready for the 21st century, our schools must provide a world class educational standard and be safe and modern places to in which to learn. These schools of the future need to be safe, clean, appropriately sized and equipped with computer capability, new media and state-of-the-art science labs.

#### EDUCATIONAL STANDARDS

At the core of our community strategic plan is the need to have rigorous educational standards in the classroom to challenge our students to be productive members of society. Strong schools with clear and high standards of achievement and discipline are essential to our children and our society. These standards of excellence are important to help instill the excitement, knowledge and basic values, such as hard work, that will set our children on the right track. The Department is committed to leading the way by providing an educational program that compares favorably with the best U.S. public school systems and one that prepares students to compete in a global economy. We have fully adopted the National Education Goals, we are implementing a plan to link all schools to the Internet; and in the year 2000, we are launching several new initiatives:

*Presidential Initiatives.*—Our budget for fiscal year 2000 supports continued work toward improving the quality of education to include funding to reduce the pupil-teacher ratio in grades one through three, and to begin implementation of full-day kindergarten in overseas schools. It also provides for a pilot summer school pro-

gram. These initiatives respond to program priorities identified by our senior commanders in the field and support the President's educational priorities.

*Technology.*—Technology continues to receive a major emphasis in order to ensure that all schools are connected to the Internet and that students are computer literate and well prepared for the information age. We are systematically increasing hardware and software procurement. All schools will have Internet access by the year 2000 and have an average student-to-computer ratio of 4:1.

*Military Community and Parental Involvement.*—We are committed to including the military command, organizations, and groups throughout the military community in the education process of budget, curriculum, and school policies development.

#### FISCAL YEAR 2000 DODEA CONSTRUCTION PROJECTS

We have set high educational standards for our students and our teachers but we cannot expect our children to learn and our teachers to foster learning on a crumbling foundation. In order to keep faith with our children, we must ensure that our schools are prepared for the next century. Clean, well-maintained, up-to-date facilities send a clear message to our students: "You are important to us! We take your education seriously." To this end, we began an aggressive plan in 1999 to revitalize our school infrastructure by focusing on the most urgent requirements. First was the construction of permanent school facilities to serve students on Guam and second was a long overdue, replacement of aged stateside schools to include Camp Lejeune and other serious facility requirements in the coming budgets. I am pleased to report that we are on track with all of these projects. Our program for fiscal year 2000, calls for continued improvements for Guam and at our stateside schools at Camp Lejeune, North Carolina. Our next priorities launch the overseas component of our strategy with projects at NAS Rota in Spain and at RAF Feltwell in the United Kingdom. Our final two projects in this year's request are Laurel Bay Elementary School at Marine Corps Air Station Beaufort, South Carolina and at RAF Lakenheath, United Kingdom.

Specifics on each project in the fiscal year 2000 DODEA request are as follows:

*Construct Andersen Elementary School, Andersen AFB, Guam*

DODEA established schools on Guam beginning with the 97-98 school year. At that time classes were held in temporary facilities in a variety of base-owned buildings on Andersen AFB. In 1998, classes were moved to relocatable buildings leased until the permanent facility came on line. This project will provide a 177,000 square foot complete elementary school complex to house students in grades PK-8.

*Replace Tarawa Terrace II Elementary School, Camp Lejeune, North Carolina*

DODEA has initiated a long-term project to replace substandard school facilities on Camp Lejeune which will include replacement of several of the schools there. This project will replace a facility in need of major infrastructure upgrades which cannot support the current educational programs. It includes 86,000 square feet to support 690 students in grades PK-8.

*Renovations and Additions, NAS Rota, Spain*

This project provides a 102,000 square foot addition to replace most of the current elementary school complex at Rota. The elementary school campus is comprised of a number of buildings constructed at various times throughout the past thirty years, all of which are now in need of significant renovations and upgrade work to remain in use. This project will provide facilities which meet the current educational requirements of the students, which cannot be met at the present school.

*Construct Addition, Feltwell Elementary School, RAF Feltwell, United Kingdom*

This project will replace temporary facilities constructed in the early 90s in response to an increased enrollment at the Lakenheath and Feltwell schools due to a realignment of military forces in Europe. This project will construct an 11,000 square foot multipurpose addition with 8 general purpose classrooms, a computer lab, media center, and multipurpose room.

*Construct Addition, Laurel Bay Elementary School, Marine Corps Air Station Beaufort South Carolina*

This project provides a 23,000 square foot facility which will provide a new gymnasium, music and general purpose classrooms, science and computer labs, and an expansion of the current media center. The current facility does not provide adequate general purpose classroom space, the media center is too small, and there is no gymnasium. Completion of this project will allow the elementary school to vacate substandard temporary facilities now in use.

*Construct Gymnasium, Lakenheath Middle School, RAF Lakenheath, United Kingdom*

This project will provide a new 15,000 square foot physical education facility for the middle school students at Lakenheath. Physical education activities for the middle school are currently held in a converted World War II hangar. This building is now in need of major renovations, and does not provide proper facilities to support the physical education program.

In conclusion, I want to thank the committee again for your support for the military construction requirements of our schools and, moreover, for all programs that support our troops and their families and the livability of our military communities. Quality of Life programs are not just "nice to have", but rather they provide the foundation of our corporate culture of taking care of people so they can focus on the mission. Quality of life is key to preserving individual and family well-being and solidifying military and societal core values in our forces, while concomitantly contributing to a trained and ready force. Your support is essential to maintaining and upgrading these programs, services and facilities. I would like to thank this committee for your steadfast support of these important programs over the years. I look forward to working with you and the rest of the Congress on these challenges now and in the future. Thank you.

FISCAL YEAR 2000 MILITARY CONSTRUCTION PROGRAM SELECT QUALITY OF LIFE PROJECTS

[In Thousands of Dollars]

Service	Location	Project	Cost
DODEA	Anderson AFB, Guam	Elementary School	44,170
	Camp Lejeune Marine Corps. Base, NC.	Tarawa Terrace II Elementary School.	10,570
	NAS Rota, Spain	Elementary School	17,020
	RAF Feltwell, UK	Elementary School	4,570
	Marine Corps. Air Station Beaufort, SC.	Laurel Bay Elementary School Addition.	2,874
ARMY	RAF Lakenheath, UK	Lakenheath Middle School	3,770
	Ft. Campbell, KY	Physical Fitness Training Center	6,000
	Walter Reed Army Med. Center, DC	Physical Fitness Training Center	6,800
NAVY	Ft. Lewis, WA	Physical Fitness Training Center	6,200
	Norfolk Naval Station, VA	Waterfront Athletic Complex	10,890
	Yuma Marine Corps. Air Station, AZ	Child Development Center Addn	2,620
	San Diego Marine Corps. Recruit Depot, CA.	Physical Fitness Center ADDN	3,200
	Camp Lejeune Marine Corps. Base, NC.	Physical Fitness Center	4,230
AIR FORCE	New River Marine Corps. Air Station, NC.	Family Service Center	1,340
	Travis AFB, CA	Add to Physical Fitness Center	7,500
	Schriever AFB—Falcon AFS, CO	Physical Fitness Center	3,900
	Mac Dill AFB, FL	Physical Fitness Center	5,500
	Whiteman AFB, MO	Physical Fitness Center	1,900
	Osan AB, Korea	Adal Physical Fitness Center	7,600
	RAF Lakenheath, UK	Child Development Center	5,800

FISCAL YEAR 2000 MEDICAL MILCON PROGRAM

**Senator BURNS.** Admiral Carrato, good morning.

**Admiral CARRATO.** Mr. Chairman, Senator Murray, thank you for the opportunity to present the Department of Defense's fiscal year 2000 medical military construction program budget request. This committee has been very supportive of our medical construction program in the past, and I look forward to working with you.

I would like to present this morning a brief overview of our fiscal year 2000 medical military construction program and provide a longer written statement for the record.

Our mission is to protect our forces before, during and operational deployment, as well as provide health care services to other eligible beneficiaries of the Department of Defense. Our fiscal year 2000 program requests fiscal year 2000 appropriations of \$60.38 million for 23 major construction projects, as well as \$3.587 million for unspecified minor construction. We are also seeking \$9.5 million for planning and design efforts to complete designs on fiscal year 2001 projects and to commence design on projects identified for fiscal year 2002.

The total request for this appropriation is \$73.467 million. We are also requesting fiscal year 2001 advanced appropriations in the amount of \$101.37 million, excluding Fort Wainright funding, to be enacted in the fiscal year 2000 Military Construction Appropriations Act, in order that we may have the funding needed to complete projects begun in fiscal year 2000.

The hospital replacement project at Fort Wainright, Alaska, will be funded over 5 years, beginning in fiscal year 2000, and being completed in fiscal year 2004. The fiscal year 2000 phase one project request for appropriations is for \$18 million.

Our fiscal year 2000 budget request includes a total of 23 projects: two projects for hospital addition, alteration, life safety upgrades, and support infrastructure; one project for medical training mission support, nine medical readiness-related projects, nine clinical replacement, addition, alteration-type projects, and two medical logistics warehouses. All of these projects will either improve the departmental mission of readiness or the efficiency and productivity of our providers, and thus, ultimately, quality of life for our beneficiaries.

We are constantly working to right-size and reengineer DOD medical facilities to support the changing practices of health care delivery. No portion of the overseas medical projects—one at RAF Lakenheath, United Kingdom, and the other at Ramstein, Germany—are eligible for Northern Atlantic Treaty Organization (NATO) funding or host nation funding. The hospital project at Yongsan, Korea, is, however, eligible for host nation funding.

#### PREPARED STATEMENT

This concludes my overview statement of the fiscal year 2000 medical military construction budget request. The program stands as a testament to our commitment to maintain our medical readiness and provide quality health care services to the men and women of the armed forces. Thank you for the opportunity to present our budget, and I welcome your questions on any aspect of the budget. Thank you.

[The statement follows:]

#### PREPARED STATEMENT OF RADM THOMAS F. CARRATO

Thank you Mr. Chairman and Members of the Subcommittee. I am RADM Thomas F. Carrato, Chief Operating Officer of the TRICARE Management Activity, Office of the Assistant Secretary of Defense for Health Affairs.

On behalf of Dr. Sue Bailey, the Assistant Secretary of Defense for Health Affairs and Dr. James Sears, the Executive Director, TRICARE Management Activity, I

thank you for the opportunity to present the Department of Defense's fiscal year 2000 Medical Military Construction Program budget request.

I'd like to present a brief overview of our fiscal year 2000 Medical Military Construction Program this morning. The Appropriations Committee has been very supportive of our Medical Construction Program in the past and I look forward to working with you.

Our mission is to protect our forces before, during and after operational deployment as well as provide preventive health care services to other eligible beneficiaries of the Department of Defense. Our fiscal year 2000 program requests fiscal year 2000 appropriations of \$60,380,000 for 23 major construction projects. We are also seeking \$3,587,000 for unspecified minor construction and \$9,500,000 for planning and design efforts to complete designs on fiscal year 2001 projects and to commence design on projects identified for fiscal year 2002. The total request for this appropriation is \$73,467,000. We are also requesting fiscal year 2001 advanced appropriations in the amount of \$101,370,000 (excluding Fort Wainwright funding) to be enacted in the fiscal year 2000 Military Construction Appropriations Act in order that we may have the funding needed to complete projects begun in fiscal year 2000.

The attached table lists the total fiscal year 2000 program funding requirement, the fiscal year 2000 funding request and fiscal year 2001 advanced appropriations request for each project (with the exception of Fort Wainwright):

STATE LIST OF PRESIDENT'S FISCAL YEAR 2000 MILITARY CONSTRUCTION PROJECTS' FUNDING REQUIREMENTS

[In Millions of Dollars]

Location/Project	Authorized Request	Regular Appropriation Request	Advanced Appropriation Request
Ft. Wainwright, AK: Hospital Replacement (Ph 1) .....	133.000	18.000	.....
Davis-Monthan AFB, AZ: Ambulatory Health Care Center Add .....	10.000	2.400	7.600
Los Angeles AFB, CA: Medical/Dental Clinic Repl .....	13.600	2.400	11.200
Travis AFB, CA: WRM Warehouse/Engg Sup Fac .....	7.500	2.000	5.500
Jacksonville NAS, FL: Branch Med/Den Clinic Add/Alt .....	3.780	0.780	3.000
Patrick AFB, FL: Medical Logistics Facility Repl .....	1.750	0.200	1.550
Pensacola NAS, FL: Aircrew Water Survival Training Facility .....	4.300	1.300	3.000
Moody AFB, GA: WRM Warehouse/BEE Facility .....	1.250	0.200	1.050
Ramstein AB, GE: Dental Clinic Add/Alt .....	7.100	2.550	4.550
Yongsan, KO: Hospital Add/Alt .....	38.570	9.570	29.000
Yongsan, KO: Medical Supply/Equip Stor Whse .....	2.550	2.300	0.250
Ft. Riley, KS: Consolidated Troop Medical Clinic .....	6.000	1.060	4.940
Andrews AFB, MD: Med Log Fac Add/Alt .....	3.000	2.000	1.000
Patuxent River NAS, MD: Aircrew Water Survival Training Facility .....	4.150	1.200	2.950
Cherry Point MCAS, NC: Aircrew Water Survival Training Facility .....	3.500	1.000	2.500
Wright-Patterson AFB, OH: Occupational Health Clinic/BEE Repl .....	3.900	2.800	1.100
Sabana Seca NSGA, PR: Med/Den Clinic Repl .....	4.000	1.120	2.880
Ft. Sam Houston, TX Veterinary Instructional Facility .....	5.800	0.600	5.200
RAF Lakenheath, UK: Dental Clinic Add/Alt .....	7.100	1.000	6.100
Cheatham Annex, VA FHSO Container Holding Yard .....	1.650	0.500	1.150
Norfolk NAS, VA Aircrew Water Survival Training Facility .....	4.050	1.150	2.900
Ft. Lewis, WA N. Ft Lewis, Dental Clinic Repl .....	5.500	4.950	0.550
Whidbey Island NAS, WA Aircrew Water Survival Training Facility .....	4.700	1.300	3.400
<b>Total Major Construction .....</b>	<b>276.750</b>	<b>60.380</b>	<b>101.370</b>
Planning & Design .....	9.500	9.500	.....
Unspecified Minor Construction .....	3.587	3.587	.....
<b>Grand Total Fiscal Year 2000 MILCON .....</b>	<b>289.837</b>	<b>73.467</b>	<b>.....</b>

The hospital replacement project at Fort Wainwright, Alaska will be funded over five years, fiscal year 2000 through fiscal year 2004. The fiscal year 2000 Phase I project request for appropriations is for \$18,000,000.

The hospital addition/alteration project at Yongsan, Korea requires a total of \$38,570,000 in military construction appropriations—\$9,570,000 this year and the remainder next year. This project will have a companion \$40,000,000 O&M funding spread over several years and Host Nation funding of \$7,800,000. This project replaces one wing and provides heavy renovation of the remainder of this facility. The central portion of this facility is a 1940's Japanese constructed building. A series of four separate buildings constructed between 1959 and 1990 have been attached to it for the provision of healthcare. This project brings the hospital into compliance with the Life Safety and Fire codes and standards.

This budget request includes the following nine medical readiness related projects:

- A War Readiness Material Warehouse/Engineering Support Facility at Travis Air Force Base, California;
- A War Readiness Material Warehouse/Bioenvironmental Engineering Facility at Moody Air Force Base, Georgia;
- A Medical Supply/Equipment Storage Warehouse at Yongsan, Korea;
- A Fleet Hospital Support Office Container Holding Yard and Wash Platform at Cheatham Annex, Virginia; and
- Five AirCrew Water Survival Training Facilities at Pensacola Naval Air Station, Florida; Patuxent River Naval Air Station, Maryland; Cherry Point Marine Corps Air Station, North Carolina; Norfolk Naval Air Station, Virginia; and Whidbey Island Naval Air Station, Washington.

Our budget request also includes nine clinics that are either replacements or additions/alterations. They are:

- An Ambulatory Health Care Center Addition/Alteration at Davis-Monthan Air Force Base, Arizona;
- A Medical/Dental Clinic Replacement at Los Angeles Air Force Base, California;
- A Branch Medical/Dental Clinic Additional/Alteration at Jacksonville Naval Air Station, Florida;
- A Dental Clinic Addition/Alteration at Ramstein Air Base, Germany;
- A Consolidated Troop Medical Clinic at Fort Riley, Kansas;
- An Occupational Health Clinic/Bioenvironmental Engineering Replacement Facility at Wright-Patterson Air Force Base, Ohio;
- A Medical/Dental Clinic Replacement at Naval Security Group Activity Sabana Seca, Puerto Rico;
- A Dental Clinic Addition/Alteration at Royal Air Force Lakenheath, United Kingdom; and
- A Dental Clinic Replacement at North Fort Lewis, Washington.

The Veterinary Instructional Facility at Fort Sam Houston, Texas will enhance the Medical Training Mission. In 1980, Congress disestablished the Air Force Veterinary Services and directed the Army to procure, train and provide veterinary missions for the entire Department of Defense. Reorganizations within the Army and the BRAC 88 closure of Letterman Army Medical Center have centrally located this training at Ft. Sam Houston, Texas.

We are also requesting funding for two medical logistics warehouse projects. The first is a Medical Logistics Facility Replacement project at Patrick Air Force Base, Florida, and the second is a Medical Logistics Facility Addition/Alteration project at Andrews Air Force Base, Maryland.

#### CONCLUSION

This concludes my overview statement of the fiscal year 2000 medical military construction budget request. The program stands as a testament to our commitment to maintain our medical readiness and provide quality health care services to the men and women of our Armed Forces. I thank you for the opportunity to present our budget and I welcome your questions on any aspect of the budget before you now.

Senator BURNS. Thank you, Admiral.  
Mr. Baillie, welcome back.

#### STATEMENT OF FREDERICK N. BAILLIE

Mr. BAILLIE. Good morning. Thank you for remembering, Mr. Chairman. When I first moved down here in 1995, testifying before this committee was one of the first challenges I got to do, and I

have looked forward to it ever since. So, again, it is good to be here, Mr. Chairman, Senator Murray.

Since you have already agreed to include the prepared statement, I will just have some brief oral remarks.

#### DLA FISCAL YEAR 2000 MILCON PROGRAM

The Defense Logistics Agency's (DLAs) fiscal year 2000 military construction request for authorization is \$115.3 million for seven projects. DLA continues its emphasis on sustaining and enhancing the Department's fuel storage and distribution infrastructure. Five of those seven projects are fuel related and support the Joint Chiefs of Staff and the services' operational requirements. All of our fuel projects are hydrant fuel systems, which support strategic mobility at critical military installations. Our fuel projects at Eielson, Anderson, Elmendorf, Moron, and Fairchild Air Bases will improve America's strategic en route refueling capability.

In our other business areas, we are continuing our program to construct hazardous waste storage facilities that conform with the requirements of the Resource Conservation and Recovery Act.

And, finally, at one of DLA's remaining distribution depots, we will replace a World War I fire station and consolidate in a single, modern facility police, physical security and safety functions that protect over 2,400 military and civilian personnel, their families, and over \$5 billion in government material.

In summary, our military construction program reflects the DLA vision to be America's premier logistics combat support agency by providing vital facilities that enhance the services' warfighting capability.

#### PREPARED STATEMENT

Mr. Chairman, this concludes my oral statement. Thank you again for asking me to be here. And if you have any questions, I will be glad to respond.

[The statement follows:]

#### PREPARED STATEMENT OF FREDERICK N. BAILLIE

I am Frederick N. Baillie, Executive Director of Resources, Planning, and Performance, Defense Logistics Support Command, at the Defense Logistics Agency (DLA). I am pleased to have the opportunity to provide information about DLA's fiscal year 2000 Military Construction request.

#### MILITARY CONSTRUCTION REQUEST

The Defense Logistics Agency has requested \$115.3 million in authorization, \$24.1 million in fiscal year 2000 appropriations, and \$91.2 million in fiscal year 2001 advanced appropriations to support our fiscal year 2000 Military Construction program. This program consists of seven projects that will enhance strategic en route fueling capability, increase mission responsiveness, reduce environmental hazards, and improve facility readiness at our activities in support of the Agency's missions. This request includes:

- \$101.4 million for replacing deteriorated, obsolete hydrant fuel systems, or providing new systems, at five critical Air Force bases.
- \$8.9 million for constructing conforming storage facilities at various locations for the disposal of DOD-generated hazardous waste.
- \$5.0 million for the replacement of an existing fire station to consolidate public safety functions at DLA's Defense Distribution Depot in New Cumberland, Pennsylvania.

## ADVANCE APPROPRIATION

In order to free up resources required to address high priority DOD modernization and readiness requirements, the entire fiscal year 2000 DOD MilCon program, including DLA's, is funded through a combination of regular fiscal year 2000 appropriations and fiscal year 2001 advance appropriations, both of which we are requesting to be enacted in the Fiscal Year 2000 MilCon Appropriations Act. However, this is not the preferred method of financing the program, and the Department only intends to utilize this method for the fiscal year 2000 program.

We are requesting full authorization for all the fiscal year 2000 projects but only a portion of this amount for appropriations we expect to spend in fiscal year 2000. On average, the appropriation amount is approximately 20 percent of full authorization amount of the projects. This provides sufficient budget authority to cover the first year outlays and obligations required to ensure that program execution is unaffected by the change from full, upfront that we have used in the past to full funding through advance appropriations that we are proposing for the fiscal year 2000 program.

## NEW FUEL MISSION RESPONSIBILITIES

In fiscal year 1996, DLA assumed new responsibilities for programming fuel-related MILCON projects for bulk and intermediate fuel storage and hydrant fuel systems at the Services' installations. The Office of the Secretary of Defense approved this responsibility transfer from the Services in fiscal year 1992 in its Plan for the Integrated Management of Bulk Petroleum. In carrying out this responsibility, we are requesting approval of 5 fuel-related projects at \$101.4 million, which is 88 percent of our total program request. All of these projects (at the Eielson Air Force Base, AK; Elmendorf Air Force Base, AK; Andersen Air Force Base, GU; Moron Air Base, SP; and, Fairchild Air Force Base (AFB), WA) are priorities of the Joint Chiefs of Staff to provide critical fuels infrastructure to support strategic en route mobility.

## HYDRANT FUEL SYSTEMS

Our proposed investment to replace old and deteriorated hydrant fuel systems, or provide new systems at critical bases, is \$101.4 million. As mentioned previously, these projects all support strategic en route mobility requirements.

We propose to construct a hydrant fuel systems at Eielson AFB, AK. The \$26.0 million project will provide a system of 20 modern, pressurized fuel hydrant outlets. Wide-bodied aircraft are currently fueled by refueler trucks or a small Type III hydrant system of five outlets built by the Air Force in 1995. The existing hydrant system, which will remain in operation, can accommodate neither the number of aircraft refueled for peacetime operations nor those expected during a contingency. Refueler trucks, which accomplish at 75 percent of aircraft refuelings at the base, are highly susceptible to mechanical failure in subzero temperatures and severe arctic conditions. In addition, this slow, manpower-intensive operation reduces the base's ability to meet its demanding refueling requirements and aircraft turnaround times. The base will close the runway during fiscal year 2000 construction season to accommodate this project and two Air Force runway projects.

We propose to replace a hydrant fuel system at Elmendorf AFB, AK. The \$23.5 million project will provide a system of 15 modern, pressurized fuel hydrant outlets. This project provides the second of two hydrant fuel systems needed to meet a total requirement of 30 hydrant outlets. The first system was approved in the fiscal year 1999 DLA MILCON program and is currently under construction. The existing hydrant system, built in the 1950s, is technologically obsolete and incapable of supporting current wide-bodied aircraft refueling requirements. Repair parts, which are no longer available, must be individually fabricated or salvaged from other inoperable systems. Moreover, the deteriorated system is at the point of failure; it has already leaked several times over the past several years, and will continue to pose a future environmental hazard.

At Andersen AFB, Guam, we will replace an existing hydrant fuel system for wide-bodied aircraft supporting strategic en route mobility requirements in the Pacific with a modern, pressurized fuel hydrant system of 20 outlets for \$24.3 million. This project provides one of four hydrant systems needed to meet a total requirement of 67 hydrant outlets. Currently, the base operates a 45-year-old hydrant system that is failing and cannot support peacetime missions or en route mobility requirements in contingency or wartime operations. Due to the potential for environmental contamination and inability to provide replacement components, one of three existing pumphouses has already been taken out of service. Six other outlets (of a total of 20) are also out of service. As with other obsolete hydrant systems else-



where, repair parts are no longer commercially available and must be salvaged from other similar systems or individually fabricated. In addition, the underground piping system lacks cathodic (corrosion) protection. The new hydrant system will include features to protect it from the corrosive marine environment and will employ a leak detection system. The existing hydrant system will be demolished.

At Moron Air Base, Spain, we propose to continue with the second of two projects for the replacement of the hydrant fuel systems at a cost of \$15.2 million. The first system was approved in the fiscal year 1997 DLA MILCON program and is currently under construction. The existing 1950's hydrant system also suffers from the obsolescence and lack of repair parts as highlighted previously. This project is not yet eligible for funding by the NATO Security Investment Program. However, NATO has approved a precautionary prefinancing statement to facilitate future U.S. recoupment of the cost of this project when eligibility is established. This second replacement project provides a new hydrant fuel system, storage tanks and support facilities constructed to current standards.

At Fairchild AFB, WA, we propose to construct a new \$12.4 million hydrant fuel system to improve the base's capability to quickly refuel wide-bodied aircraft used to support strategic en route mobility requirements. Currently, refueler trucks or a hydrant system that uses 40-year-old underground fuel storage tanks and equipment are used to refuel these aircraft. Aircraft must be towed into parking positions to be refueled using the existing outlets. Low pumping rates and long turnaround times to refill the required six-to-seven truckloads of fuel per aircraft make use of refueler trucks unsatisfactory. The proposed project extends the system and constructs an additional 10-outlet hydrant fuel system to decrease refueling times and reduce dependence on refueler trucks. Existing underground fuel storage tanks will be demolished.

#### DISTRIBUTION AND SUPPLY CENTER INVESTMENTS

##### *Distribution Depots*

At our Defense Distribution Depot in New Cumberland, PA, we propose a \$5.0 million Public Safety Center to replace a World War I wooden fire station and consolidate police, physical security, and health-and-safety personnel. These activities are now scattered in six locations at two separate installations, 18 kilometers apart. The existing fire station was built in 1919 and is too small for existing fire fighting equipment, nor does it contain satisfactory specialized space for current around-the-clock operations common with these facilities. The proposed facility will increase responsiveness to an operation providing essential 24-hour protection to over 2400 active duty and civilian personnel.

##### *Conforming Storage*

Since 1980, DOD has tasked DLA with disposing of hazardous waste generated by DOD components. Before disposal, DLA must store this hazardous waste in conformance with federal and state environmental regulations implementing the Resource Conservation and Recovery Act (RCRA). In fiscal year 2000, we are requesting \$8.9 million to build conforming storage facilities at several of our Defense Reutilization and Marketing Offices to comply with these environmental requirements. We will proceed with those projects that receive RCRA permits from state regulators—a process that is lengthy and somewhat unpredictable. Consequently, as in prior years, we are requesting single-line-item funding for this program so that we may award projects as we received these permits. We will continue to notify the appropriate committees before construction of each project.

#### SUMMARY

DLA's fiscal year 2000 Military Construction request reflects our efforts to support military readiness, protect the environment, and provide safe and adequate working conditions for our military and civilian work force. Five of the seven projects provide vital fuel facilities to support the Services' warfighting requirements. The remaining two are needed to meet the Agency's non-fuel mission requirements to sustain operations into the 21st Century. With the full authorization and advance appropriations requested, we can fully execute our program. Thank you, Mr. Chairman, for this opportunity to present our fiscal year 2000 Military Construction program.

Senator BURNS. Thank you, Mr. Baillie. We appreciate your testimony and we appreciate your hard work on this.

Admiral Suggs, I have one specific question, the movement of the Small Craft Instruction and Technical Training School from Panama to Mississippi.

Admiral SUGGS. Yes, sir.

Senator BURNS. Have you the numbers on that and the requirement that you are going to need to make that move?

Admiral SUGGS. Well, Mr. Chairman, as you saw in our proposal, we are looking for about \$9.6 million this year as directed by the Program Budget Decision (PBD) 715 to move the school and that training from Panama, which closed down at the end of last year, up to Stennis. We feel that will be adequate for the next year or so.

As you know, that is very much a success story, as we support our Central and South American allies and friends in the Southern Command Theater. It is a real winner for us and for that Command. We are looking downstream, sir, in at 2001, to complementing the school with a range, to allow the training to be exercised in that part of the country, which is really perfect for riverine training. We currently have to go up to Kentucky to use some of the rivers and ranges there.

But if we can get this approved for 2001, it is going to be in the neighborhood of about \$3.3 million, sir, to provide a 360-degree range to support the training up there, the live fire, the safety, the security, all the things that we need to do to complement training and the schoolhouse syllabus that will be done down at the center itself. You will be seeing that a little later on, sir.

#### INCREMENTAL FUNDING

Senator BURNS. Give me an idea, do you think that the method of advanced appropriations and the incremental funding, do you think that will slow down the execution of these projects?

Admiral SUGGS. Well, sir, we had the opportunity—and we appreciate that—to sit in on your earlier discussions this morning with our friends from the Navy. And we heard your comment, and we certainly are aware of a lot of the record comments that Dr. Hamre and Mr. Lynn have provided. We share everybody's concern for this approach.

In a perfect world, if we got a plus-up, we would very much like to go into fiscal years 2000 and 2001 with the \$50 million that we requested, which we feel is really modest and very carefully planned for these programs. However, we agree that we need to get on with the recapitalization with these six projects, which have tremendous implications both in readiness and especially the work place environment—the quality of life if you will.

We at the Special Operations Command, we are very familiar with risk management—on all our operational missions, we approach them very critically from a risk management perspective. We know that because of this incremental approach, if approved, it provides some risk which may result in some additional cost and other problems. But we have a very small command, and we have some very talented, dedicated people running these projects. And we have enjoyed a very successful track record in executing the small amount of funds that we have gotten. And we think that we

can execute this program like we have all the others in the past, and minimize that risk.

Certainly, we understand that it is there. But when you look at what we are getting from the Special Operations Command, as you all know, we are only about \$3 billion in total when compared to the rest of the budget. When you take out the military pay, we are less than 1 percent of the total DoD budget. So, this is a very modest, proposal. And I can only promise you, from the Command in Chief and everyone associated, that we will put the same critical approach to this risk management for construction as we do in our operational management. But certainly there is some risk here, and we appreciate that.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

Admiral Carrato, on your list of medical military construction projects, you list both the authorization request and the advanced appropriation request. And I see that Fort Lewis Dental Center, the total request is \$5.5 million and the appropriation is just a little over a \$500,000. And the total request for the Whidbey Island Training Facility is \$4.7 million while the appropriation request is \$3.5 million. Can you tell me how you arrived at the appropriated level and what your criteria were for determining which projects were appropriated at a higher percentage compared to the authorization request?

Admiral CARRATO. Yes, ma'am. The process was one where it was very inclusive. We included the services, since they are execution agents. And we looked at what would be an appropriate level, where we could actually execute the program in 2000. And we believe we do have budget levels that would be executable. And we did involve the services in determining those amounts that would be necessary.

Senator MURRAY. So, the appropriation level is what you believe can be done?

Admiral CARRATO. Yes, ma'am.

#### FISCAL YEAR 2000 ADVANCED APPROPRIATION

Senator MURRAY. Okay. Mr. Baillie, in your testimony, you mention that this advanced appropriation proposal in the fiscal year 2000 budget is not the preferred method of financing your programs. Can you talk a little bit about what your concerns are with that?

Mr. BAILLIE. I think my concerns would echo the speakers who have gone before me. As the Admiral said, this is a calculated risk. From a business perspective, the Department is certainly attempting to make best use of the funds that you appropriate to us. There are down sides and risks to that, and I think we did discuss some of them this morning, as far as impact on contractors and if money does not get subsequently appropriated.

Specifically, as far as the DLA program, it is a relatively small program. We also have been very successful in executing it. We believe that if we are given the advanced appropriations requested, the 2000 program could go ahead as planned.

Senator MURRAY. Okay, thank you.

Ms. McGinn, the Senate report accompanying the fiscal year 1999 military construction appropriation bill called for a study on the condition and the adequacy of school facilities, both those that are federally owned and those that are part of the local district that support military installations. That report was due February 15th. Can you tell me what the status of that report is?

Ms. MCGINN. Senator Murray, that report is currently in the planning and preparation stages. We find that it will be quite a large undertaking, and we have begun to scope it out.

I do regret that we have not sent you an interim report on that. I apologize for that. But efforts are underway, and I have asked for more priority on it, to get it done in a time frame——

Senator MURRAY. Can you give us a time line at all when you expect to have that to us?

Ms. MCGINN. I think the nature of the report is such that we probably have to do a contracted effort. And so I would say 9 months to a year probably.

Senator MURRAY. More, before we see it?

Ms. MCGINN. Yes.

#### BANGOR ELEMENTARY SCHOOL

Senator MURRAY. Okay. The Senate report also directed DOD to allocate not less than \$1 million for the design of an elementary school to serve the Bangor Submarine community. Can you tell me the status of that project and when you anticipate requesting construction funds for that?

Ms. MCGINN. I may have to take that one for the record, ma'am.

Senator MURRAY. Okay. I would appreciate getting a response back on that. It is one that we have been working closely with the community on, and I really would like to know.

[The information follows:]

We understand the need to support the Central Kitsap school district in providing quality education facilities for students of military members stationed at Bangor Submarine Base. Last year, the Department of Defense Education Activity met with representatives of the Central Kitsap district to discuss the impact on the district from military dependents, including special needs students enrolled in their schools as a result of Bangor's designation as a compassionate assignment post, and we continue to work with them on this issue.

The Central Kitsap School District has indicated a need for \$982,000 to complete design and related cost and environmental analyses to prepare for construction of the new school. Discussions within the Department indicate that military construction funds are not the appropriate source for funding a school facility owned by a local education agency. Regrettably, even if DoD can identify the appropriate source of funds, funding for this expenditure has not been programmed. Spending \$1 million for the Bangor Submarine community would significantly impact our ability to execute the program at other locations.

Senator MURRAY. Let me ask you a general question on child care needs. I noticed that you said that you are trying to meet 65 percent of the total child care needs 5 years from now.

Ms. MCGINN. Correct.

Senator MURRAY. And from your position, is that an adequate request?

Ms. MCGINN. Well, if you visit the field, you will hear that we do not have enough child care.

Senator MURRAY. I hear it all the time.

Ms. MCGINN. And we do need to expand the availability and accessibility of child care. We have been working on that since 1989, when the Military Child Care Act was put into effect. And we have been making progress. It has not been as rapid as we would like.

We have recently identified some ways to speed up the access to child care by improving the way we manage our family child care program, by putting more family child care in place. And that would be where a military spouse would take care of up to six children in their quarters. We can do that by subsidizing that. We have also discovered that we can create memorandum of agreement with civilian communities, so that we can license people in off-base housing, as well.

So, we think that that particular approach will increase the availability of care, probably faster than anything else.

Senator MURRAY. So, that would be on top of 65 percent that your goal is, that you would look at military, on-site families, to subsidize—how would you do that?

Ms. MCGINN. No. That would be to help us get to the 65 percent.

Senator MURRAY. That is part of the 65 percent?

Ms. MCGINN. Right.

Senator MURRAY. So, there is still a 35-percent unmet need 5 years from now?

#### DOD CHILD CARE REQUIREMENTS

Ms. MCGINN. Well, our overall goal was to go to 80 percent of the need. Because we believe that there are people who, because of shift work or other kinds of preferences, or familial care, even though we identified them in our formula, would not actually come forward for military child care. So, we set our overall goal at 80 percent, and then set our immediate goal, for budgetary purposes and programming purposes, at 65 percent.

Senator MURRAY. What tools would you need to make that happen faster?

Ms. MCGINN. I think that the primary tool is really to enhance, as I said, the family child care component of this. That is the part of the program which appears to be growing the most. It is the quickest way to get care out there, and particularly if we can start to use the off-base resources, both of licensing our people who live off base and then perhaps licensing people who are off base to provide care for us, as well. And that is what we are really going to be pursuing to the greatest extent possible.

Senator MURRAY. Okay. Ms. McGinn, while I have you I have to ask you a non-related issue. It is on the military funeral honors for veterans. We are supposed to have a study back by March 31st. Can you tell me if we will have that in hand?

Ms. MCGINN. We will be close.

Senator MURRAY. How close?

Ms. MCGINN. Our goal is to get it there by March 31st.

Senator MURRAY. You will not tell me 9 months later?

Ms. MCGINN. No, ma'am. We have worked through the concept within the Department of Defense. We have been out, and we have discussed it with 20 separate veteran service organizations in a one-on-one, consultative manner, to get their input. We are putting the final pieces of that together right now for coordination pur-

poses. And we would like to come over and brief your staff later in the month.

Senator MURRAY. I would very much appreciate that. We are waiting for that report back. And as you know, veterans are dying very quickly. And the most time that goes by, the fewer of them have military honors. And I think we really need to move aggressively on that.

Mr. Chairman, thank you for your time. I do have to go to another committee hearing, but I really appreciate your work on this, and I look forward to working with you.

Senator BURNS. Thank you very much, Senator Murray.

#### MEDICAL FACILITY IN SOUTH KOREA

Admiral Carrato, I am very interested in the new medical facility in South Korea. Could you describe that project? It is a fairly robust project, I understand. Is that correct?

Admiral CARRATO. Yes, sir. The project is to replace a 1940's era hospital built under Japanese construction. And it is a fairly major renovation of that facility. It is a critical project for us, given its location, and fairly comprehensive, replacement, addition, life safety upgrade.

Senator BURNS. Now, did we raze part of that and then are starting from the ground up, or is it strictly all renovation of the existing structure?

Admiral CARRATO. It is a combination. We will be doing some renovation within the existing walls. And then there will actually be some additions that we will be constructing, as well.

Senator BURNS. We have, as you know, passed a bill a couple of weeks ago dealing with pay and retirement and also health care. Could you give me your overview; is TRICARE working?

Admiral CARRATO. Yes.

Senator BURNS. Now, I get a few complaints every now and again. I get a letter or two. I would just like it if you could give me an overview of that. And I know maybe that does not fall under your area of expertise.

Admiral CARRATO. Actually, sir, it does. Let me give you the short version of, is TRICARE working. As you know, TRICARE is a major overhaul of the military health system. And any time you have such a large undertaking, which TRICARE is, there are going to be some growing pains.

We began TRICARE on the West Coast—California, Oregon and the State of Washington—and where it has had a chance to mature, we see the beneficiaries are very satisfied with the program. In our more current start-ups, on the East Coast, we have had some difficulties. And most of the difficulties fall really into three major categories. One is claims processing. And we did have some hearings last week, where that was a major focus of both the House and Senate Armed Services Committees. And we believe that we are taking steps to simplify that claims processing process, working with our contractors, who are actually performing that function for us. We think we are on the right track to addressing that issue.

## TRICARE RESPONSE TIME

And I am happy to report that our audited claims processing performance numbers as of February of this year, all of our claims processing contractors are meeting or exceeding our standards.

The other area is telephone, beneficiaries calling up and being put on hold, not getting accurate information. And, again, I think that is a symptom of a complex program, a symptom of a program where we have to hire literally hundreds of staff to attend to those telephones. And they also have to be trained on a fairly complex program.

Senator BURNS. Not on this automated dial system—in other words, dial one if you want a flu shot and dial two if you need an appendix taken out?

Admiral CARRATO. We actually do have that, sir. Our telephone standards are that there must be an automated response unit that acknowledges a phone call within two rings. That is easy to do. You can purchase one of those off the shelf. Our standard to get to a human being, though, is 90 percent of telephone calls have to be connected to a human within 2 minutes. And we have had some difficulty meeting that standard. Again, I am happy to report we now are meeting that standard, on average.

We will have some issues in our newer regions. And it is isolated with some Monday morning. Again, it is a behavior change for our customers, our providers, et cetera.

Senator BURNS. I just hate those things. I just absolutely hate them.

Admiral CARRATO. Sometimes they are necessary.

Senator BURNS. I know.

Admiral CARRATO. The other issue that we hear mentioned—and this actually is an issue that I know was raised in the State of Montana—is as we bring managed health care to areas of the country where managed health care has not been introduced before, in some rural areas, we will have issues associated with developing adequate networks to support our TRICARE Prime program. And that is another area that we continue to work on, is to look at how we can enhance the delivery system in some of those rural areas.

But I guess that is a very long-winded answer. The short answer is TRICARE is working. If you look at the more mature regions, I think it is working quite well. Customer satisfaction is quite high. We still have some growing pains in some of our newer regions. And we are working aggressively to fix it. We are certainly aware of the impact that it could have on readiness, retention and quality of life.

Senator BURNS. But it is not without its warts?

Admiral CARRATO. It is not without its warts, no, sir. But we are working to remove the warts, and working aggressively.

Senator BURNS. The reason I asked you about that is specifically about Montana. We deal with great distances up there, as you well know. We have got a lot of light between light bulbs, or a lot of dirt between light bulbs. So, we have to do that.

## DOD SCHOOL ELIGIBILITY

Ms. McGinn, I am interested in education. Those families that are located off base, in the first place, they can either send their children to school on base or can they send them to the public schools of that particular area?

Ms. MCGINN. If they are located off base, they generally go to the public schools surrounding the base. If they are on base on those installations where we have Department of Defense schools, then the children are eligible to attend the schools on base. If they are off base, they are not.

Senator BURNS. In other words, if they live off base, then they are prohibited from sending their children to school on base; is that correct?

Ms. MCGINN. Yes, I believe that is correct.

Senator BURNS. Okay. I did not know how that was set up. Because I am very familiar with impact aid. We have Malstrom Air Force Base in Great Falls, and of course, that impact aid is part of that.

Mr. Baillie, I see that there are five projects in the fiscal year 2000 budget request to replace existing hydrant fuel systems. Give me an update on that. How is it coming? I know we have had a few problems in the past, but that infrastructure is very, very important.

## DOD FUEL SYSTEM REPLACEMENT

Mr. BAILLIE. Absolutely, Senator. And you are correct, five of our seven projects are fuel system replacements. What we are talking about are systems that, for the most part, are at least 40 years old, that are not only operationally incapable of meeting the needs of wide-bodied jet refueling, but, quite frankly, in many cases, posing several environmental hazards. There is no leak protection. There is no use of state-of-the-art materials. A lot of the projects in this year's program are in places like Alaska, with severe environmental conditions. A lot of the plumbing, if you will, for these systems is exposed to those elements.

In addition, at the other temperature spectrum, Guam is a little bit warmer, but it is very much subject to corrosion from saltwater. So, what we are attempting to do is, working with the Joint Chiefs of Staff, to prioritize those systems, both from operational and environmental areas, that need to be replaced. We have come from about 44 systems in 1992, when DLA was first assigned the fuels mission in this area, down to, I believe, about 18 projects left. And at this point, the DLA Program Objective Memorandum (POM) for the outyears will address all those remaining projects.

Senator BURNS. You are satisfied with the progress we are making?

Mr. BAILLIE. Yes, sir, very much so. And we appreciate the support of this committee in that.

Senator BURNS. Tell me a little bit about—there has been some concern raised among my colleagues, the emphasis on privatization and the impact that it has on logistics. I happen to be one of those people that think logistics is—used to be just a little office, way down at the end of the building, but logistics now is very impor-



tant. I think that was highlighted in 1991, how important they can be, not only with the ability to carry out a mission in support of ours—it is like General Higginbotham said, it is not only deploying people, but bringing them back home again. Logistics plays a tremendous role in that.

When we start privatization, and some areas have been, in your opinion, has that impacted our ability to carry out our mission in the area of logistics?

#### DLA PRIVATIZATION

Mr. BAILLIE. I agree, Senator. When I first started work with what was then the Defense Supply Agency, in a warehouse in Pennsylvania, logistics was “get the boxes out the door.” It has now evolved into supply chain management. It is very much more complicated.

The DLA concept of privatization goes back to risk management, if you will. We like to believe that we are still a military organization using business tools rather than a business-type organization. We do some things that Sears Roebuck, notwithstanding, does not do.

The concept with which we have attempted to approach privatization says we need to find the best value source using sound business case approaches. Our three distribution depots—Columbus, Ohio; Warner-Robbins, Georgia; and Barstow, California—that are in the process of going up for privatization review, were chosen as representative samples so that we could learn from them. We are getting some very good feedback from the San Antonio, Texas base, which is currently being operated by a contractor as part of the base closure process. Costs are well within the contract, and the performance statistics rival government-operated depots.

That is not to say that you are not correct, sir. There are concerns here. We are venturing into uncharted waters, if you will. We have never, in DOD, or at least DLA, let an entire depot go. We have taken small sub-functions of that. But when we looked at it from a business proposition, talked to academia and the private sector, they felt that to get that best value, we really needed to not carve up a process into sub-functions, but to take the entire operation itself.

So, we are taking—whether it is with the distribution depots, the property disposal offices or even some of our fuels operations—we are taking a very measured, phased approach. We want to learn up front. And then, from both our successes and failures, move out where it makes sense, keeping in mind that the DLA purpose for being is to support that warfighter. And we need to do what we need to do as far as being a good business, but whatever we do, we cannot afford to risk the warfighter’s support.

Senator BURNS. The ability to warehouse fits your ability for distribution? Do we still have needs in warehousing?

#### DISTRIBUTION SPACE

Mr. BAILLIE. At this point, Senator, we have, quite frankly, an excess of distribution space. There is about right now 375 million attainable cubic feet. Attainable cubic feet is less aisle space and offices and sprinkler clearances and things like that. We have

about 260 million, right now, occupied cubic feet. We would very much like to see support for at least one, and hopefully two, more rounds of BRAC. Because that really is the only way that we can get at those kinds of excesses.

The excess that I talked about is spread over 19 different depots. In order for us to truly eliminate the excess to match our attainable with our occupied, we are probably going to need to get out of at least one, if not more, of those depots.

Senator BURNS. Okay. I think that is about all the questions that I have. I think there will be other questions from other members of this subcommittee. I want to thank the witnesses this morning for their being candid with us. We want to work with you as we implement this, understanding the mission that we have in front of us.

#### ADDITIONAL COMMITTEE QUESTIONS

If there are other questions by other committee members, we would ask you to respond to those Senators and to the committee.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED TO ADMIRAL SUGGS

#### QUESTIONS SUBMITTED BY SENATOR BURNS

#### INCREMENTAL FUNDING

*Question.* Will this method of advance appropriations and incremental funding slow down the execution of these projects?

*Answer.* We will be able to execute the United States Special Operations Command (USSOCOM) military construction program, but clearly this adds risk in the execution of our MILCON program. This method of advance appropriations and incremental funding will require a higher level of management oversight to ensure there is no slow down in the execution of these projects.

To execute our construction program under incremental funding we will need from the Congress: full authorization for each project, advance appropriations for fiscal year 2001 and the necessary reprogramming flexibility. We need full authorization to allow for award of the full project scope in one contract. The advance appropriation for fiscal year 2001 will ensure the money is available on the first day of the new fiscal year and allow construction to proceed into the second year without interruption. We need the reprogramming flexibility, based on the "authorized" amount, to transfer the limited funds provided in fiscal year 2000 between projects as work progresses. This flexibility is required because some projects may proceed faster due to construction schedule variations or the need to start early to meet mission priorities.

*Question.* What will be the impact to your MILCON program if the Congress does not provide advance appropriations?

*Answer.* Advance appropriations are the key to providing a continuous funding stream for each construction contract across the fiscal year divide. If advance appropriations are not available, we anticipate more fourth quarter awards in order to assure that we have funds on hand to bridge the gap between fiscal years. We also anticipate higher contractor costs due to funding uncertainties.

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#### QUESTIONS SUBMITTED BY SENATOR MURRAY

#### STENNIS SMALL CRAFT TRAINING COMPLEX

*Question.* Admiral Suggs, in your fiscal year 00 budget you have identified 6 projects for funding. It appears that the appropriated amount requested, as opposed to the total authorization request, has been spread evenly between all of the projects except for the Stennis Small Craft Training Complex. Can you tell the subcommittee

why this project is fully funded while the others have to await advance appropriations?

Answer. Instructions that instituted incremental funding predated the decision to relocate the Naval Small Craft Instruction and Technical Training School (NAVSCIATTS) to Stennis. Subsequently, the Department directed USSOCOM to establish the school and provided the necessary MILCON funds. Since the NAVSCIATTS decision was directive in nature, we did not incrementally fund the construction project to insure an expeditious completion of the required facilities.

*Question.* Will any of the other 5 projects significantly suffer without advanced appropriations?

Answer. Advance appropriations are the key to providing a continuous funding stream for each construction contract across the fiscal year divide. If advance appropriations are not available, we anticipate more fourth quarter awards in order to assure that we have funds on hand to bridge the gap. We also anticipate higher contractor costs due to funding uncertainties.

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QUESTIONS SUBMITTED TO ADMIRAL CARRATO

QUESTIONS SUBMITTED BY SENATOR BURNS

INCREMENTAL FUNDING

*Question.* Admiral Carrato, we often incrementally fund big medical projects because of the size and cost. However, with split year funding for all projects contained in the budget—regardless of their size, what challenges are you anticipating as you execute these projects?

Answer. There are numerous challenges in executing split year funded versus fully funded projects due to uncertainty about the amount and timeliness of the second year funding. We believe we can successfully execute the fiscal year 2000 Medical Military Construction Program, as submitted in the President's Budget, if the advanced appropriations authority for fiscal year 2001 is enacted in the fiscal year 2000 Military Construction Appropriation Act as requested. This advanced appropriations authority will assure us and the contractor community that we will have the funding needed to complete the projects begun in fiscal year 2000. Our construction agents tell us that there is some risk involved with increased cost of construction due to delays in awarding contracts in the latter part of the year. We cannot totally avoid this risk but we will work diligently to minimize it. Failure to receive the requested fiscal year 2001 advanced appropriations authority in fiscal year 2000 will cause us to defer much needed projects by as much as one year until we receive the remainder of funds in fiscal year 2001 Appropriation Bills.

*Question.* Admiral Carrato, you have a fairly robust medical military construction program in fiscal year 2000. What is the backlog of your medical/dental construction/renovations requirements?

Answer. This program reflects our minimum medical facilities construction requirements within the constraints of the overall Departmental requirements for fiscal year 2000. This is based on the fact that we currently have a backlog of over \$2 billion in military construction alone for construction/renovation of our medical/dental facilities.

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QUESTIONS SUBMITTED BY SENATOR STEVENS

BASSETT ARMY HOSPITAL

*Question.* Admiral Carrato, I understand that the first phase of funding for the Bassett Army Hospital is in the fiscal year 2000 budget. What is the department's funding strategy for this project and when is it to be completed?

Answer. The Bassett Army Community Hospital is slated to start construction in fiscal year 2000 based on the following funding strategy:

[Dollars in millions]

	Phase	Amount
Fiscal year 2000 .....	1	\$18
Fiscal year 2001 .....	2	56
Fiscal year 2002 .....	3	34
Fiscal year 2003 .....	4	20

[Dollars in millions]

	Phase	Amount
Fiscal year 2004 .....	5	5

We have requested a full authorization of \$133 million for this project in fiscal year 2000. The construction of the project is expected to be complete in the summer of 2004.

*Question.* Is there funding in the budget or in the Future Years Defense Plan (FYDP) to demolish the existing Bassett Hospital located at Fort Wainwright, Alaska?

*Answer.* Yes. The funding for the demolition of existing Basset Army Community Hospital at Fort Wainwright, Alaska, is included in the last two phases (Phases 4& 5) of the project in fiscal year 2003 and fiscal year 2004.

#### QUESTIONS SUBMITTED TO MR. BAILLIE

#### QUESTIONS SUBMITTED BY SENATOR BURNS

##### DLA HYDRANT FUEL SYSTEMS

*Question.* Mr. Baillie, I see that there are five projects in the fiscal year 2000 budget to replace existing Hydrant Fuel Systems. Please describe the long-term plan to replace the aging DOD fuel infrastructure?

*Answer.* Starting with the fiscal year 1996 MILCON program, DLA assumed additional funding responsibilities from the Services for base-level and intermediate petroleum storage and hydrant systems. The majority of the fuel facilities DLA inherited were deteriorated, 40- to 50-year-old systems. From fiscal year 1996 through fiscal year 1999, DLA has aggressively replaced this decaying infrastructure by investing \$278 million in new and revitalized fuel systems. However, the current estimated backlog of needed fuel projects remains at over \$1 billion.

In the current DOD Future Year Development Plan (FYDP; fiscal year 2000–2005), DLA plans to invest an additional \$630 million for strategic en route mobility projects to enhance the Nation's warfighting capabilities, for environmental compliance and protection, and for other operational projects to replace aging fuel systems. This proposed plan will fund the remaining 21 strategic en route fuel projects by fiscal year 2005 and all currently identified projects to correct non-compliant environmental conditions at our fuel activities.

Nevertheless, the remaining backlog of fuel infrastructure requirements will continue to be a significant challenge that must be addressed in future FYDPs. With this in mind, DLA and the Military Services are aggressively pursuing alternate sources to military construction funding. These alternatives include seeking host-nation funding, privatizing fuel functions, or developing maintenance and repair projects instead of MILCON. These initiatives are expected to result in a modest reduction in fuel MILCON requirements.

##### INCREMENTAL FUNDING

*Question.* Mr. Baillie, will incremental funding of these projects slow down their ultimate execution and increase their cost?

*Answer.* As we mentioned in our verbal testimony, we know that incremental funding, if approved, provides some risks. We expect the projects will be slowed to a limited extent. But with the relatively small program we have and talented, dedicated people running these projects, we think we can continue to successfully execute these projects. Our past performance shows we have a solid record of project execution in previous years.

#### QUESTIONS SUBMITTED BY SENATOR STEVENS

##### DLA PROJECTS IN ALASKA

*Question.* Mr. Baillie, I understand that there are two Alaska projects in your fiscal year 2000 budget submission. Can you explain why these two projects are so important to our national military strategy?

*Answer.* The Commanders In Chief's (CINCs) have identified numerous strategic airlift en route support fuel infrastructure shortfalls as a result of a Joint

Warfighting Capabilities Assessment (JWCA) review. This review revealed that with reduced overseas presence, enhancements were required to the remaining enroute refueling infrastructure to support the National Military Strategy. The two projects in Alaska are key locations for a CONUS to Far East deployment of forces based on weather, route vulnerability, airfield support, and other factors.

INCREMENTAL FUNDING

*Question.* Mr. Baillie, will incremental funding of these projects slow down their ultimate execution and increase the cost?

*Answer.* As we mentioned in our verbal testimony, we know that incremental funding, if approved, provides some risks. We expect the projects will be slowed to a limited extent. But with the relatively small program we have and talented, dedicated people running these projects, we think we can continue to successfully execute these projects. Our past performance shows we have a solid record of project execution in previous years.

QUESTIONS SUBMITTED BY SENATOR MURRAY

FUNDING FORMULA

*Question.* Can you explain the formula you used to arrive at the fiscal year 2000 appropriated amount you are requesting for the five hydrant fuel system projects in your budget? It appears to me that you are looking for a down payment ranging from as little as 11 percent to as much as 35 percent. Why the spread?

*Answer.* We did not apply a set percentage for determining the fiscal year 2000 funding request for each project. Rather, we applied the amount allocated to us by the Department based on project priorities and site-specific factors that will influence expected outlays in fiscal year 2000. These factors include the start and duration of diverse construction seasons, expected material ordering and transportation lag times, and constraints due to adjacent construction projects at some of these sites. The fiscal year 2000 program request was ultimately based on engineering judgement and the variable effects of these factors on the projects and funds available.

QUESTIONS SUBMITTED TO Ms. MCGINN

QUESTIONS SUBMITTED BY SENATOR BURNS

DOD DEPENDENT SCHOOLS

*Question.* Ms. McGinn, I am pleased that DOD has begun an initiative to improve the condition of the DODDS schools. Many are inadequate and need serious attention. Please describe your backlog of construction and renovation projects?

*Answer.* The following is a list of projects critical to DODEA (DODDS/DDESS) that are not funded in the fiscal year 2000 budget, but that are included in the Future Years Defense Plan. The total is approximately \$174.7 million as shown below.

*In Thousands*

Construct Hohenfels HS, Wuerzburg, GE .....	\$13,100
Replace Russell ES, Camp Lejeune, NC .....	7,100
Classroom Addition, Lakenheath ES, UK .....	533
Classroom Addition, Mannheim ES, Heidelberg, GE .....	700
Classroom Addition, Ramstein ES, GE .....	700
Classroom Addition, Ernest J. King ES/MS, Japan .....	769
Classroom Addition, Wetzlar ES, Kaiserslautern, GE .....	1,163
Classroom Addition, Schweinfurt ES, Wuerzburg, GE .....	1,207
Classroom Addition, Shirley Lanham ES, Japan .....	1,076
Classroom Addition, Lincoln ES, Ft Campbell, KY .....	768
Classroom Addition, Tarawa II ES, Camp Lejeune, NC .....	513
Classroom Addition, Antilles ES, Ft Buchanan, PR .....	769
Classroom Addition, Freddie Stowers ES, Ft Benning, GA .....	513
Classroom Addition, Barkley ES, Ft Campbell, KY .....	1,003
Classroom Addition, Jackson ES, Ft Campbell, KY .....	1,003
Construct Lakenheath MS, UK .....	16,298
Construct Addition, Ramstein HS, GE .....	1,900
Additions & Renovations, Sigonella E/MS, Italy .....	7,200
Construction Addition, Mark Twain ES, Heidelberg, GE .....	2,200

	<i>In Thousands</i>
Additions & Renovations, Rota HS, Spain .....	15,500
Construct Seoul MS, Korea .....	17,480
Replace Berkley Manor ES, Camp Lejeune, NC .....	7,550
Additions & Renovations, Delalio ES, Camp Lejeune, NC .....	3,900
Additions & Renovations, Stone Street ES, Camp Lejeune, NC .....	5,100
Replace Tarawa I ES, Camp Lejeune, NC .....	6,466
Replace Russell ES, Quantico, VA .....	6,600
Addition to Wassom ES, Ft Campbell, KY .....	4,350
FY02 Construction for PTR/Kindergarten initiative-various locations .....	20,300
FY03 Construction for PTR/Kindergarten initiative-various locations .....	20,200
FY01 Unspecified Minor Construction .....	2,691
FY03 Unspecified Minor Construction .....	4,800
FY04 Unspecified Minor Construction .....	1,236
<b>Total .....</b>	<b>174,708</b>

## FITNESS CENTERS

*Question.* How do fitness centers equate to and impact quality of life for service personnel and their families? Why is it important these facilities be located on the bases and installations?

*Answer.* It seems there is greater attention placed on quality of life facilities, such as fitness centers in the fiscal year 2000 budget. Maintaining a physically fit military force is important to readiness. In addition, having an active military community, including both Service members and their families, forms a major part of health promotion activities. Further, it helps keep health costs down and productivity up. Service members and their families tell us in survey after survey that fitness centers are their number one Morale, Welfare and Recreation (MOOR) and leisure activity.

The Marsh Commission Quality of Life report identified significant fitness facility deficiencies. The Task Force concluded that fitness centers aided recruiting, retention, readiness and productivity and were important to overall quality of life—particularly among single junior enlisted personnel. This report also indicated that fitness is the most important MWR program having a positive effect on retention. As in the civilian community, successful recreational activities must be located where people live, work, and play. Our installations are the hub where Service members and their families build a sense of community. Fitness centers must be on installations because it makes their use by members more convenient, thereby encouraging regular and frequent exercise and the adoption of healthy, positive lifestyles. Maintaining physical fitness is part of the daily work requirement for our military force. Members are required to partake in some form of fitness training or activity on an ongoing basis to maintain high fitness levels and combat readiness. Easy accessibility to fitness centers is critical because many junior enlisted lack the private transportation required to travel significant distances to exercise. The best time for many Service members to exercise is during noon meal time or directly after work; the quality and duration of one's workout is directly affected by the distance.

## FITNESS CENTER BACKLOG

*Question.* What is the backlog for building and renovating fitness centers within the military services?

*Answer.* In 1997, the Department launched a major initiative that focused on improving physical fitness. This initiative, called "Operation Be Fit," includes 5 major actions aimed at improving fitness activities. One of those actions is to address the serious facility deficiencies cited in the Marsh Commission report. As part of this facility improvement action, OSD conducted a survey of the Department's fitness facilities. This installation level survey identified 122 fitness facilities that were in poor condition. The survey instrument specifically instructed the installation to have the local engineer determine if the fitness facility was in excellent, good or poor condition, according to engineering criteria. These 122 poor facilities represented almost a quarter of all fitness facilities that our people used to stay fit and for recreation. The number of poor facilities has been reduced and will be reduced further if the eleven facilities requested in the fiscal year 2000 MILCON are approved.

The following is a list of projects critical to the Services' fitness centers, that are not funded in the fiscal year 2000 budget, but are included in the Future Years Defense Plan. The total is approximately \$363 million as shown below.

	<i>In Millions</i>
Bamberg, GE .....	\$6.00

	<i>In Millions</i>
Ft. Knox, KY .....	6.20
Ft. Bragg, NC (Ctr 1) .....	6.20
Camp Stanley, KR .....	6.00
Ft. McNair, Wash D.C .....	7.80
Weisbaden, GE .....	6.00
Ft. Hood, TX .....	6.20
Ft. Bragg, NC (Ctr 2) .....	6.20
Kaiserslautern, GE .....	6.00
Camp Kyle, KR .....	6.00
Ft. Benning, GA .....	10.00
Atlanta, GA .....	2.92
WPS Charleston, SC .....	4.83
Diego Garcia .....	5.55
Dahlgren, VA .....	5.87
Roosevelt Roads, PR .....	7.29
ASW San Diego, CA .....	3.46
Monterey, CA .....	3.87
Navy Replacement Projects .....	1.96
HAS Norfolk, VA .....	9.44
Newport, VA .....	8.76
Athens, GA .....	2.67
Corry Station, FL (Ctr 1) .....	1.66
Fallon, NV .....	4.80
Port Hueneme, CA .....	5.63
Lemore, CA .....	5.44
Dam Neck, VA .....	1.85
Gulfport, MS .....	3.03
Corry Station (Ctr 2) .....	1.11
E1 Centro, CA .....	4.79
Bangor, ME .....	0.92
Davis Monthan AFB, AZ .....	7.60
McGuire AFB, NJ .....	10.50
Dover AFB, DE .....	5.00
McChord AFB, WA .....	5.40
Lackland AFB, TX .....	3.00
Little Rock, AR .....	7.50
Anderson AFB, GU .....	8.20
Tinker AFB, OK .....	4.10
Scott AFB, IL .....	7.75
Dyess AFB, TX .....	6.45
RAF Mildenhall .....	5.00
Shaw AFB, SC .....	1.50
Hanscom AFB, MA .....	4.00
Minot AFB, ND .....	4.25
Beale AFB, CA .....	6.65
Seymour-Johnson AFB, NC .....	5.50
Ramstein AFB, GE .....	6.00
Hickam AFB, HI .....	10.00
Charleston AFB, SC .....	1.90
Elmendorf AFB, AK .....	1.70
Randolph AFB, TX .....	10.20
Nellis AFB, NV .....	2.00
Moody AFB, GA .....	3.20
Eielson AFB, AK .....	9.90
Andrews AFB, MD .....	9.00
Spangdahlem, AFB, GE .....	1.70
Bolling AFB, Wash D.C .....	9.00
Quantico, VA .....	7.90
Lejeune, NC (Ctr 2) .....	3.95
Pendleton, CA (Ctr 1) .....	4.72
Cherry Point, NC .....	3.31
Miramar, CA .....	4.15
Pendleton, CA (Ctr 2) .....	11.69
Yuma, AZ .....	0.83
Lejeune, NC (Ctr 3) .....	2.58

	<i>In Millions</i>
Kaneohe, HI .....	<u>8.38</u>
Total .....	362.96

SUBCOMMITTEE RECESS

Senator BURNS. The next hearing of the subcommittee will take place on March the 23, when we will hear from the Army and the Air Force. We certainly appreciate your cooperation this morning and your good work. We appreciate all that you do.

[Whereupon, at 11:30 a.m., Thursday, March 16, the subcommittee was recessed, to reconvene at 11 a.m., Tuesday, March 23.]





# **MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2000**

**TUESDAY, MARCH 23, 1999**

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

The subcommittee met at 11 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.  
Present: Senators Burns, Craig, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

**STATEMENT OF MAHLON APGAR, IV, ASSISTANT SECRETARY OF THE  
ARMY (INSTALLATIONS AND ENVIRONMENT)**

**ACCOMPANIED BY:**

**MAJOR GENERAL MILTON HUNTER, DIRECTOR OF MILITARY PROGRAMS, U.S. ARMY CORPS OF ENGINEERS**  
**MAJOR GENERAL ROBERT L. VAN ANTWERP, JR., ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT**  
**BRIGADIER GENERAL JAMES R. HELMLY, DEPUTY CHIEF, ARMY RESERVE, OFFICE CHIEF, ARMY RESERVE**  
**BRIGADIER GENERAL MICHAEL J. SQUIER, DEPUTY DIRECTOR, ARMY NATIONAL GUARD**

OPENING STATEMENT

Senator BURNS. We will call the committee to order.

This morning we will hear testimony of the Military Construction, Family Housing, the Base Realignment and Closure (BRAC) and Reserve component programs from both the Army and the Air Force. I welcome all of you here this morning. We will first hear from the United States Army.

I am pleased to have before us the Assistant Secretary of the Army for Installations and Environment. Is that Mahone?

Mr. APGAR. Mahlon.

Senator BURNS. Mahlon—

Mr. APGAR. I am called Sandy, sir, please.

Senator BURNS [continuing]. Apgar.

Mr. APGAR. Correct.

Senator BURNS. I will tell you that we have quite a lot of concern, as you well know, on military construction and the way that we are funding our 2000 military construction budget. Incremental funding over the last two-year period will slow execution of these critical projects, in my estimate.

Ultimately, it will cost the American taxpayer more money, as we expect contractors to assume more of the risk associated with building facilities for the Department. I am not all that big of a fan of it, but yet we are not written in stone, and we will listen to what you have in mind. Senior Defense officials tell me that this is a one-time-only financing technique, advanced appropriations for all projects; however, the same fiscal challenges that the Department faced in putting together the fiscal year 2000 budget will still be there in years to come.

I think the danger will be that we begin not fully funding military construction up front but spread the costs over two, three, and even five years, and I have some concern with that. How do we deal with BRAC if there is future base closings, and that may be a distinct possibility. So I am not a big fan of incremental funding, and believe this is the wrong way for the Department to proceed.

#### PREPARED STATEMENTS

I will forego the rest of my statement, and I will enter my statement and Senator Murray's statement into the record.  
[The statements follow:]

#### PREPARED STATEMENT OF SENATOR BURNS

The Subcommittee will come to order. This morning we will hear testimony on the Military Construction, Family Housing, BRAC and Reserve Component programs for both the Army and the Air Force.

We will first hear from the Department of the Army.

We are pleased to have before us this morning, the Assistant Secretary of the Army for Installations and Environment, Mahlon Apgar.

I remain concerned with the way the Department of Defense has funded the fiscal year 2000 Military Construction budget.

Incremental funding over a two-year period will slow execution of these critical projects. Ultimately, it will cost the American taxpayers more money as we expect contractors to assume more of the risk associated with building facilities for the department.

Senior defense officials tell me that this is a one-time only financing technique—advance appropriations of all projects. However, the same fiscal challenges that the department faced in putting together the fiscal year 2000 budget will still be there in years to come.

The danger will be that we begin not to fully fund Military Construction up front but spread the costs over two, three or even five years.

I could foresee a time when we have many projects on the books but not enough money to begin construction on any of them.

I oppose incremental funding and believe it is the wrong way for the department to proceed.

It will strike a major blow to revitalizing our aging infrastructure and improving quality of life for service members and their families.

I can assure you that we will approach this situation with great care and consideration we decide how to proceed with this budget.

I want to commend you and the Army for your continued commitment toward improving the quality of life for single soldiers. However, I am concerned with the absence of funding in the budget for family housing for the Army, not only in the fiscal year 2000 budget but also in the out year. We will discuss this later when we get to questions.

We look forward to working with you to ensure that the Army's most critical requirements are met in this budget.

Secretary Apgar, I would ask you to keep your statement brief because we will also hear from the Air Force later this morning.

Please be advised that your statement will be included in its entirety for the record.

Sir, before we proceed, would you introduce the representatives that are with you today from the Army?

I would like to turn to the ranking member, Senator Murray, for any comments that she might like to make at this time.  
Secretary Apgar, please proceed.

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PREPARED STATEMENT OF SENATOR MURRAY

Mr. Chairman, thank you for scheduling this hearing to discuss the Fiscal Year 2000 Military Construction programs of the Army and Air Force. I welcome our witnesses, and I look forward to hearing their testimony.

This is a crucial year for the programs that our subcommittee oversees. The Congress has heard a steady drumbeat of testimony from military and civilian defense leaders over the past several months regarding threats to the readiness of our armed forces.

Pay and retirement benefits are said to be inadequate. Recruitment and retention are down, maintenance and repair costs are up, and morale among the troops is strained.

The Defense Department responded to these pressures by seeking a substantial increase in the defense budget for fiscal year 2000, part of which is to be financed by stretching out the funding for fiscal year 2000 military construction projects over two years.

While I am sure it is well-intentioned, I also believe that this is a very risky strategy. We have heard from previous witnesses before this subcommittee that incremental funding could have a detrimental effect on the pace of Military Construction. Contractors are expected to view this system with skepticism, construction costs are likely to increase, and at least some projects are going to end up behind schedule.

Given these potential drawbacks, I have serious reservations about incremental funding and the impact it could have on absolutely essential Military Construction projects and quality of life programs.

I have heard time and again from witnesses before this subcommittee about the importance of quality of life projects to the men and women who serve in our armed forces. I have visited the military bases in my state of Washington and elsewhere in this country. I have seen first-hand examples of crumbling infrastructure and inadequate facilities. I have seen first-hand the need for barracks, family housing, child care facilities, schools, clinics and other family support services.

These items are crucial components of military readiness, and we cannot afford to shortchange them or delay them.

I fear that whether we go with some kind of incremental funding program or whether we fully fund a reduced number of projects, the result will be the same—vital military construction projects will go begging, and the men and women who serve in our military will see a further decline in the quality of life that we provide for them and their families.

Clearly, we have our work cut out for us. We must work within existing budget constraints.

We must accept the fact that Military Construction is but one element of a complex and comprehensive defense program.

We must set priorities. We must allocate our resources carefully. But, for the good of our military and the benefit of our national security, we cannot afford to lose our focus on essential quality of life improvements.

I commend our witnesses today, and indeed all of the services, for the recognition that they have given to the importance of quality of life initiatives, and for their efforts to improve quality of life programs in the face of severe budget pressures from readiness and personnel accounts.

I appreciate the emphasis that the chairman of this subcommittee has placed on quality of life improvements.

I commend our witnesses today, and indeed all of the services, for the recognition that they have given to the importance of quality of life initiatives, and for their efforts to improve quality of life programs in the face of severe budget pressures from readiness and personnel accounts.

I appreciate the emphasis that the chairman of this subcommittee has placed on quality of life improvements.

Through his efforts, he has made a direct and significant contribution to the lives of many of the men and women who are serving in the U.S. military today.

I thank him for his support, and I look forward to working with him and with the services to find the best possible solution to meeting the myriad of Military Construction and other needs of the armed forces.

Thank you Mr. Chairman.

Senator BURNS. This morning we have General Antwerp, General Hunter, and General Squier, and General Helmly. We welcome you this morning, and we would welcome your statements at this time.

Mr. Secretary, thank you for coming this morning.

STATEMENT OF MAHLON APGAR

Mr. APGAR. Thank you, Mr. Chairman. It is an honor to appear before you and the committee to discuss the Army's budget request for fiscal year 2000 and our military construction program. This is my first appearance before the committee, and I pledge to work closely with you in addressing the many challenges in our Military Construction (MILCON) programs. I hope you will call me at any time with your concerns or questions you may have about our policies and programs.

My written statement provides in-depth details of our military construction budget request. In it we balance Army objectives for modernization, readiness, and quality of life, and support our highest priorities, barracks and family housing, strategic mobility, reserve component construction, real property maintenance, and base closures and realignments, and with your permission, Mr. Chairman, I will submit the full statement for the record and make some brief comments to highlight our progress.

Senator BURNS. All of your statements will be made part of the record.

Mr. APGAR. Thank you, sir. First, barracks modernization is a major success. With your support, 53 percent of our single-soldier housing is funded to meet or approximate the new one-plus-one standard, and while we still have some way to go, especially overseas, we are on schedule to complete Army-wide barracks modernization by 2008.

Our budget also emphasizes strategic mobility; that is, the platform for Army readiness. These force projection projects will provide the necessary infrastructure, specifically rail and airfield improvements, to facilitate movement of our troops and their equipment to essential air and sea ports. The budget also supports reserve component construction.

For the Army National Guard we have budgeted for a readiness center, three maintenance support facilities, and one training facility. For the Army Reserve, we have three new Army Reserve centers, a regional maintenance training facility, and other critical projects.

Real property maintenance is our primary account for maintaining the Army's infrastructure. Because these resources protect the facilities that your committee approves, your support of the funding levels we have requested in our operations and maintenance budget will reinforce our MILCON programs. We hope you will endorse this funding.

In our current base closure and realignment program, three out of four rounds of base closures will be completed by the end of this fiscal year, and we will complete the final round of closures and realignments by the end of fiscal year 2001. We continue to believe that the BRAC process is the best way to dispose of unneeded infrastructure and to reshape our installations.

We will achieve nearly a billion dollars a year in annual savings once our current program is fully implemented, but we must do more to reduce the costs of maintaining excess infrastructure and to redeploy these resources for our critical readiness requirements.

Finally, I would like to clarify our intent and plans concerning the Army's housing privatization program. This is a major Administration priority, and it is one of the main reasons I was asked to take this office, but it has become the subject of some controversy in recent weeks. I have come to realize that we have not discussed our concepts and plans with you and others in Congress as much as we should have.

So I want to underscore my commitment to forging a closer dialogue with you in the coming months on this critical program.

As you know, the Army has an acute family housing problem. A huge backlog of substandard houses must be renovated, a substantial housing deficit, especially for junior enlisted soldiers, must be eliminated, and a large ongoing maintenance requirement must be satisfied.

It is imperative to attract and maintain a trained and ready Army and sustain the selfless service of our soldiers. They demand that we solve this complex problem by providing their families with better places in which to live. I consider this basic institutional responsibility as my most important professional and personal challenge in this office and, accordingly, have pressed forward in the past eight months with great urgency to design and test an Army privatization program that I believe will substantially help the Army, our soldiers, and their families.

I am pleased to report that the home building and development industry has shown a great interest in the program, and the Army leadership has expressed its support.

Shortly after taking office last June I visited Forts Carson and Lewis with senior Army military and civilian executives to see the problems firsthand through the eyes of soldiers and their families, and to gauge the priorities and concerns of the local commands, and since then have done the same at ten other installations in the U.S., and Korea, including Forts Hood, Meade, Shafter, and Schofield Barracks.

Frankly, I was appalled at some of the conditions I saw, but I was also impressed with the dedication of the troops, the understanding of their families, and the resolve of the local command teams to help them.

In response, we mustered a task force of Army and private sector experts to help us forge a strategy designed both to attract private capital to fund improvements, and to enlist private enterprise to revitalize our residential neighborhoods.

In my judgment, sufficient private capital will be available to achieve our objectives if we maximize the Army's advantage of scale in using the privatization tools Congress has given us, but privatization means more than capital. Capital alone is not enough. We have to engage the four E's.

I call them the entrepreneurship, the energy, the efficiency, and the expertise of the world's most effective home building and real estate industry to help us house the world's best Army in the quality communities they deserve. That is why we renamed our housing

privatization program from Capital Ventures Initiative (CVI), which focuses on financing, to Residential Communities Initiative (RCI), which emphasizes our overriding goal, to enhance the quality of life for soldiers and their families by creating and sustaining attractive, affordable residential communities on Army posts.

RCI uses the tools provided by Congress to achieve this goal, by leveraging the experience and creativity of the development industry, as well as their capital. We believe that most Army family housing needs in the U.S. can be met through RCI, but at this time we would like to test our concept at five installations. We will continue to use traditional MILCON to fund all of those projects in the U.S. where privatization is not feasible, and all housing projects overseas, where the privatization authorities do not apply.

As part of our pilot program we are pursuing three changes in policy and practices. First, our management focus is shifting from housing production to community development.

Each project will include the features and amenities that most Americans enjoy in their neighborhoods, such as extensive landscaping, community centers, recreation facilities, and ongoing maintenance of public space as well as housing renovation and construction.

The second change is transforming our business relationships from contracting to partnering. In traditional military construction projects the Army is the developer. We provide the funds, take the risks, and bid the contracts, but when the houses are built, the contractor is finished, and the Army maintains and manages the completed project usually through separate contractors.

In RCI, the Army will become a partner with private developers. Each developer will arrange the project financing for private investors, take the business risks, hire and manage the contractors, and provide ongoing services with specific performance measures that align the developer's goals with the Army's.

The third major shift, from procuring the contractor, through a request for proposal, to selecting a partner through a request for qualifications, is a consequence of the first two changes, and is itself an important reform of the procurement process.

In the typical request for proposal (RFP) the Army details the requirements for executing a project and selects the contractor based on his bid proposal. The contractor cannot suggest improvements to these specifications until the contract award is made, but by then he has no incentive to do so and would only delay the project.

In our proposed request for quote (RFQ), the Army will define the qualifications for selecting the developing partner, experienced track record, financial resources, management capabilities, and so on, and then the Army and selected developer together will jointly prepare the best plan for project execution, and then submit that plan for congressional review.

The RFQ process will enable the Army to benefit from the industry's creativity and experience, encourage the developer to innovate wherever possible throughout the project, and eliminate delays in execution. We designed the RFQ specifically to broaden competition by making it easier and cheaper for developers to enter the program. Those who responded to the RFP in Fort Carson, for exam-

ple, have told us that they spent anywhere from \$300,000 to over \$1 million.

The RFQ tests we have done suggest that people can enter—experienced, qualified developers and managers can enter for sums in the range of \$10,000 to \$25,000. That factor alone, together with the simplicity, will greatly broaden competition.

The RFQ process is basically an inexpensive way for the Army to acquire information and especially insights from experienced developers, and then to determine the boundaries of a long-term business relationship.

The dialogue between the developer, the Army, and other stakeholders will result in a plan for each installation that shows how much will be invested, how many houses and other facilities will be built and renovated, and how maintenance and other operations will be managed to meet our critical housing needs and create family communities for which we can all be proud.

In closing these opening comments, Mr. Chairman, may I reaffirm my commitment to work closely with you and your staff to make the Residential Communities Initiative succeed.

PREPARED STATEMENT

Thank you. We will be pleased to respond to your questions.  
 Senator BURNS. Thank you, Mr. Secretary.  
 [The statement follows:]

PREPARED STATEMENT OF HON. MAHOL APGAR, IV

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for fiscal year 2000. This request includes initiatives of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report on them to you.

Our statement is in four parts:

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

I am pleased to present the Active Army's portion of the Military Construction budget request for fiscal year 2000. This budget provides construction and family housing resources essential to support your Army's role in our National Military Strategy.

The program presented herein requests fiscal year 2000 appropriations of \$656,003,000 for Military Construction, Army (MCA) and \$1,112,083,000 for Army Family Housing (AFH); also requested is an advance appropriation of \$659,536,000 for MCA and \$43,991,000 for AFH. The companion request for authorization in fiscal year 2000 includes \$1,117,505,000 for MCA and \$1,158,980 for AFH. The fiscal year 2000 request for authorization of appropriations is \$656,003,000 for MCA and \$1,112,083,000 for AFH. There is no request this year for the Homeowners Assistance Fund, Defense.

America's Army is the most capable Army in the world today. The soldiers of the active component, the National Guard, and the Army Reserve, are joined by the civilian employees and family members to form the "Total Army." The Army stands ready today, as our predecessors have for over 223 years, to fight and win our Nation's wars. We are currently conducting operations throughout the world to shape the international environment and to promote peace and prosperity. On any given day in fiscal year 1998, over 28,000 of our soldiers were deployed away from their home stations to more than 70 countries around the world, conducting operations in support of the National Military Strategy.

We must be ready to respond wherever our interests are threatened around the world. To do this, we must maintain sufficient forces, sufficient strategic air and sealift to project power rapidly, sufficient prepositioned assets to cut down deploy-



ment times for initial response forces, and sufficient installations from which to project our forces.

The requirements of military service demand unique sacrifices from military members, their families and the civilians who work with them. One of the imperatives to maintaining a trained and ready Army is taking care of our soldiers and families. People are the defining characteristic of a quality force and are the nucleus of our Army. High caliber quality of life programs are essential to ensuring that the Army continues to attract and retain the soldiers necessary to maintain the Total Army. We must continue to focus on issues important to these men and women who so bravely serve the nation. Programs that provide our soldiers and their families better places to work and live are key to our focus. The commitment to taking care of soldiers benefits our Nation by fostering strong families and safer communities.

Now, I would like to discuss the Army's facilities strategy for fiscal year 2000 and beyond.

#### FACILITIES STRATEGY

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

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

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report (ISR) to help formulate and monitor our facilities strategy. We use it to assess the status of our facilities' condition. This identifies critical areas to consider in resource allocation. Also, it assists in condition assessment of our facilities essential to the installation's mission and quality of life.

We are reducing our requirement by rigorously eliminating excess facilities. Our current facilities reduction program and base realignment and closure process will result in disposal of over 200 million square feet in the United States by 2003. We continue to demolish one square foot for every square foot constructed and began reducing our leasing costs in fiscal year 1998 by \$13,900,000. By 2003, with our overseas reductions included, the Army will have disposed of over 400 million square feet from its fiscal year 1990 peak of 1,157,700,000 square feet.

We are looking for innovative ways to reduce the cost of our facilities, including privatization or outsourcing of certain functions. One example is installation utilities systems. Our goal is to privatize all utility systems, where it is economically feasible, by 2003, including those supporting reserve components and overseas, except those needed for unique security reasons. Privatization is also being considered to provide better housing for soldiers and their families while reducing the Army's inventory. Partnering with civilian communities around an installation to provide some facilities is also a viable alternative to Army owned facilities.

Over the period 2000–2005, the Army plans to achieve over \$3 billion in estimated savings from our Major Commands with United States installations to provide additional resources for force modernization and other high priorities. These reductions are based on estimated savings derived from performing A–76 cost competition studies of commercial activities comprising about 73,000 positions during fiscal years 1997–2002. The Army's primary challenge is to accomplish these cost-effective measures as soon as possible.

Next, I will discuss the highlights of the budget.

#### ADVANCE APPROPRIATIONS

In order to free up resources required to address serious requirements in readiness funding, the fiscal year 2000 construction program has been incrementally funded by authorizing each project and requesting advance appropriations to fund it.

We are requesting full authorization for all new fiscal year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, the percentage is based on historical, first-year outlay rates and includes an additional percentage for risk and flexibility. We are also requesting fiscal year 2001 advance appropriations for the balance of the funding requirement.

## MILITARY CONSTRUCTION, ARMY (MCA)

We are focusing on four major categories of projects: mission facilities; quality of life; support programs such as infrastructure and environment; and chemical demilitarization. I will explain each area in turn.

## MISSION FACILITIES

In fiscal year 2000, there are thirteen mission facility projects, including the Army's Strategic Mobility Program (ASMP), and the Simulator Facility Program. We are requesting full authorization of \$171,650,000, with appropriations and authorization of appropriations of \$42,510,000. Advance appropriations for the balance of the projects are requested for fiscal year 2001.

*Army Strategic Mobility Program*

Our budget request continues the program to upgrade our strategic mobility infrastructure enabling the Army to maintain the best possible power projection platforms. We are requesting full authorization of \$161,050,000 with appropriations and authorization of appropriations of \$40,910,000. Advance appropriations for the balance of the projects are requested for fiscal year 2001. The fiscal year 2000 projects will complete 68 percent (based on authorization) of the Strategic Mobility program that is scheduled for completion in fiscal year 2003.

Our fiscal year 2000 request includes the second phase of the railhead loading facility at Fort Hood that was fully authorized last year. We are requesting an appropriation and authorization of appropriations of \$14,800,000 to complete the project.

In addition to the above project we are planning to construct two other projects at Fort Hood: a fixed wing aircraft parking apron and a deployment ready reactive field. At Fort Bliss, we are constructing an air deployment facility complex, an aircraft loading apron, and an ammunition hot load facility. We are continuing to upgrade the facilities at Fort Bragg by constructing a heavy drop rigging facility. Additional projects include a rail and containerization facility at Fort Sill, an ammunition holding area at Fort Benning and an ammunition surveillance facility at Sunny Point Military Ocean Terminal.

We are continuing to improve our depot capability with a rail yard infrastructure improvement project and ammunition road infrastructure project at McAlester Army Depot, an ammunition surveillance facility at Bluegrass Army Depot, and an ammunition containerization complex at Letterkenny Army Depot.

*Simulator Facility Program.*—One project is included in this year's budget for the Wolverine/Grizzly Simulator Facility. This project will enhance engineer soldier training at Fort Leonard Wood by using a group of fully interactive, networked simulators and work stations to replicate actual vehicles, weapons systems, and command and control elements. This is the only simulator facility required for engineer training. Our budget requests full authorization of \$10,600,000 with appropriations and authorization of appropriations of \$1,600,000. Advance appropriations for the balance of the project are requested for fiscal year 2001.

## QUALITY OF LIFE PROJECTS

The quality of life of our soldiers, their families and civilians has a significant impact on readiness. Therefore, our budget reflects substantial funding levels for quality of life programs to support our goal to get soldiers out of gang latrine type barracks and to provide new or upgraded barracks for our requirement of 137,000 single soldiers. Additionally, we are requesting other quality of life facilities that will improve not only the life style of our soldiers but also the readiness of the Army. We are requesting an authorization of \$454,550,000, with appropriations and authorization of appropriations of \$85,423,000 for quality of life projects this year. Advance appropriations for the balance of the projects are requested for fiscal year 2001.

This substantial effort, as well as increased out-year funding, accelerates our barracks program by building new or renovating all barracks worldwide by 2008, rather than 2012 as previously planned.

*Whole Barracks Renewal Initiative.*—Modernization of barracks continues to be the Army's number one facilities priority for military construction. It provides our single soldiers with a quality living environment that is comparable to living off the installation, or that enjoyed by our married soldiers. Our new or renovated barracks include increased personal privacy and larger rooms, closets, upgraded day rooms, all new furnishings, adequate parking, and landscaping, in addition to administrative offices, which are separated from the barracks.

In fiscal year 2000, we are planning seventeen projects. This includes five projects in Europe and one project in Korea. Our budget also expands and funds the Fort

Campbell barracks complex that was authorized in fiscal year 1999 and the Fort Stewart barracks complex that was authorized in fiscal year 1998. We are requesting an additional \$7,000,000 authorization to complete the Fort Stewart project, due to an increased price estimate of the total cost to build the barracks complex. We are requesting full authorization of \$434,300,000, with appropriations and authorization of appropriations of \$81,273,000. Advance appropriations for the balance of the projects are requested for fiscal year 2001.

After completion of the fiscal year 2000 program, 60 percent of our soldiers requiring housing will be housed at the new standard. Our plan is to invest an additional \$5.2 billion (including host nation support) to fix barracks worldwide to meet our goal of providing improved living conditions to our single soldiers by fiscal year 2008. Between fiscal year 1994 and fiscal year 1999, we have already invested \$3.0 billion in improving barracks and thus the quality of life of our single soldiers.

#### *Physical Fitness Training Centers*

Physical fitness facilities have a positive impact on morale, physical welfare, soldier fitness and recreation. The overall condition of our existing fitness training facilities prompted us to include three projects in fiscal year 2000: one each at Fort Lewis, Fort Campbell and at Walter Reed Army Medical Center. The request for full authorization is \$19,000,000, with appropriations and authorization of appropriations of \$3,770,000 for these projects. In addition, advance appropriations for the balance of the projects are requested for fiscal year 2001. This is the first phase of an effort to improve the condition of our physical fitness training centers.

#### *Chapel*

Our fiscal year 2000 budget includes a small chapel at Fort McNair, to serve the spiritual needs of the residents, employees, staff and students. This project also must be designed with the unique requirements of one of the Army's most important historic posts. Full authorization of \$1,250,000 is requested with appropriations and authorization of appropriations for \$380,000. Advance appropriations for the balance of the project are requested for fiscal year 2001.

#### SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. In our budget, we have requested twenty-five projects with full authorization request of \$193,000,000, and appropriations and authorization of appropriations request of \$169,465,000. Advance appropriations for the balance of the projects are requested for fiscal year 2001.

Our budget includes eight projects that will improve soldier training. Three projects were authorized by Congress in fiscal year 1999: Phase 2 of the Military Operations in Urban Terrain (MOUT) training complex at Fort Bragg, Phase 2 of the soldier development center at Fort Hood, and Phase 2 of the Fort Knox multi-purpose digital training range. In addition, we have included a MOUT range and Sabre heliport improvements at Fort Campbell, a multi-purpose training range at Fort Stewart, an ammunition supply point facility for Yakima Training Center and a rotational unit facility maintenance area at Fort Irwin.

We are also revitalizing our infrastructure by budgeting eleven projects that affect the efficient and safe operations of our installations. These projects include a tank trail upgrade for erosion mitigation at Fort Lewis, Yakima Training Center, a heat plant upgrade at Fort Wainwright, a water treatment plant at Fort Leavenworth, a water system upgrade and an electrical system upgrade in Korea. We also included a military police station and a fire station at Fort Belvoir, a fire station at McAlester Army Ammunition Plant, and an emergency service center at both Fort Myer and Fort Jackson. In addition, we are completing the power plant for Roi Namur on Kwajalein Atoll that was fully authorized in fiscal year 1999.

Construction of the United States Army Disciplinary Barracks, begun in fiscal year 1998, will be completed with this final phase, with an appropriations and authorization of appropriations request of \$18,800,000. Phase 2 of the United States Military Academy Cadet Physical Development Center, begun in fiscal year 1999, is also included. We are requesting appropriations and authorization of appropriations of \$28,500,000 for this phase. The entire project was authorized in fiscal year 1999.

The budget also includes projects at Westover Air Force Base and Fort Meade for the construction of military entrance processing centers that will permit us to vacate costly leased facilities and move onto a military installation. The United States Army Space Command Headquarters will be constructed at Peterson Air Force Base, with the approval of this budget, which also permits us to vacate leased facili-

ties and to co-locate with other similar commands, thus providing an additional economic advantage. Also included is a request for a classified project.

#### AMMUNITION DEMILITARIZATION

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

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

An appropriations and authorization of appropriations request for \$267,100,000 is included in the Army's fiscal year 2000 budget to continue the Chemical Demilitarization projects previously authorized. Full authorization of \$206,000,000 is requested for two new projects at Blue Grass Army Depot. The first Blue Grass project is a support project which improves road access and security control. It also provides utility linkage to the construction site, vehicle parking, and a facility for contamination control. The second Blue Grass project is the Ammunition Demilitarization Facility, which provides the structures required to safely handle, process, and dispose of lethal chemical agents and munitions. Table 1 summarizes our request:

TABLE I  
[Fiscal Year 2000]

Installation	Type	Amount
Aberdeen Proving Ground, MD .....	Ammun Demil Facility .....	\$66,600,000
Anniston Army Depot, AL .....	Ammun Demil Facility .....	7,000,000
Blue Grass Army Depot, KY .....	Ammun Demil Facility .....	<sup>1</sup> 11,800,000
Blue Grass Army Depot, KY .....	Ammun Demil Support Facility .....	11,000,000
Newport Army Depot, IN .....	Ammun Demil Facility .....	61,200,000
Pine Bluff Army Depot, AR .....	Ammun Demil Facility .....	61,800,000
Pueblo Army Depot, CO .....	Ammun Demil Facility .....	11,800,000
Umatilla Army Depot, OR .....	Ammun Demil Facility .....	35,900,000

<sup>1</sup> Authorization request of \$195,800,000.

#### PLANNING AND DESIGN

The fiscal year 2000 MCA budget includes \$60,705,000 for planning and design. This request is based on the size of the two succeeding fiscal years' military construction programs. The requested amount will be used to complete design on fiscal years 2000 and 2001 and initiate design of fiscal year 2002 projects. The size of the fiscal year 2000 request is, therefore, a function of the construction programs for three fiscal years: 2000, 2001 and 2002.

*Host Nation Support (HNS) Planning and Design (P&D).*—The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The United States Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of United States funding gains \$60 worth of Host Nation Construction. The fiscal year 2000 budget request for \$21,300,000 will provide oversight for approximately \$1 billion of construction in Japan, \$50 million in Korea and \$50 million in Europe. The budget includes \$2,800,000, which is dedicated to the oversight of facilities associated with the Government of Japan (GOJ) funded initiative to consolidate and relocate United States Forces on Okinawa.

Let me show you the analysis of our fiscal year 2000 MCA request.

## BUDGET REQUEST ANALYSIS

*Summary*

The fiscal year 2000 MCA budget includes a request for appropriations of \$656,003,000 and companion authorization of appropriations request of \$656,003,000 and advance appropriations of \$659,536,000.

*Authorization Request.*—The request for authorization is \$1,117,505,000. The authorization request is adjusted for those projects previously authorized in fiscal years 1998 and 1999. These projects include the third phase of the U.S. Disciplinary Barracks, the second phase of the Railhead Facility and the Force XXI Soldier Support Center at Fort Hood, phase two of the West Point Cadet Physical Development Center, the Multi-purpose Digital Training Range at Fort Knox, the Power Plant at Roi Namur, and the remainder of the Whole Barracks Renewal Complex at Fort Campbell and Fort Stewart. Additionally, it is modified to provide full authorization of \$195,800,000 for the Bluegrass Army Depot Ammunition Demilitarization project. Only \$11,800,000 in appropriations is required for the first phase of this project.

The fiscal year 2000 request for authorization and appropriations for fiscal year 2000, by investment focus, is shown in Table 2:

TABLE 2.—INVESTMENT FOCUS

[Appropriations Fiscal Year 2000]

Category	Authorization	Appropriations	Percent Appropriations
Quality of Life/Barracks .....	\$454,550,000	\$85,423,000	13.0
Mission/Strategic Mobility .....	171,650,000	42,510,000	6.5
Support .....	193,000,000	169,465,000	25.8
Planning & Design/Minor Construction .....	91,505,000	91,505,000	14.0
Subtotal Army MILCON .....	910,705,000	388,903,000	59.3
Chemical Demilitarization .....	206,800,000	267,100,000	40.7
<b>TOTAL PROGRAM .....</b>	<b>1,117,505,000</b>	<b>656,003,000</b>	<b>100.0</b>

Table 3 shows the fiscal year 2000 distribution of the appropriations request among the Army's major commands:

TABLE 3.—COMMAND SUMMARY

[Military Construction Army Fiscal Year 2000]

Command	Appropriations (\$000)	Percent of Total
INSIDE THE UNITED STATES		
Forces Command .....	103,463	15.8
Training & Doctrine Command .....	45,200	6.9
Army Materiel Command .....	272,490	41.5
Military District of Washington .....	6,110	0.9
Military Traffic Management Command .....	550	0.1
United States Military Academy .....	28,500	4.3
Space & Missile Defense Command .....	3,700	0.6
United States Army, Pacific .....	18,700	2.9
Classified Project .....	36,400	5.5
<b>SUB-TOTALS .....</b>	<b>15,113</b>	<b>78.5</b>
OUTSIDE THE UNITED STATES		
Space & Missile Defense Command .....	35,400	5.4
Eighth, United States Army .....	6,670	1.0
United States Army, Europe .....	7,315	1.1

TABLE 3.—COMMAND SUMMARY—Continued  
[Military Construction Army Fiscal Year 2000]

Command	Appropriations (\$000)	Percent of Total
SUB-TOTAL .....	49,385	7.5
TOTAL MAJOR CONSTRUCTION .....	564,498	86.1
WORLDWIDE		
Planning and Design .....	82,005	12.5
Minor Construction .....	9,500	1.4
SUB-TOTAL .....	91,505	13.9
TOTAL APPROPRIATIONS REQUESTED .....	656,003	100.0

*Advance appropriations.*—With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimizes any impact to the contractor due to incremental funding. With advance appropriations, the scope of the contract is not limited, but the work to be performed by the contractor is limited by the amount available for obligation in a given year. fiscal year 2001 advance appropriations of \$659,536,000 are requested for the balance of the fiscal year 2000 construction projects.

Now, I will explain our Army Family Housing request.

#### ARMY FAMILY HOUSING

No single quality of life measure is more important than adequate housing for soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier concern when we ask them about their quality of life. Out-of-pocket expenses for soldiers living off post in the United States are approximately 20 percent of the total cost of their housing. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges.

DOD has set a goal to eliminate inadequate family housing by 2010. Currently, 76 percent of Army's housing needs to be upgraded. Not taking action would leave our program underfunded by about \$400 million per year, or \$6 billion by 2010. Therefore, we intend to privatize Army Family Housing (AFH) in the United States, provide adequate revitalization resources to overseas locations and divest or demolish unneeded houses.

In the United States, the Army plans to use the 1996 Military Housing Privatization Initiative (MHPI) authorities in a program we are calling the Residential Communities Initiative (RCI) to privatize AFH. MHPI allows the Services to leverage housing dollars to obtain private sector interest, expertise and capital to improve military housing. We plan to privatize 85,000 units at 43 installations in the United States by fiscal year 2005. Fort Carson, solicited under the Request for Proposals (RFP) process, is the first to be privatized, with an award expected in July 1999. Future projects will be solicited under the Request for Qualifications (RFQ) process, wherein the government selects a private housing and community developer based on the firm's qualifications and experience; jointly develops a Community Development and Management Plan with that developer; and negotiates a development agreement with the developer to implement that plan. The RFQ process is faster, less costly to the developer, and provides more flexibility to develop projects that meet the needs of all parties concerned. The emphasis is on partnering with the private entity to develop residential communities. The first RCI project to be executed under the RFQ process will be Fort Hood, and is scheduled for award in February 2000. Forts Lewis, Stewart, Meade, and other installations will follow. Minimal maintenance and repair (M&R) funds will be used to sustain housing in a safe and habitable condition in the United States until privatized. Thirty-eight million dollars has been transferred from the Army Family Housing program in fiscal year 2000 to the Military Pay Account to cover the cost of the first RCI projects. An additional \$9 million of fiscal year 2000 AFH has been transferred to the OSD Family Housing Improvement Fund (FHIF) for OMB "scoring." The majority, but not all, of AFH

construction requirements in the Continental United States (CONUS) will be accomplished through the privatization program. Only in unique instances where privatization is not feasible is it expected that traditional MILCON will be necessary for AFH in CONUS.

Because the Services do not own the houses or the land in foreign areas, they are unable to “leverage” Military Construction funds or attract new capital as they do in the United States. Moreover, the MHPI authorities do not apply in foreign areas, so we will increase the funds for the revitalization of our family housing in foreign areas to meet the DOD goal by fiscal year 2010.

Our fiscal year 2000 request for appropriations and authorization of appropriations is \$1,112,083,000, while the authorization request is \$1,158,980,000. Additionally, we are requesting \$43,991,000 for advance appropriations. Our request includes a modest new construction program to alleviate housing shortages in Korea; a revitalization program for our aging foreign housing inventory, which is 92 percent inadequate; and planning and design programs for future construction projects. Like the Military Construction, Army program, we are requesting full authorization for all new fiscal year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, this percentage is based on historical, first-year outlay rates and includes an additional percentage for risk and flexibility. We are also requesting fiscal year 2001 advance appropriations for the balance of the funding requirement. Funding for the annual costs of operating, maintaining and leasing family housing for fiscal year 2000 is \$1,098,080,000. Table 4 summarizes each of the categories of the Army Family Housing program.

TABLE 4.—ARMY FAMILY HOUSING  
[Fiscal Year 2000]

Facility Category	Authorization		Appropriations	
	Dollars	Percent	Dollars	Percent
New Construction .....	24,000,000	2	4,400,000	<1
percent Post Acquisition Const .....	32,600,000	3	5,303,000	1
Planning and Design .....	4,300,000	<1	4,300,000	<1
Operations .....	185,620,000	16	185,620,000	17
Utilities .....	220,952,000	19	220,952,000	20
Maintenance .....	469,211,000	40	469,211,000	42
Leasing .....	222,294,000	19	222,294,000	<1
Debt .....	3,000	<1	3,000	<1
<b>TOTAL .....</b>	<b>1,158,980,000</b>	<b>.....</b>	<b>1,112,083,000</b>	<b>.....</b>

*Advance appropriations*—With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimize any impact to the contractor due to incremental funding. With advance appropriations, the contract is not limited, but the scope of the work to be performed by the contractor is limited by the amount available for obligation in a given year. fiscal year 2001 advance appropriations of \$43,991,000 are requested for the balance of the fiscal year 2000 construction projects.

#### FAMILY HOUSING CONSTRUCTION

The fiscal year 2000 request continues the Whole Neighborhood Revitalization (WNR) initiative to revitalize the housing units, while concurrently improving neighborhood amenities. This successful approach addresses the entire living environment of the military, and we appreciate the support that has been provided by the Congress in past years. The projects recommended for this program, all in foreign areas, are based on life-cycle economic analyses and will provide units that meet adequacy standards. Foreign area funding requests, where RCI does not apply, are being increased in order to bring all inadequate units up to current adequacy standards by fiscal year 2010. We are requesting full authorization of \$60,900,000, with appropriations and authorization of appropriations of \$14,003,000. Advance appropriations for the balance of the projects is requested for fiscal year 2001.

*New Construction*

The fiscal year 2000 new construction program provides a project to construct 60 units at Camp Humphreys, Korea, where there is a continuing requirement for new housing, including the supporting infrastructure. The new construction project is requested to provide family housing in Korea where adequate off-post family housing is not available and no on-post family housing exists. These units are for command sponsored personnel currently living in substandard, off-post quarters and for those personnel who are unaccompanied due solely to a lack of adequate family housing.

*Post Acquisition Construction*

The Post Acquisition Construction program is an integral part of our housing revitalization program, and is limited to foreign areas. In fiscal year 2000, we are requesting funds for improvements to 424 units at three locations in Europe. Also included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

## OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance and leasing programs comprise the majority of the fiscal year 2000 request. The requested amount of \$1,098,080,000 for fiscal year 2000 is almost 95 percent of the family housing authorization request and nearly 99 percent of the authorization of appropriations request. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, and utilities. Because of the privatization program in the United States, maintenance and repair funds for units scheduled to be privatized will be reduced to a level that sustains the houses in a habitable condition, but defers major repair projects until the RCI program is implemented at our installations.

The family housing utilities' request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one-half percent reduction in overall facility energy requirements. This request is the minimum necessary to operate and maintain our family housing throughout the world.

## LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$222,294,000 in fiscal year 2000 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and over 10,000 units overseas.

## REAL PROPERTY MAINTENANCE

In addition to MCA and AFH, the third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

RPM consists of two major functional areas: Maintenance and Repair of Real Property and Minor Construction. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under \$500,000 for the erection, installation or assembly of a new facility, and for the addition, expansion or alteration of an existing facility. It also funds projects under \$1 million which are intended solely to correct a life, health or safety deficiency. This year we have requested funds for our RPM program in the Operation and Maintenance, Army (OMA) account, as well as a portion of the funds being requested in the Quality of Life Enhancement, Defense (QOLE,D) account. When the OMA RPM funding of \$828 million is combined with the QOLE,D funding of \$626 million, the resulting total funding will be \$1,454,000 in fiscal year 2000.

Within the RPM program, there are two areas to highlight: our Barracks Upgrade Program (BUP) and the Long Range Utilities Strategy. At the completion of the fiscal year 1998 program, 48 percent of our requirement for permanent party barracks will meet or approximate the new DOD 1+1 barracks standard. Our Whole Barracks Renewal Program, using Military Construction funding, will revitalize or replace 27 percent of the barracks. The remaining 25 percent of the barracks can be modified to an approximate 1+1 standard using RPM resources. In fiscal year 1999, Congress provided Army an additional \$137 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the qual-



ity of life of our soldiers in CONUS. We allocated these funds to bring more of our VOLAR-era barracks inventory to the 1+1 standard within the Barracks Upgrade Program. Starting in fiscal year 1999, and through the completion of the program, the Army committed approximately \$150 million per year to continue the efforts to upgrade our single soldier's quality of life. The Barracks Upgrade Program, when combined with the Military Construction, Army Whole Barracks Renewal program, is reducing significantly the amount of time required to improve the living conditions of our single soldiers to the current DOD standard. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2008.

The second area to highlight within the RPM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. As discussed earlier, privatization or outsourcing of utilities is the first part of our strategy. We are maximizing our efforts to partner with the local communities' utility departments and private utility companies to provide utility services that are more efficient and reliable. The second part of the strategy is the utilities modernization program to help upgrade those utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have programmed \$60,000,000 per year for utility modernization projects in fiscal years 1998 through 2002. Utility systems at unique or remote installations are particularly reliant on these modernization projects. While we are able to make progress in upgrading barracks and improving utility services, the basic maintenance and repair of Army facilities is funded at only 78 percent of the requirement, including those funds in the Quality of Life, Defense, appropriation. At the current funding levels, Army commanders will only be able to fix what breaks. The Installation Status Report (ISR) shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of the last rating period, 24 percent of the Army's facilities were "red"—unsatisfactory, 47 percent were "amber"—marginal, and only 29 percent were "green"—good.

#### HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 2000, there is no request for authorization of appropriations and appropriations. Requirements for the program will be funded from prior year carryover, revenue from sale of homes, and anticipated authority to transfer monies from the Base Realignment and Closure Account. Assistance will be provided to personnel at approximately 25 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

#### SUMMARY

Mr. Chairman, our fiscal year 2000 budget marks a change from our normal budget. It is a balanced program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and privatization of approximately 14,100 owned units through fiscal year 2000. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the quality of life of our personnel. Our long-term strategy can only be accomplished through balanced funding, divestiture of excess capacity and improvements in management. We will continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The fiscal year 2000 request is for appropriations is \$1,768,086,000 and authorization of \$2,276,485,000 for Military Construction, Army and Army Family Housing. Further, the program allows us to rely on the RCI program for the U.S. and redistribute scarce resources to Europe and Korea to meet the departmental guidance to eliminate inadequate family housing Army-wide by fiscal year 2010. Thank you for your continued support for Army facilities funding.

#### PART II—MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction Program for fiscal year 2000.

The program presented requests fiscal year 2000 appropriation of \$16,045,000 for military construction, Army National Guard. The companion request for authoriza-

tion is \$57,402,000. Also requested is an advance appropriation of \$41,357,000 in fiscal year 2001.

The Army National Guard is America's community based, dual use reserve force. They are missioned across the spectrum of contingencies, and structured and resourced to accomplish State and Federal missions when called. Army National Guardsmen are trained citizen-soldiers committed to preserving the timeless traditions and values of service to our Nation and communities, and, by statute, an integral part of the first line defense of the United States. The National Guard is balanced and ready. It is manned with over 361,000 quality soldiers in over 2,700 communities nationwide.

Greater reliance has been placed on this community based component of America's Army. We are fully engaged in joint operational support, host nation support, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. We have been an active participant in every major American conflict around the world. Last year we provided close to 400,000 emergency response State missions and provided over one million Federal man-days in support of global missions.

#### FACILITIES STRATEGY

The goal of the Army National Guard is to provide state-of-the-art, community based facilities that facilitate communications, operations, training and equipment maintenance in which to station, sustain and prepare the force for deployment. Our objective is to have the maximum number of units that are manned, trained, equipped, resourced and missioned for Federal as well as State and/or domestic requirements.

In order for the Army National Guard to ensure that it will continue to be able to provide the forces needed to meet the needs of the community, the Army and the nation, it is a necessity that we have quality facilities. To do this, we intend to design, implement, operate and maintain our facilities using private sector business practices, 21st century technologies, and commercial off-the-shelf facilities software. Some examples that demonstrate this comprehensive program are:

##### *Education*

An extensive real property management and real estate training program for our facilities' managers continues to progress. Energy training at the manager and executive level has been a beneficial addition to the program.

##### *Master Planning*

A new State-wide development planning initiative was adopted by an additional twelve States in fiscal year 1999, bringing the total to thirty. Master Planning establishes the foundation for the management and development of installations; provides the framework for analyzing and justifying maintenance and repair resource allocations; helps justify all peacetime and mobilization construction and development activities; forms an important management tool to ensure the efficient assignment, utilization, and disposal of real property assets; and provides a decision-making tool to identify requirements and alternatives for resolving real property deficiencies and excesses. This system will provide the user with a spatial decision support system which uses geographic information and computer automated design technology. An additional twelve States are planned to be on-line each year until 2001 when all fifty-four States and Territories will have completed their Development Plans.

##### *Energy Management*

State-of-the-art energy efficient facilities are being constructed. We are also upgrading existing facilities to current energy efficient standards by funding energy projects from current operating funds, using Energy Savings Performance contracts, developing military construction Energy Conservation Investment Program projects, and implementing energy improvement projects funded by utility companies. We manage an active energy audit program performing audits in seven to eight States per year. The State energy managers are empowered to execute an aggressive energy management program.

##### *Data Analysis*

In fiscal year 1999, we continued to refine the computerized systems that allowed cost analysis of budget projections. The Army National Guard installations program focuses on the future, investing to provide efficiencies and not just to repair past

mistakes. An example is the Infrastructure Requirements Plan that has allowed the Army National Guard to better prioritize its future construction requirements.

*Building Management System*

We are currently in the implementation phase of the Smart Building Demonstration Project. This undertaking links several independent Direct Digital Controls for the operation of heating, ventilating, and air conditioning systems within a facility.

*Demand Lighting Technologies*

The Demand Lighting Technologies (DeLiTe) system consists of intrusion detection sensors, working in conjunction with exterior lighting, CCTV and existing alarm systems. The system was developed to enhance security, reduce security guards and decrease energy costs. At this time, we have facilities in Ohio and Maryland that are operational.

*Military Construction, Army National Guard (MCNG)*

Within our military construction request, we focus on five investment areas: training site modernization, maintenance support shops, readiness centers, minor construction, and planning and design. These projects are mission focused and are centered on the quality of life of our soldiers.

MISSION FACILITIES

In fiscal year 2000, there are five mission facility projects. The amount of \$11,145,000 will be used to begin their construction. Essential mission facilities include several initiatives such as maintenance support shops, a readiness center and a training site complex.

*Training Site Modernization*

Fiscal Year 2000 continues the slow process of adapting existing State operated training sites to training strategies for the 21st century. We have included the Marseilles Training Complex, at Marseilles, Illinois, to our training site modernization program. Current training is being conducted in field tents that provide limited temporary supply, administrative, housing and hygiene facilities. This training complex will greatly enhance readiness, as well as quality of life for the soldier.

*Maintenance Support Shops*

In fiscal year 2000, we have included three replacement projects. We will replace a Maneuver Area Training Equipment Site at Yakima, Washington; a Maneuver Area Training Equipment Site/Combined Support Maintenance Shop at Anchorage, Alaska; and one Organizational Maintenance Shop at Charlotte, North Carolina. These facilities are over two decades old and cannot support the mission of maintaining the larger and more sophisticated vehicles and equipment. The construction of these facilities will greatly enhance the readiness posture of equipment in the State, increase crew proficiency, and will provide a safe working environment for our soldiers.

*Readiness Centers*

A critical focal point for quality of life is the soldiers' Readiness Center, of which there are about 3,200 nationwide. This is where America may have its first and only exposure to the military. The Readiness Center of yesterday, today, and tomorrow is a place where the public can meet for community events and find refuge in times of need. Therefore, in fiscal year 2000, we have included in our budget request a readiness center at Charlotte, North Carolina. This project will permit the community to demolish a facility built in 1956, and allow for an expansion to the local airport. The community, in return, has plans to provide the site for construction of this readiness center.

BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for appropriation of \$16,045,000, an authorization of appropriation of \$16,045,000, and authorization of \$57,402,000 in fiscal year 2000.

Table 5 shows the Fiscal Year 2000 request, by investment focus.

TABLE 5.—INVESTMENT FOCUS APPROPRIATIONS

Category	Authorizations	Appropriations	Percent Appropriations
Maintenance Support Shops .....	\$34,463,000	\$7,316,000	45.6
Readiness Center .....	7,087,000	1,504,000	9.4
Training Site Facilities .....	10,952,000	2,325,000	14.5
Minor Construction .....	771,000	771,000	4.8
Planning and Design .....	4,129,000	4,129,000	25.7
<b>TOTAL .....</b>	<b>57,402,000</b>	<b>16,045,000</b>	<b>100</b>

Table 6 shows the fiscal year 2000 distribution of the appropriations request among the fifty-four States and Territories:

TABLE 6.—FUNDED PROGRAM

[Fiscal Year 2000]

Location	Project Title	Appropriations Request	Percent of Total
Charlotte, NC .....	Readiness Center .....	\$1,504,000	9.4
Marswilles, IL .....	Tng Site, Battalion Complex .....	2,325,000	14.5
Anchorage, AK .....	Combined Support Maintenance Shop/Manvr Area Tng Equip Site.	2,940,000	18.3
Yakima, WA .....	Maneuver Area Trng Equip Site .....	3,464,000	21.6
Charlotte, NC .....	Operational Maintenance Shop .....	912,000	5.7
Various .....	Planning and Design .....	4,129,000	25.7
Various .....	Minor Construction .....	771,000	4.8
Total Appropriations Requested .....		16,045,000	100.0

## REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier quality of life.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities is almost \$19 billion. Their average age is over thirty-four years. States take care of these facilities, using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

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

The States and Territories then pay the utility bills, hire those reimbursed employees necessary to operate and maintain these facilities, buy the supplies necessary for operations and maintenance, and contract for renovation and construction projects. They also lease facilities when required. The Construction and Facilities Management Offices are making a herculean effort to operate and maintain all National Guard facilities.

## SUMMARY

The fiscal year 2000 request is for appropriation of \$16,045,000 and an authorization of \$57,402,000 for military construction.

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. As we look forward to another successful

year in Army National Guard Military Construction, we must thank you for your continual support of our program.

#### PART III—MILITARY CONSTRUCTION, ARMY RESERVE

It is now my privilege to present the Army Reserve's military construction budget request for fiscal year 2000. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus Resources to Readiness.

The program presented requests fiscal year 2000 appropriations of \$23,120,000 and advance appropriations of \$54,506,000. The companion request for authorizations in fiscal year 2000 is \$81,215,000.

The Army Reserve, which is on duty in 76 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the Army Reserve units and personnel who comprise 65 percent of the Reserve Component forces and 71 percent of the Army Reserve Component Forces serving in Operation Joint Forge. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime. This includes an expanding role in commanding and controlling Army installations and providing regional base operations support. Those missions include the provision of trained and ready combat support /combat service support units to rapidly mobilize and deploy; providing trained and ready individual soldiers to augment the Army; and projecting the Army anytime, anyplace to achieve victory. Army Reserve units and soldiers will continue to respond to national security needs and domestic missions into the 21st century. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

#### FACILITIES STRATEGY

The organization, roles and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It provides a military linkage in 1,315 communities throughout America, its territories, and over-seas locations. Those facilities have an average age of about 37 years. The six Army Reserve operated installations have an average age of facilities of about 48 years. The Army Reserve military construction strategy relies on its demonstrated capability to convert the precious resources authorized and appropriated by Congress into quality facilities that support the readiness of soldiers and units. Since 1981, the Army Reserve has executed more than 300 military construction projects that represent a \$1.3 billion investment by the Nation.

To effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources focused on readiness. The essence of our program is straight-forward: provide essential facilities to improve readiness and quality of life, preserve and enhance the Army's image across America, and conserve and protect the facilities resources for which we are responsible. Our priorities are: provide critical mission needs of Force Support Package units; address the worst cases of facilities deterioration and overcrowding; pursue modernization of the total facilities inventory; and carefully manage Reserve operated installations. Our strategy for managing the Army Reserve infrastructure in a resource constrained environment rests on six fundamentals: eliminate leases when economical; dispose of excess facilities; consolidate units into the best available facilities; use Base Realignment and Closure (BRAC) enclaves where practical; use the new Modular Design System (MDS) to achieve long term cost savings in construction and design costs; and, finally, to pursue economies and efficiencies in installation management, base operations support, and facilities engineering.

Significant benefits have been realized from BRAC. The Army Reserve acquired facilities from all Services, as well as the Active Army, which offset military construction requirements. The facilities acquired through BRAC provided a military construction cost avoidance of \$123.3 million. Other facilities acquired through the BRAC process permitted the Army Reserve to relocate units from leased property to quality, Government-owned centers. That effort allowed the Army Reserve to reduce its lease costs by \$6.07 million.

## PROGRAM HIGHLIGHTS

*Readiness*

Army Reserve construction program requirements are quite different from those of the Active Army. Army Reserve forces are community based, not installation based, requiring that forces and facilities be dispersed in hundreds of cities and towns across the Nation. This dispersion of forces and facilities reduces the opportunities for regional consolidation and wholesale reductions in facilities inventory. Facilities must be located in the communities where soldiers live and where their units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as locally based extensions of the Army's power projection platforms by providing essential and cost effective places to conduct training, maintenance, storage of contingency equipment and supplies, and preparation for mobilization and deployment that simply cannot be accomplished elsewhere. The Reserve operated installations support mission essential training for thousands of soldiers each year.

*Quality of Life*

Quality, well maintained facilities provide Army Reserve units with the means to conduct necessary individual and collective training; to perform operator and unit maintenance on vehicles and equipment; and to secure, store, and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale and the readiness of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the quality of life of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

*Modernization*

The plant replacement value (PRV) of Army Reserve facilities and installations is approximately \$10.6 billion. The budget request for fiscal year 2000 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

*Installations and Base Support*

The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st century. One of these changes is the growing mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization and quality of life requirements at the installations. Our military construction program for both fiscal years 1999 and 2000 includes one project at Fort Dix, New Jersey, one of the Army's fifteen power projection platforms. That project directly supports training and readiness of the force and environmental stewardship. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

## BUDGET REQUEST ANALYSIS

The fiscal year 2000 Military Construction, Army Reserve (MCAR) budget includes a request for appropriations and authorization of appropriations of \$23,120,000 and advance appropriations of \$54,506,000. This budget request for fiscal year 2000 provides essential funds for our highest priority requirements, while it is in line with our commitment to operate successfully in an environment of constrained resources. It also reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Minor Construction, and Planning and Design.

*Major Construction.*—Our fiscal year 2000 requests funding for the construction of three new Army Reserve centers in Georgia, Guam and Puerto Rico to accomplish essential facility replacements; a Regional Maintenance Training facility at Fort Hood, Texas; a Tactical Vehicle Wash Facility at Fort Dix, New Jersey, that supports training and environmental requirements; revitalization of existing facilities

in New York; and land acquisition to support a future joint services project in Florida.

*Unspecified Minor Construction.*—These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than \$1,500,000. Unspecified minor construction may include construction, alteration or conversion of permanent or temporary facilities. The program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year, and that must be accomplished to satisfy critical, unforeseen mission requirements. The fiscal year 2000 budget includes \$1,416,000 for Unspecified Minor Construction.

*Planning and Design.*—These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications, and solicitation documents necessary to execute major and unspecified minor construction projects. Planning and design funds are also required to support the Army Reserve's share of the costs of the continued development of the Modular Design System as an effective and cost and time saving facility design tool. Our budget request for planning and design is \$8.5 million for fiscal year 2000.

*Real Property Maintenance (RPM).*—Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. We are applying available resources to only the most critical maintenance and repair needs. We solicit your support of real property maintenance as an essential adjunct of construction.

#### SUMMARY

In summary, as the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection, while serving as highly visible links between America's Army and America itself.

The fiscal year 2000 request is for appropriations of \$23,120,000 and authorization of \$81,215,000 for Military Construction, Army Reserve. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

#### PART IV—BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers, while also focusing on the changes required to support the Army of the 21st century. This budget represents the Army's final two year budget required to implement the first four rounds of BRAC. In fiscal year 1999, the Army is saving \$839 million and will save \$953 million annually upon completing these first four rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, infrastructure and quality of life improvements. Therefore, we support the Secretary of Defense's request for two additional rounds of BRAC in 2001 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 27 as a result of the first four rounds of BRAC. We are now in the final three years of the 13-year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse by local communities and the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of property. The resulting savings are not as substantial as originally anticipated because potential land, facilities

and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final round, BRAC 95, ahead of schedule, disposing of property at closed bases, cleaning up contaminated property and assisting communities with reuse.

In fiscal year 2000, we remain focused almost exclusively on BRAC 1995, the last of the four rounds, along with the conveyance of properties to local communities for conversion to non-military reuse. The fiscal year 2000 budget is important because it contains the resources needed to fully fund the final six major construction actions. These projects are scheduled for award early in fiscal year 2000, and are required to complete the BRAC 95 actions. This budget also supports unit movements that will allow us to complete the closure and realignments as scheduled. Additionally, the Army remains committed to environmental cleanup of BRAC properties. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment. The Army will employ full funding through advance appropriations for contracts begun during fiscal year 2000. This will provide the mechanism to stretch the fiscal year 2000 funds and execute the fiscal year 2001 program early in the fiscal year. Therefore, we request that Congress approve appropriations and authorization of appropriations of \$155,400,000 in fiscal year 2000 and approve advance appropriations of \$196,091,000 for fiscal year 2001.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. In fiscal year 1998, we closed Fort Ritchie, Maryland and Fort Indiantown Gap, Pennsylvania. We completed the disestablishment and realignment of the Aviation and Troop Command from St. Louis, Missouri, to four other locations in December 1997. In fiscal year 1999, we are on schedule to complete the movement of the military police and chemical schools to Fort Leonard Wood, Missouri, and close Fort McClellan, Alabama. The Army also plans to close East Fort Baker, California, and move the Concepts Analysis Agency from leased space in Bethesda, Maryland, to a new facility at Fort Belvoir, Virginia. These actions will nearly complete all planned closure actions, except for the three that are scheduled for fiscal years 2000 and 2001.

The President's Five Part Community Reinvestment Program, announced on 2 July 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have. During fiscal year 1998, the Army conveyed properties at Detroit Arsenal and the Materials Technology Lab in Watertown, Massachusetts, and leased property at Letterkenny Army Depot. These actions helped local communities create new private sector jobs that lessened the impact of the base closure actions.

#### BASE REALIGNMENT AND CLOSURE—OVERSEAS

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about seven of ten overseas sites in Europe. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations is dropping from 104 to 83, or 20 percent.

On 18 September 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 22 announcements. On 14 January 1993, DOD announced it will withdraw all United States military forces from the Republic of Panama and transfer all facilities by 31 December, 1999. Of the 13 sites in Panama announced for closure, twelve have been returned. Table 7 shows the total number of overseas sites announced for closure or partial closure is 667:

TABLE 7.—Total overseas sites announced for closure or partial closure

<i>Location</i>	<i>Installations</i>
Germany .....	575
Korea .....	30
France .....	21
Panama .....	13
Netherlands .....	6
Turkey .....	6



<i>Location</i>	<i>Installations</i>
United Kingdom .....	5
Greece .....	4
Italy .....	4
Belgium .....	3
<b>Total .....</b>	<b>667</b>

Additional announcements will occur until the base structure matches the force identified to meet United States commitments. At this time, we do not see the need for many more overseas closures.

Most of the 188 million square feet (MSF) of overseas reductions are in Europe, where we are returning over 600 sites. This is equivalent to closing 12 of our biggest installations in the United States—Forts Hood, Bragg, Benning, Stewart, Leonard Wood, Lewis, Bliss, Carson, Gordon, Meade, Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

The process for closing overseas bases is much different than in the United States. First, unified commanders nominate overseas sites for return or partial return to host nations. Next, the Joint Staff, various DOD components, National Security Council and State Department review these nominations. After the Secretary of Defense approves them, DOD notifies Congress, host governments and the public. The Army ends operations by vacating the entire installation and returning it to the host nation. If we only reduce operations, we retain a portion of the facilities.

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignment and closure actions from the BRAC 88 and BRAC 91 rounds. The work of property disposal and environmental remediation at eighteen installations will continue for several years. The Army continues to work with local communities to make properties available for economic redevelopment. Introduction of economic development conveyances and interim leasing have resulted in accelerating property reuse and jobs creation at installations that were previously unavailable, pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 93 and BRAC 95 rounds. BRAC 93 is complete, with the exception of the realignment of Fort Monmouth, which is scheduled for fiscal year 1999. The Army is in the fourth year of the implementation of BRAC 95, after which twenty-six of the twenty-nine closures and four of eighteen realignment actions will be complete. Interim leases and economic development conveyances are making properties at these installations available to the local communities earlier in the process. The Army completed interim leases with local communities at Letterkenny Army Depot and Detroit Arsenal to make industrial facilities available for reuse in 1998. The former Fitzsimons Army Medical Center is now being converted to a University Medical Center. Negotiations and required environmental restoration continue at other installations, and additional conveyances are likely in the near future.

For the period 1989 through 1998, the Army has spent \$3,991,976,000 to implement the first four rounds of BRAC. The Army has realized a total of \$3,337,200,000 in savings during the implementation period through the end of fiscal year 1998, and will realize an additional \$838,900,000 in annual recurring savings in fiscal year 1999. Upon implementation of all actions from the first four BRAC rounds, the Army will achieve annual savings of \$953,000,000 beginning in fiscal year 2002.

The Army has completed environmental actions at 1,032 of a total of 1,944 BRAC environmental cleanup sites through fiscal year 1998. Environmental restoration efforts were complete at 68 BRAC installations through fiscal year 1998, out of a total of 122 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse.

SUMMARY

Closing and realigning bases saves money which otherwise goes to unneeded overhead, and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the fiscal year 2000 program as planned and budgeted. We request your support by providing the necessary BRAC funding for fiscal year 2000.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances as well as the early transfer and interim leasing options made possible

by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud of.

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

Senator BURNS. We have been joined by Senator Craig, of Idaho, a member of this committee, who has some pressing needs. Did you want to offer a statement or ask some questions?

STATEMENT OF LARRY CRAIG

Senator CRAIG. Thank you very much, Mr. Chairman. Let me ask unanimous consent that my whole statement be a part of the record.

I would only say that this year's military construction plan calls for authorization and a partial, approximately 25 percent appropriation for certain areas. In my opinion, this approach is penny wise and pound foolish. To stretch out an entire year's worth of projects will likely cost more in the long run and delay construction of essential projects and installations. I think we are calling this full approach phase funding.

Certainly, at Mountain Home Air Force in Idaho, it does not make good sense for us, and I do not think it makes good sense for anybody else.

I have talked with some of the contractors in Idaho, and I will tell you that those who have done the quality work we have seen on the base are less likely to bid these kinds of contracts, if we deal with that kind of thing. It is just an unrealistic way of getting around some of our budget problems. Let us face it, Mr. Chairman, fund the appropriate ones fully, do it the right way instead of this less than creative way I have seen proposed.

PREPARED STATEMENT

With that I will ask that my statement be made a part of the record.

Senator BURNS. Thank you, Senator Craig.  
[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY CRAIG

*Military Construction is Important.*—Military construction helps our troops to better perform their missions, and it supports our service members with the facilities that contribute to their quality of life and that of their families. Unfortunately, I continue to be concerned about funding for crucial construction projects. For fiscal year 1998, the Administration requested funding levels below both the fiscal year 1996 and fiscal year 1997 levels. And this year's budget request, in my mind, is even more of a set back.

*Problem of this Year's Proposed Phase Funding.*—This year's military construction plan calls for full authorization and a partial (approximately 25 percent) appropriation. This approach is penny wise and pound foolish. To stretch out an entire year's worth of projects will likely cost more in the long-run, and will delay construction of essential projects at our installations. Let me also point out that I've heard from contractors in Idaho, and they have made it clear they don't want to bid for projects funded at 25 percent of the cost. Who can blame them?

*Impact on Mountain Home Air Force Base, Idaho.*—The impact of phase funding, if carried out, is very real. There are important projects in the budget request that I believe deserve full authorization and appropriation this year. For example:

- The \$14.6 million Enhanced Training Range project will provide the improvements needed by aircrews to fly against realistic targets under battlefield conditions. Completing the range is a multi-year project already. Allowing this project to slip another year will adversely impact the readiness of the pilots.
  - I also plan to request money for a couple of other projects, not currently listed in this year's budget request, that I believe belong there. One project is an Aircraft Parking Apron to replace an inadequate ramp at Mountain Home. The current situation is unacceptable. The ramp is constructed with only four inches of asphalt. Aircraft can, and do sink into the asphalt, particularly during the hot summer months. This ramp needs to be constructed with 14 inches of reinforced concrete.
  - Airmen's Dining Hall: Another example is the airmen's dining hall. This facility, opened in 1978, is plagued with serious roof leaks that disrupt compliance with sanitation requirements. The mechanical and electrical systems are outdated, and it is increasingly difficult to find parts for continued maintenance. The hall doesn't meet Air Force or ACC standards.
  - These difficulties are two good examples of how both mission readiness and quality-of-life are impacted by military construction. I will look for your assistance in the coming months to help address these concerns.
  - As a fiscal conservative, I take seriously the responsibility of working within the framework of a balanced budget as we make decisions about program funding. However, it is also important to keep in mind that there are sometimes potential savings from improving infrastructure at military facilities.
- Mr. Chairman, once again, thank you for your work and efforts, and I look forward to continually working with you and the Committee, so that our men and women in uniform receive the support and facilities they deserve.

Senator BURNS. I think there are a lot of us who have been on this committee for quite a while still concerned about the quality of life and we are very, very concerned about retention.

I come out of the enlisted ranks, and I see we are not building NCOs like we used to build, and maintaining and keeping those NCOs and skilled positions, especially with an Army that is quite different than the one that I knew back in the fifties. So everything has changed. I was making \$62 a month and sleeping in barracks with 60 others, and I did not see anything wrong with that.

Of course, if you cowboied for a while and got used to sleeping on the ground, well, the barracks looked pretty good to me. I probably had more money then than I have now, but nonetheless, we know the times have changed. I realize that we have budgetary problems. We have had to shift some money. That concerns me also, because we have lost some of the money out of MILCON that has been put over to readiness, and also to fund operations around the world to make sure that we fulfill those commitments, and I can understand that.

But now we are down to the point where I do not know whether this committee has any more money to give to that kind of a situation, if we are going to attend to everything in the infrastructure.

Now, we have moved better than 50 percent of our military capabilities in the Reserves and Guard, and when we started to do that, we found that infrastructure on Reserve and Guard was lacking around the nation. A lot of states were lacking in their infrastructure to house, to educate, and to train soldiers, sailors, marines, and airmen. So we have shifted—I have tried to shift a little more money to those areas if we are going to maintain readiness, and in the Reserves and the Guard I do not believe that—I think those young men and women have to be trained and have to be—their edge has to be just as—or should be equal to those who are on regular duty.

I am concerned about recruiting, to attract young people to the military. I sort of fall into the category where we may have to look at—we may have to look at some folks—at the draft again in order to fill the ranks and to do some things.

We need to talk about this money and new programs to furnish housing. I am a great supporter of the one plus one standard, and now I am saying as far as the Army is concerned there still is great value to barracks life, especially in fighting units.

There is a cohesiveness, there is teamwork, and then whenever you move up and you have your own room, well, in order to make buck sergeant, well, there was some incentive to advance in grade so that your living conditions probably could be a little bit better. I think we have to have some incentives and the right of passage, and, of course, that is the reason I was a marine. There were lower qualifications back in the fifties to be in the marine corps, and we survived it.

Mr. Secretary, why is the Army relying on housing privatization exclusively to satisfy its housing requirements in the United States rather than a combination of privatization and military construction? It seems like we are totally going towards privatization.

#### FAMILY HOUSING PRIVATIZATION

Mr. APGAR. Mr. Chairman, that is my responsibility, and frankly, we have not communicated as well our true intent. The objective was never to replace military construction, but rather, frankly, to use the privatization authorities to their fullest extent, and that is because of a financial reality which struck me very hard coming into the government from the private sector last summer, looking at a \$6 billion backlog, on a streamlined basis, knowing that it would take \$600 million a year for ten years in new funds that simply are not available, and would divert funds from more critical readiness priorities.

I looked at those privatization authorities, and frankly, the genius of those in the legislation that Congress passed in 1996 is that it allows leveraging of public dollars with substantial private dollars. In fact, in the five pilot projects that we have analyzed, the lowest amount of leverage is eight to one. The highest is over forty to one.

By any measure that is a very significant and very attractive potential capability in a situation where we cannot depend on a flow of fresh funds to make a real dent, much less solve our total revitalization needs. So we are driven by, first, the huge backlog that we have; second, the very tight budgetary constraints under which we are operating, as you well know better than me, and third, the potential for a balanced program, which does use these new authorities to the fullest extent we can.

#### PILOT PROGRAMS

Now, at this point, we have only committed, as a matter of policy, to a pilot program, which includes five installations, one of which is already in the procurement process, I am sure you know, Fort Carson, through the traditional RFP method; four of which, Forts Hood, Lewis, Stewart, and Meade, we are proposing for pilot testing. The reason we are proposing that group is very important.

They represent a diversity of situations. Fort Hood, an enormous post in a somewhat remote setting, with a limited local private housing market; Forts Lewis and Meade, by contrast, are in urban markets with significant private sector outside. Fort Stewart is a more specialized post in a medium-sized city area.

Between those four, we hope to not only test the full range of authorities, not just one method, but all seven of the tools, plus the conditions of adapting housing to a private market standard in those areas, a very important innovation in the legislation, in my view, and at the same time represent 95 percent-plus of all of the conditions in Continental United States (CONUS) installations.

By using this pilot as a test bed, both for design and execution, and not just for the financing tools, but for all of the methods of working with the private sector, we then will be in a better position, as will you, to judge how far privatization can go.

I take full responsibility for promoting the fact from last summer when I came on that we should, in my personal view, move as aggressively as possible because of these constraints.

I recognized, however, as I said in my opening statement that that view is not shared either by many in Congress or even by some within the Defense Department, and because of that, I certainly want to temper that to limit our focus to the pilot programs over the next 18 to 24 months, and then be able to come back with facts, results, comments from our development partners, and as appropriate then, look ahead to a much more balanced program.

Senator BURNS. Just explain to me added costs. It has to cost more to finally complete all of the projects that we have, it is going to cost us more money, it sounds like to me. When you spread that out over five years, the contractors take a risk, there are financing costs, there are all these things that we will have, and then the situation, what if we have another round of BRAC? What is our obligation on the end of that?

Mr. APGAR. If I may, sir, I think you may now be referring to the incremental funding—

Senator BURNS. Yes. Yes.

Mr. APGAR [continuing]. And I was commenting on privatization, so let us shift to the incremental funding situation.

Senator BURNS. Basically, that is where we are going, the privatization, we are going to use the incremental funding to move into that privatization, am I not correct on that?

Mr. APGAR. No, sir, we are really separating now two different strategies. Incremental funding is, as I believe you said earlier, a one-time strategy driven by the Department of Defense (DOD) policy to manage the fact that we have tight budget constraints and have to be able to move as quickly as possible on critical priority projects.

Housing privatization, we see as a completely separate strategy specifically for housing and specifically with those 1996 tools. It is not incremental funding. It is long-term recapitalization of the housing—

Senator BURNS. I see.

## INCREMENTAL FUNDING

Mr. APGAR. So to respond to your question on incremental funding, we are providing through this one-time incremental funding strategy critical projects in a situation which is not ideal, but is manageable.

We expect that all the projects can be executed within the fiscal year, but we are requesting that the reprogramming baseline be raised to the highest amount of the project, and that you approve advanced appropriations, because as you and Senator Craig both commented on, the private sector does need the assurance in order to price well, and if the assurance is there through advanced appropriations, then our ability to negotiate and manage good deals is still there.

Perhaps, General Hunter, you might wish to comment as the execution agent.

General HUNTER. Sir, good morning.

Senator BURNS. Good morning.

General HUNTER. I am the Director of Military Programs at the Headquarters of the Corps of Engineers. As we have looked at the strategy for executing an incrementally funded program, we have looked at several things that I think are necessary, too. Secretary Apgar mentioned full authorization.

I think we would also need advanced appropriation and reprogramming authority. That is one set of tools that can help us manage that program in building some assurances for the contracting community. The other point I would like to make is, if we do not have those tools then we are looking at a strategy of moving a number of projects probably to the final quarter, to sort of bridge the gap between fiscal years.

Senator BURNS. In the privatization, General Hunter, satisfy my curiosity on another round of BRAC. What are our obligations to the holders of that housing?

General HUNTER. For housing?

Senator BURNS. Yes. If that base is closed up, what is our obligation?

General HUNTER. Sir, I defer that to the Secretary.

## FAMILY HOUSING PRIVATIZATION

Mr. APGAR. First, in the way each privatization project is structured, the legislation does enable us to provide guarantees against closures, but the need for that and the degree to which guarantees will be needed is situational, and it has to be approached case by case.

For example, in a market like Fort Meade, Maryland, just up the road here, in my professional view, not an official one at this moment, if you will forgive me, there should not be a need for extensive guarantees, if any, because the market itself is so vibrant. The location of the installation is so central in a growing market area that the developer should be able to build and manage housing projects that can be absorbed in the local market should that installation ever be closed, and that is a critical factor. It is precisely why one cannot take a one-size-fits-all approach in this, but we have to look at it case by case, location by location.

The other factor is the enabling power to build to local market standards. The more that we use those authorities built into the privatization legislation, the less the developer needs to move from the military construction housing specification (MILSPEC), which might not be saleable or reliable in the local market, to a much more marketable commodity. Those two factors working together, frankly, will limit, but we have the degree to which the government is liable or exposed. We do have to recognize that in remote markets, for example, there will have to be some form of quid pro quo to a developer for a situation that he has no control over and does not represent a real business risk. It is a government action.

Senator BURNS. Talking about the standards of local builders, look at my house. I live in the meanest pile of junk you ever saw in your life. I have done more work on it since I got it brand new than I should have bought some old junk and fixed it up. The stewards of the taxpayers' dollars. I think you answered most of this.

What leverage will we have to ensure the standards are met, number one, and if disputes arise, how do we settle?

Mr. APGAR. First, in the development agreement, that is, the long-term agreement with the development partner selected in each location, performance standards will be established both for construction and for operations. Even more important than those purely contractual provisions, we intend to build in incentives for performance, a technique which has long been used in the private sector and in the development industry to ensure that it is not a question of adversarial relationships. We have a contract, we are there to enforce it, but rather, aligning the goals of the development partner with ours for performance.

Those techniques are well established. We are not inventing them. We are adapting them to this situation. Our best guarantee, Mr. Chairman, is really the selection of the development partner and why we put so much attention into reforming the procurement process.

As you well know, if you are in a business relationship with a partner for the long term, you have a very different type of problem-solving dispute resolution process than you do if you are in a purely contractual adversarial process. The Corps of Engineers, as executing agents, and all of us involved believe strongly that by moving to a partnership mode of operation and establishing good performance criteria, and incentives to deliver them, that we should get a much better long-term result.

#### BARRACKS MODERNIZATION

Senator BURNS. Over in your barracks modernization, will the shift of this housing standard that you are talking about, privatization, improve the quality of life for soldiers? Will the privatization affect what we do with our bachelor personnel?

Mr. APGAR. No, sir. At present, the privatization program only applies to family housing.

Senator BURNS. I know, but the way we allocate our dollars, how are we coming out on one-plus-one, are we—will that help us maybe accelerate our one-plus-one renovation plans?

Mr. APGAR. Yes, it should, because—well, family housing has its own budget structure, but we are placing a high priority on com-

pleting the one-plus-one barracks modernization program. As I mentioned earlier, we are more than half-way through to our goal. We are pursuing it with maximum, both budget support and leadership support. General Van Antwerp, would you like to comment on that?

General VAN ANTWERP. Our plan right now is to buy out the barracks by 2008, and then we are going to start a program in 2001 for the trainee barracks. They are separate, but the one-plus-one barracks are for permanent party.

The timing of that has to do with allowing the swing space, because you have to move those soldiers into other space. So the program is on about as fast a track as—in fact, we pulled it in from 2012 into 2008. It is about \$600 million a year, and I think the program is well on track. I do not think that it will take any funds from Army family housing to continue at this pace.

Senator BURNS. In other words, you can maintain a schedule.

General VAN ANTWERP. Yes, sir.

Senator BURNS. I still think we ought to set out and visit about that, and we will try to put together some kind of an appointment where we can sit down and walk me through that when we have a little more time and can probably have a better exchange on just exactly what we are looking at then.

#### MILCON FUNDING—CHEMICAL DEMILITARIZATION

Last year, Congress realigned the MILCON funding for the chemical demilitarization program from the Army to the Defense-wide account. In this 2000 budget submission, the military construction funding is back in the Army's budget. If the program encounters problems or has cost overruns, does that put the Army at risk?

Mr. APGAR. Although, Congress authorized and appropriated the funding, the overall responsibility for the program remained with the Army and we have included it in this years army budget. Does anyone else have a further explanation?

General VAN ANTWERP. I think the responsibility for construction remained in the Army. I guess there would be some risk passed to the Army if things went wrong with the program. I think that as the program has been executed in the past, though, it is small risk. The Corps of Engineers has done an excellent job with the execution of this program.

Senator BURNS. Do you have \$61 million in the budget for this demilitarization construction this year, is that a correct figure?

General VAN ANTWERP. I am showing the appropriation had \$267 million, is what my number reflected.

Senator BURNS. Okay.

General VAN ANTWERP. I can get back with you on that.

Senator BURNS. All right. We talked about, on your contract, housing, and a lot of that has been privatized, and off-base contractors are contracted to do that. Why are we not doing that ourselves? General, I will ask you.

General VAN ANTWERP. Why are we contracting out a lot of our O&M work?

Senator BURNS. Yes.



## COMPETITIVE SOURCING

General VAN ANTWERP. The privatization program and the competitive sourcing program, this really falls into competitive sourcing, where we would be the contract holders, but we would get someone to do, in that case, operation and maintenance work that is done readily on the outside.

It is done a lot by commercial activities. There are ample people to bid on it. We would say in many cases it is a back office function for the Army, it is not a Corps function. So we have a program to compete these things.

If the government can do it more economically in-house, then it stays in the government, and we put together what we call a most efficient government organization. If a private sector contractor can do it more efficiently, and a lot of times if it is a bigger contract, if it is like for a whole base, where they are able to reduce overheads and things, a lot of times the private sector can do it more economically than we can.

Senator BURNS. Why can we not be teaching young men and young women who come into the Army and have very few skills, and when they leave they will have a skill?

General VAN ANTWERP. This program is essentially for things that are not done with military labor. The military labor of the part that we are competing is very, very small. In fact, what we would like to do is get the uniformed members back into the force and out of these commercial-type activities.

We are talking, our program is 73,000 positions to study for competitive sourcing. Only about 6,000 of those spaces are uniformed members, and the idea would be to take those uniformed members, put them back in the force, and use the rest of it by the civilian.

Senator BURNS. You might teach one of them to be a carpenter, so he can do something when he comes out. I am sorry, I left off Van Antwerp.

General VAN ANTWERP. Antwerp puts me at the head of the alphabet. I am usually last in line. [Laughter.]

Senator BURNS. I will tell you that we have a very, very solid neighborhood of Hollanders, in Bozeman, Montana, and I will tell you a neat story.

One of them is an old friend of mine, his name is Van Heisen, and he is in the sweet potato business, grows sweet potatoes. They are very frugal, as you well know. They are great people. He is 80 years old, and he has cancer, and he does not have very long to live, so I went to visit him, and we have known each other for a long time.

At the end of the visit he said, he told his wife to go get the checkbook, and said, "Write this boy a check, because he is running for reelection," and I said, "John, that is not the purpose of this visit." He said, "I know it, but," he said, "in 30 days I am not going to be here and she is pretty close with her money, you might not get nothing." [Laughter.]

They are terrific people.

There will be some more questions. I am sure Senator Murray will have some questions, Mr. Secretary. This privatization, we are going to continue to visit with you.

I would like to set up a private appointment before we finally make our decision on this, because we have not gotten our full allocations, as you know, as of yet, so we do not know exactly what our allocations are going to be, but I do want to sit down, because I guess we are going into an area of which I have the least knowledge, and when you have the least knowledge, you have more fears, and I want to go over this with you kind of around the table, and if it takes an hour or so, why I think I will either come to your place or you can come to my place, it does not make any difference.

My concern right now is readiness, and our soldiers, especially in the enlisted level, where we are having tremendous problems of retention and retention of skilled people, and we cannot continue to lose those people if we are going to have a solid planning force. I have a lot of respect for young men and women who choose to wear the uniform of the United States of America, and I think we have an obligation to them, and we also have an obligation to the taxpayers.

I think we are taking some risks here maybe that we would not have to take or should not take. So I would want to visit along those lines, if you would probably allow me, and I would be happy to work with you in any way we can to make sure that we are both heading in the same direction, and we can have an understanding regarding this point.

#### ADDITIONAL COMMITTEE QUESTIONS

I appreciate you coming this morning and answering these questions for the record, and I look forward to our second meeting.

General VAN ANTWERP. Thank you.

Mr. APGAR. Thank you very much.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED TO SECRETARY APGAR

##### QUESTIONS SUBMITTED BY SENATOR BURNS

##### FUNDING LEVEL

*Question.* Secretary Apgar, I am concerned about the Department's plan to phase fund military construction (MILCON) in fiscal year 2000. I recognize that there were tremendous fiscal pressures to realign money. However, if this practice continues into the future, what would be the long-term implications to your MILCON program?

*Answer.* Incremental or phase funding of military construction is a one-time initiative to fund critical readiness requirements. There is no intent to continue the practice in the future. Continuation of the practice would reduce the Army's ability to program future construction due to the commitment of future year funds to pay the balance on prior years' incrementally funded work.

Also, while incremental funding is appropriate for large-scale construction projects, such as hospitals and chemical demilitarization facilities, it is not conducive to small projects. Small projects which are incrementally funded generally require delayed award or notice to proceed and may be subject to higher bids. For the Army National Guard, projects would have to be subdivided into segments because State statutes prohibit the award of contracts without all Federal dollars being present. This would require the use of separate contracts on each increment and would potentially cost more money.

*Question.* If we decide to pursue this strategy of advance appropriations, will this slow down execution of the projects and potentially increase their costs?

Answer. No. Advance appropriations, along with full authorization and greater re-programming flexibility, will allow the fiscal year 2000 program to be executed (awarded) within the initial fiscal year of funding with little impact on project costs.

*Question.* What does the Army spend each year on Plant Replacement Value per year on facility maintenance? At this rate, what is the replacement cycle for Army infrastructure for each component?

Answer. In fiscal year 2000, the Army proposes to spend \$1,748 million for facility maintenance (\$828 million, Active; \$78 million, Guard; \$116 million, Reserve; plus \$726 million with Quality of Life Enhancements, Defense (QOLE,D)). These totals include funding for sustainment maintenance and about 20 percent for recapitalization initiatives or \$361 million. The grand total is approximately 77 percent of the required funding needed to maintain our facilities in their current condition. The replacement cycle based on MILCON funding for Army infrastructure in fiscal year 2000 is approximately 160 years.

#### RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

*Question.* Did you look at other methods to close the housing gap and privatize housing? What were they? Why did you select the RCI process?

Answer. Yes, the Army has considered a wide range of alternatives to address the severe, persistent funding shortfall and resulting revitalization (construction and major maintenance and repair) backlog, recently re-verified to be \$6B. This shortfall is the backlog of work needed on existing units to bring them up to current standards. This \$6B backlog does not include any costs to alleviate the family housing deficit, estimated at more than 10,000 units. During the mid-1990s, studies by several agencies [e.g., Marsh Quality of Life Task Force, Army Science Board, Congressional Budget Office (CBO), the General Accounting Office (GAO), and others] all came to the same conclusion that family housing could not be revitalized using traditional MILCON but that the Department would need to privatize to leverage scarce appropriated funds and assets (housing and land) to solve the military housing problem.

In fiscal year 1994, the Army developed a strategy consisting of 1) the protection of Army Family Housing (AFH) appropriated fund budgets to stop further deterioration until a long-term solution could be developed; 2) the demolition of unneeded, uneconomically-repairable housing; and 3) the transition of housing management to a business type operation or privatization. The Army's success in implementing this strategy has been mixed. Due to budgetary constraints, we were not able to significantly reduce further deterioration of the inventory because of the large backlog of work. However, the Army has succeeded in continuing to demolish unneeded AFH units and has demolished over 4,500 such units since fiscal year 1993. As a step toward fulfilling the long-term portion of its housing strategy, the Army implemented the Business Occupancy Program (BOP) in 1996 to house more soldiers on installations by funding housing offices according to the number of AFH occupied by military families, not total inventory. Further, the Army proposed for consideration within the Executive Branch legislation for an Army Housing Corporation (in 1994) to operate AFH as a business and supported the Department's Military Housing Corporation initiative in 1996. Ultimately, however, these initiatives were not pursued for implementation. In short, the Army considered many other approaches before settling on an RCI-style privatization as the solution to the AFH problems in the U.S. We should stress, however, that RCI is itself a pilot program designed to experiment with the authorities available to the Army under the Military Housing Privatization Initiative legislation.

The focus of the Army's efforts will be on utilizing these authorities to increase or leverage the rate of return on government resources dedicated to support the Army's housing needs. We do not, however, believe that privatization will prove appropriate or feasible at all installations. Consequently, even if after consultation with Congress, the Army proceeds with privatization beyond the RCI pilot we would expect to rely on traditional military construction methods to address some portion of our soldiers' and their families' housing needs.

*Question.* With respect to family housing privatization, I am concerned about soldiers and their families paying more to live in one of these projects than housing provided through traditional military construction. What assurances can you give me that they will not have out of pocket expenses?

Answer. The Army Leadership has continued to stress that any privatization project for family housing on an installation will be "invisible" to the soldiers and family members in that out-of-pocket costs for all soldiers living in on-post housing (whether privatized or government owned) will be the same. Under the current policy, there are no out-of-pocket costs associated with on-post housing. Consequently,

soldiers will pay no more than their Basic Allowance for Housing (BAH) for the rent and utilities of the RCI housing that is privatized on an Army installation.

*Question.* What is the average lease period with the developers for these types of Army privatization deals?

Answer. Fort Carson is the Army's first project and is currently in the evaluation phase. Fort Carson was solicited as a Request for Proposal and the contract term is a 50-year contract with an additional 25-year option. Under the Request for Qualifications procurement process, the term of the lease will be determined during the development of the Community Development and Management Plan.

*Question.* How will installations with family housing privatization ventures be treated in future rounds of BRAC?

Answer. All installations will be treated the same. That is, under the recently proposed Base Realignment and Closure legislation, all installations would be treated equally and evaluated against identical criteria, regardless of whether housing on the installation is government owned or privatized. The new legislation, like its predecessor which authorized BRAC rounds in 1991, 1993, and 1995, would require that each of the Military Departments evaluate installations on the basis of a force structure plan and a set of approved selection criteria, that would be published and reviewed by Congress. In addition, every recommendation under the new BRAC round, along with supporting data, would be certified and reviewed by the independent Base Realignment and Closure Commission, the General Accounting Office, and the Congress.

*Question.* I have heard that the Army continued letting contracts for consultants even after the Congress asked the program be put on hold until you received their clearance. Have you let any contracts? What are they for and for how much money? How was it determined who would be invited to bid on the contracts? Who received the contracts and why?

Answer. Yes. The contracting process was already in process when the Army's privatization initiative was put on hold. To have canceled the solicitation and re-competed would have caused substantial delays in executing the pilot privatization projects.

The solicitation was announced publicly in the Commerce Business Daily. The Government awarded a single Performance Based Compensation, Firm-Fixed Price-Labor Hour, Indefinite Delivery/Indefinite Quantity type contract from this solicitation. The contract was awarded to LaSalle Partners, Inc. (now Jones Lang LaSalle) and was awarded competitively after full and open competition. The contract is for services to provide professional administrative and management support services. The guaranteed minimum award per year during the base year and one option period is \$100,000. Maximum award over the total two-year period is approximately \$7.5 million. The Government expects to make minimal contractual payments during the time the program is on hold.

#### BARRACKS MODERNIZATION

*Question.* Secretary Apgar, explain to me the Army's policy regarding barracks modernization.

Answer. The Army builds or renovates barracks to the one-plus-one standard for permanent party single soldiers in grades E-1 through E-6. The current requirement is for 137,000 soldiers. Included in the program is the removal of company and higher administrative facilities and dining facilities from the barracks buildings. To achieve the fiscal year 2008 buyout, we use a combination of MCA, O&M, host nation support, and residual value funding. Decisions on construction versus renovation are based on detailed building assessments and economic analyses.

*Question.* I understand that the Army will implement the 1+1 standard in fiscal year 2008. How were the decisions made on prioritizing which bases came first? Would you provide the subcommittee the Army's barracks master plan for the record?

Answer. Prioritization is based on requirements, age and type of existing facilities and the installation's ability to execute projects. Further, emphasis is placed on minimizing the impact of construction and renovation on providing accommodations for single soldiers while still achieving the buyout goal. Location specific program data are in the chart that follows. Program level planning detail for fiscal year 2006-2008, the last years of the program, is not yet available.

[Fiscal years 1996–2005]

State	Location	Prjection	Amount
1996			
AZ	Ft Huachuca	WholeBarracks Complex Renewal	\$16,000
CO	Ft Carson	WholeBarracks Renewal Complex (Ph I)	20,000
DC	Ft McNair	WholeBarracks Complex Renewal	5,500
GA	Ft Benning	WholeBarracks Complex Renewal	33,000
HI	Schofield Bks	WholeBarracks Complex Renewal (Ph I)	30,000
KS	Ft Riley	WholeBarracks Renewal (Ph I)	7,000
KY	Ft Campbell	WholeBarracks Complex Renewal (Ph I)	10,000
MD	Ft Dietrick	Unaccompanied Enl Pers Hsg	17,500
NC	Ft Bragg	WholeBarracks Complex Renewal	18,500
OK	Ft Sill	48-Person Barracks Complex	8,000
SC	Ft Jackson	WholeBarracks Complex Renewal	32,000
TX	Ft Hood	WholeBarracks Complex Renewal	17,500
TX	Ft Bliss	WholeBarracks Complex Renewal	48,000
TX	Ft Hood	WholeBarracks Complex Renewal (Ph I)	15,000
TX	Ft Bliss	Dining Facility	4,900
VA	Ft Eustis	WholeBarracks Complex Renewal	11,000
KR	Cp Hovey	WholeBarracks Complex Renewal	7,300
KR	Cp Stanley	WholeBarracks Complex Renewal	6,800
KR	Cp Pelham	WholeBarracks Complex Renewal	5,600
KR	Cp Hovey	WholeBarracks Complex Renewal	6,200
KR	Korea	Dining Facility	4,150
1997			
CO	Ft Carson	WholeBarracks Complex Renewal(Ph II)	13,000
GA	Ft Benning	WholeBarracks Complex Renewal	44,000
HI	Schofield Bks	WholeBarracks Complex Renewal	10,600
KS	Ft Riley	WholeBarracks Complex Renewal	26,000
KY	Ft Campbell	WholeBarracks Complex Renewal(Ph II)	35,000
KY	Ft Knox	WholeBarracks Complex Renewal-Ph I	10,000
MO	Ft Leonard Wood	Ft. McClellan relocation	58,000
TX	Ft Hood	WholeBarracks Complex Renewal (Ph II)	35,000
WA	Ft Lewis	WholeBarracks Complex Renewal	49,000
GY	Taylor Bks	Barracks Restoration	9,300
GY	Spinelli, Bks	Barracks	8,100
KR	Cp Red Cloud	WholeBarracks Complex Renewal	14,000
KR	Cp Casey	WholeBarracks Complex Renewal	16,000
1998			
AZ	Ft Huachuca	WholeBarracks Complex Renewal	20,000
GA	Ft Stewart (HAAF)	WholeBarracks Complex Renewal, Ph I	13,400
GA	Ft Gordon	WholeBarracks Complex Renewal	22,000
HI	Schofield Bks	WholeBarracks Complex Renewal	44,000
KS	Ft Riley	WholeBarracks Complex Renewal	18,500
KY	Ft Campbell	WholeBarracks Complex Renewal	37,000
KY	Ft Knox	WholeBarracks Complex Renewal—Ph II	22,000
NC	Ft Bragg	WholeBarracks Complex Renewal	9,800
OK	Ft Sill	WholeBarracks Complex Renewal	8,000
TX	Ft Sam Houston	WholeBarracks Complex Renewal	16,000
VA	Ft Myer	WholeBarracks Renewal	8,200
WA	Ft Lewis	WholeBarracks Complex Renewal	31,000
GY	Tompkins Bks	Barracks Renovation	7,600
GY	Taylor Bks	Barracks Renovation	5,400
GY	Katterbach	Barracks Renovation	19,000
GY	Kaiserslautern	Whole Barracks Renewal	5,200
KR	Cp Red Cloud	WholeBarracks Renewal	22,000
KR	Cp Stanley	WholeBarracks Renewal	6,400

[Fiscal years 1996–2005]

State	Location	Prjection	Amount
KR	Cp Castle	WholeBarracks Renewal	7,700
KR	Cp Humphreys	WholeBarracks Renewal	29,000
KR	Cp Casey	Dining Facility	5,100
1999			
DAK	Ft Wainwright	WholeBarracks Renewal	16,000
GA	Ft Benning	WholeBarracks Complex Renewal	28,600
HI	Schofield Bks	WholeBarracks Complex Renewal	47,500
KY	Ft Campbell	Whole Barracks Complex Renewal	41,000
NC	Ft Bragg	Whole Barracks Complex Renewal	47,000
NC	Ft Bragg	Whole Barracks Complex Renewal	10,600
OK	Ft Sill	Whole Barracks Complex Renewal	20,500
TX	Ft Sam Houston	Whole Barracks Complex Renewal	21,800
VA	Ft Myer	Barracks Renovation	6,200
VA	Ft Eustis	Whole Barracks Complex Renewal	36,531
GY	Schweinfurt Modernize	Barracks Building	18,000
KR	Cp Stanley	Whole Barracks Renewal	5,800
KR	Cp Casey	Whole Barracks Complex Renewal	13,400
KR	Cp Castle	Whole Barracks Renewal	18,226
KR	Cp Humphreys	Whole Barracks Renewal	8,500
KR	Cp Casey	Whole Barracks Renewal	29,000
KR	Cp Hovey	Whole Barracks Renewal	20,000
2000			
AK	Fort Richardson	Whole Barracks Complex Renewal	14,600
GA	Fort Benning	Whole Barracks Renewal Complex	47,000
GA	Fort Stewart	Whole Barracks Complex Renewal w/Dining	3,500
HI	Schofield Barracks	Whole Barracks Complex Renewal	95,000
KS	Fort Leavenworth	Whole Barracks Complex Renewal	26,000
KY	Fort Campbell	Whole Barracks Complex Renewal, Ph II	4,800
MD	Fort Meade	Whole Barracks Complex Renewal	18,000
NC	Fort Bragg	Whole Barracks Complex Renewal	74,000
PA	Carlisle Barracks	Whole Barracks Complex Renewal	5,000
TX	Fort Hood	Whole Barracks Complex Renewal	29,000
VA	Fort Eustis	Whole Barracks Complex Renewal	39,000
GY	Ansbach	Whole Barracks Complex Renewal	21,000
GY	Bamberg	Whole Barracks Complex Renewal	5,700
GY	Bamberg	Whole Barracks Complex Renewal	9,300
GY	Bamberg	Whole Barracks Complex Renewal	8,200
GY	Mannheim	Whole Barracks Complex Renewal	4,500
KR	Camp Casey	Whole Barracks Complex Renewal	31,000
2001			
AK	Fort Richardson	Whole Barracks Complex Renewal	12,400
CA	Fort Irwin	Whole Barracks Complex Renewal	25,900
GA	Fort Benning	Whole Barracks Renewal Complex	39,900
GA	Fort Stewart	Whole Barracks Renewal Complex w/Dining	39,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	80,800
HI	Schofield Barracks	Whole Barracks Complex Modernization	35,900
KS	Fort Riley	Whole Barracks Complex Renewal	25,900
KY	Fort Campbell	Whole Barracks Complex Renewal	27,200
KY	Fort Campbell	Whole Barracks Complex Renewal, Ph III	45,900
MD	Fort Detrick	Whole Barracks Complex Renewal	14,200
MD	Fort Meade	Whole Barracks Complex Renewal	15,300
NC	Fort Bragg	Whole Barracks Complex Renewal	57,392
NC	Fort Bragg	Whole Barracks Complex Renewal	22,000
NC	Fort Bragg	Whole Barracks Complex Renewal	59,800

[Fiscal years 1996–2005]

State	Location	Prjection	Amount
NJ	Fort Monmouth	USMA Prep School Barracks	11,800
PA	Carlisle Barracks	Whole Barracks Complex Renewal	4,250
VA	Fort Eustis	Whole Barracks Complex Renewal	33,200
GY	Ansbach	Whole Barracks Complex Renewal	17,850
GY	Bamberg	Whole Barracks Complex Renewal	7,900
GY	Bamberg	Whole Barracks Complex Renewal	6,970
GY	Bamberg	Whole Barracks Complex Renewal	4,840
GY	Bamberg	Whole Barracks Complex Renewal	4,100
GY	Bamberg	Whole Barracks Complex Renewal	9,300
GY	Darmstadt	Whole Barracks Complex Renewal	6,800
GY	Darmstadt	Whole Barracks Complex Renewal	7,000
GY	Mannheim	Whole Barracks Complex Renewal	3,825
GY	Mannheim	Whole Barracks Complex Renewal	5,400
KR	Camp Casey	Whole Barracks Complex Renewal	26,350
KR	Camp Humphreys	Whole Barracks Complex Renewal	14,400
KR	Camp Page	Whole Barracks Complex Renewal	20,900
KW	Kwajalein	Unaccompanied Personnel Housing	19,900
2002			
HI	Schofield Barracks	Whole Barracks Complex Renewal	49,000
KS	Fort Riley	Whole Barracks Complex Renewal	40,000
NC	Fort Bragg	Whole Barracks Complex Renewal	39,000
NC	Fort Bragg	Whole Barracks Complex Renewal	40,000
VA	Fort Myer	Whole Barracks Complex Renewal	4,500
WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
GY	Bamberg	Whole Barracks Complex Renewal	9,500
GY	Darmstadt	Whole Barracks Complex Renewal	6,800
GY	Darmstadt	Whole Barracks Complex Renewal	6,900
GY	Hanau	Whole Barracks Complex Renewal	7,300
GY	Heidelberg	Whole Barracks Complex Renewal	7,200
KR	Camp Carroll	Whole Barracks Complex Renewal	9,000
KR	K-16 Airfield	Whole Barracks Complex Renewal	25,000
2003			
AK	Fort Richardson	Whole Barracks Complex Renewal	18,500
CO	Fort Carson	Whole Barracks Complex Renewal	47,000
GA	Fort Stewart (HAAF)	Whole Barracks Complex Renewal	20,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	49,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	29,000
KS	Fort Riley	Whole Barracks Complex Renewal	35,000
KY	Fort Campbell	Whole Barracks Complex Renewal	24,000
NC	Fort Bragg	Whole Barracks Complex Renewal	41,000
NC	Fort Bragg	Whole Barracks Complex Renewal	32,000
NC	Fort Bragg	Whole Barracks Complex Renewal	12,000
TX	Fort Hood	Whole Barracks Complex Renewal	41,000
GY	Baumholder	Vehicle Maintenance Facility	11,600
GY	Darmstadt	Whole Barracks Complex Renewal	7,200
GY	Hanau	Whole Barracks Complex Renewal	7,400
GY	Hanau	Whole Barracks Complex Renewal	7,500
GY	Heidelberg	Whole Barracks Complex Renewal	6,800
GY	Mannheim	Whole Barracks Complex Renewal	4,250
GY	Mannheim	Whole Barracks Complex Renewal	5,300
GY	Mannheim	Whole Barracks Complex Renewal	7,280
KR	Camp Bonifas	Whole Barracks Complex Renewal	9,000
KR	Camp Coiner	Whole Barracks Complex Renewal	20,000

[Fiscal years 1996–2005]

State	Location	Prjection	Amount
2004			
AK	Fort Wainwright	Whole Barracks Complex Renewal	13,000
GA	Fort Benning	Whole Barracks Complex Renewal	14,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	49,500
HI	Schofield Barracks	Whole Barracks Complex Renewal	34,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	16,600
KS	Fort Riley	Whole Barracks Complex renewal	34,500
KY	Fort Campbell	Whole Barracks Complex Renewal	10,600
MD	Fort Meade	Whole Barracks Complex Renewal	18,500
NC	Fort Bragg	Whole Barracks Complex Renewal	57,000
NC	Fort Bragg	Whole Barracks Complex Renewal, USASOC	12,000
NC	Fort Bragg	Whole Barracks Complex Renewal	16,000
VA	Fort Story	Whole Barracks Complex Renewal	15,000
WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
GY	Bamberg	Whole Barracks Complex Renewal	6,000
GY	Heidelberg	Whole Barracks Complex Renewal	4,600
GY	Heidelberg	Whole Barracks Complex Renewal	7,100
GY	Kaiserslautern	Whole Barracks Complex Renewal	8,900
GY	Mannheim	Whole Barracks Complex Renewal	4,200
GY	Mannheim	Whole Barracks Complex Renewal	1,300
GY	Wuerzburg	Whole Barracks Complex Renewal	3,350
KR	Camp Carroll	Whole Barracks Complex Renewal	9,000
KR	Camp Walker	Whole Barracks Complex Renewal	20,000
2005			
AK	Fort Richardson	Whole Barracks Complex Renewal	18,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	34,000
HI	Schofield Barracks	Whole Barracks Complex Renewal	46,600
KS	Fort Riley	Whole Barracks Complex Renewal	40,000
KY	Fort Campbell	Whole Barracks Complex Renewal	35,000
NC	Fort Bragg	Whole Barracks Complex Renewal	12,000
NC	Fort Bragg	Whole Barracks Complex Renewal	54,000
VA	Fort Myer	Whole Barracks Complex Renewal	6,000
VA	Fort Myer	Whole Barracks Complex Renewal	6,200
WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
GY	Various, Germany	Whole Barracks Complex Renewal	21,500
GY	Various, Germany	Whole Barracks Complex Renewal	30,700
KR	Camp Stanley	Whole Barracks Complex Renewal	10,000
KR	Various Korea	Whole Barracks Complex Renewal	9,500
KR	Yongsan	Whole Barracks Complex Renewal	20,000

*Question.* Will the shift to this housing standard improve quality of life for soldiers? Will it impact retention?

*Answer.* Without a doubt, the one-plus-one standard improves the quality of life for single soldiers. Investment in the one-plus-one standard is expected to promote the retention of highly trained and experienced first-term soldiers. One-plus-one is not only a room configuration but a whole community that covers all living and working aspects of a soldier's life while in garrison. Commanders in the field who have troops living in the new barracks and working in the new support facilities are the strongest supporters of the program. The new barracks complexes have improved troop morale, while at the same time enhancing efficiency of garrison functional operations and readiness.

#### CHEMICAL DEMILITARIZATION

*Question.* Mr. Secretary, last year the Congress realigned the MILCON funding for the Chemical Demilitarization Program from the Army to the Defense-wide account. I see that in the fiscal year 2000 budget submission, that the military construction funding is back in the Army's budget. If the program encounters problems or cost overruns, does that put the Army at risk?



Answer. All known Chemical Demilitarization Program requirements were fully funded at the time of the transfer to the Army; as such, the Army's topline was commensurately increased to adequately resource the Program through completion. The Army is totally committed to manage this program within the approved life-cycle cost estimate (LCCE). However, if unexpected circumstances result in cost exceeding the LCCE, other Army programs are potentially at risk.

*Question.* There is approximately \$261 million in the budget for Chem-Demil construction. Can you execute that much funding in one year? Does that entail double or triple shifts of construction workers? Would you provide for the record how the Corps will execute those contracts for \$60 million and above?

Answer. Yes, we expect all the MILCON funds requested for fiscal year 2000 to be required during that fiscal year. Based on current execution plans, all of the programmed construction funds will be placed during fiscal year 2000 with the exception of a limited amount of funds. These funds will be retained for contingencies for unknown construction changes and associated supervision, inspection, and overhead, for engineering during construction, and for the development of as-built drawings. The facilities at Anniston and Umatilla will be completed during fiscal year 2000. The construction of the facilities at Pine Bluff, Aberdeen, and Newport will be continuing and is expected to proceed at near or at full capacity during the fiscal year.

Umatilla is the only facility where the contractor is working double shifts instead of single shifts. This is expected to continue until construction completion in the third quarter of fiscal year 2000.

Each of the seven demilitarization facilities is being constructed using a single, incrementally funded construction contract. The fiscal year 2000 budget requests funding increments in excess of \$60 million for Pine Bluff, Aberdeen, and Newport. For Pine Bluff, construction in fiscal year 2000 will include completion of the site work, the Personnel Support Complex, the Medical Maintenance Building, the Entry Control Facility, and the Process and Utility Building, while construction will continue on the Munitions Demilitarization Building. For Aberdeen and Newport, construction at each site in fiscal year 2000 will include finishing the design, doing site work, and starting construction of the Chemical Disposal Building, the Process Auxiliary Building, the Utility Building, the Standby Generator Building, the Laboratory, the Personnel Support Building, the Entry Control Facility, the Gas Mask Storage Facility, and the Site Storage Facility.

#### MILITARY CONSTRUCTION EXECUTION

*Question.* Secretary Apgar, all components of the Army have greatly improved their construction project execution the past several years. How will advance appropriations and phased funding impact your execution? If we permanently adopt such a phased funding mechanism for military construction, what would be the long-term impact on the Army?

Answer. If the budget is approved as requested, the fiscal year 2000 program is fully executable (awardable) within the initial fiscal year of funding.

The broad use of incremental funding of military construction, however, is a one-time initiative to fund critical readiness requirements. There is no intent to continue the practice in the future. Continuation of the practice would reduce the Army's ability to program future construction due to the commitment of future-year funds to pay the balance on prior years' incrementally funded work.

Also, while incremental funding may be appropriate for certain large-scale construction projects, such as hospitals and chemical demilitarization facilities, it is not necessarily conducive to small, short-duration projects. Experience with incrementally funding smaller dollar value contracts is limited. In the long term, the availability of only limited funds in the initial fiscal year awards and solicitations may be subject to higher bids because of restrictions on ordering materials and on the perception by smaller contractors of added risk due to incremental funding. For the Army National Guard incremental funding will impact on the first year execution of some projects. Some States are prohibited by state statute from awarding contracts without full funding being immediately available. These States would delay execution to the second year of appropriation. For the same reason, other States, while not prohibited from contracting, would probably delay execution to fourth quarter to ensure continuous funding.

#### BRAC EXECUTION

*Question.* With some of the BRAC money split between fiscal year 2000 and fiscal year 2001, how will that affect implementation of the 95 BRAC decisions? How much money was realigned from fiscal year 2000 to fiscal year 2001?

Answer. The fiscal year 2000 President's budget includes adequate funds to fully implement all remaining closure and realignment actions. The Army has requested advance appropriations of \$196 million in fiscal year 2001 for the Army BRAC program.

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QUESTIONS SUBMITTED BY SENATOR STEVENS

REPLACEMENT OF BASSETT ARMY HOSPITAL

*Question.* Secretary Apgar, the Army intends to build a new hospital at Fort Wainwright in my state, beginning in fiscal year 2000. What is the Army's funding strategy for this project and will it be completed?

Answer: The Defense Medical Military Construction Program submitted the new Fort Wainwright hospital in the fiscal year 2000 President's Budget for \$133,000,000. The project was requested to be appropriated over 5 years with the phases being fiscal year 2000—\$18,000,000; fiscal year 2001—\$56,000,000; fiscal year 2002—\$34,000,000; fiscal year 2003—\$20,000,000; fiscal year 2004—\$5,000,000. This project is estimated for construction completion by the summer of fiscal 2004.

*Question.* Is there funding in the budget to demolish the existing Bassett Hospital located at Fort Wainwright?

Answer. Yes. The funding for demolition of existing Bassett Army Community Hospital at Fort Wainwright, Alaska, is included in the last two phases (Phases 4 and 5) of this project in fiscal year 2003 and fiscal year 2004.

ARMY GUARD AND RESERVE MILCON FUNDING

*Question.* Secretary Apgar, over the past several years, the committee has worked with the Army to ensure that they provided a minimum level of funding for the Army Guard. We agreed upon \$50 million each year. This year the Army has only provided the Army Guard \$16 million under this phased-funded scheme. Can you explain to me why the Army did not honor its commitment to the Committee?

Answer. Just like the other DOD components, the Army Guard MCNG program was incrementally funded. The Army Guard authorization remains in excess of \$50 million, but to meet funding guidelines, only \$16 million of the appropriation was requested in fiscal year 2000, with the balance requested as an advance appropriation.

*Question.* What kind of message does the Army send to its Reserve Components when it provides them less than \$40 million in total for all of their infrastructure requirements?

Answer. Readiness requirements have been addressed and improved in fiscal year 2000. The Army National Guard budget request contains the full authorization in recognition of Congressional interest. However it seeks only \$16 million in appropriation, because that was all that was available under the circumstances. Funds garnered by MILCON incremental funding were used as part of this readiness plus-up. The Army Reserve received some of this readiness enhancement and supports that. The Army Reserve also understands that it has not been singled out as a bill payer, and they received cuts consistent with the other components. The key is OSD's assurance that the balance of the incremental funding will be provided in fiscal year 2001. Funds to maintain the Army Reserve's current infrastructure has not been decremented in fiscal year 2000.

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QUESTIONS SUBMITTED BY SENATOR MURRAY

ARMY NATIONAL GUARD AND RESERVE

*Question.* Mr. Apgar, when I compare the funding levels from last year to this year for both the Guard and Reserve, I'm very concerned. For the Army Reserve, funds are decreasing from \$102 million to a requested \$23 million. Likewise, the National Guard funds are decreasing from \$145 million to \$16 million. How on earth are you going to be able to sustain the Guard and Reserve with these minimal levels of funding?

Answer. The decrease in funding is a one time special event. For the Army Reserve, an authorization request of \$81,215,000 and an appropriation request of \$23,120,000 was all that was affordable under the circumstances. The Army Reserve believes that there will be no significant impact to Reserve Component facilities. The Army National Guard fiscal year 2000 MILCON submission was in keeping with the DOD plan for incremental funding. An authorization request of

\$57,402,000 and an appropriation request of \$16,045,000 was all that was affordable under the circumstances.

*Question.* Will the Yakima MATES project be capable of construction with only \$3.5 million out of \$16 million being appropriated this year, according to your request?

*Answer.* Not under the current appropriation request. State statutes prohibit partial funding and the Washington Army National Guard will not be able to award the contract if full funding is not available. However, if informal reprogramming is based on the full authorization or if Congress approved formal reprogramming for the Yakima MATES, then this project could be awarded in fiscal year 2000.

*Question.* General Helmly and General Squier, can you tell me what input the Reserve and Guard had in the decision to seek incremental funding for MILCON projects? Are you comfortable with this plan?

*Answer.* The U.S. Army Reserve did not provide any input into the decision to seek incremental funding for fiscal year 2000 MILCON projects. We feel comfortable with our plan to execute the fiscal year 2000 MILCON projects if Congress approves the budget as submitted and provides full authorization, advance appropriations, and an increase in reprogramming threshold. The Army National Guard also had no input into the decision to submit MILCON projects for incremental funding. The Army National Guard supports this concept as submitted on a one-time basis and will find ways to make it work as directed.

*Question.* Mr. Appar, in recent years, Congress has had to do the heavy lifting on providing adequate MILCON funding for the Guard and Reserve. Given the importance of the Guard and Reserve to our national security, I would expect to see an effort to increase MILCON funding again this year. How would you recommend that any additional projects be funded this year—additional incremental funding, full funding, or what?

*Answer.* The Army recommends that any additional projects for fiscal year 2000 that are added to the Guard or the Reserves be fully funded. This would provide the infrastructure upgrades that are desperately needed in the Reserve Components.

#### BUDGET QUESTIONS

*Question.* In your overview of funding, it becomes clear that Chemical Demilitarization ends up on top for the requested appropriations amount compared to mission projects and quality of life projects. Can you explain to the Committee how you prioritized when recommending your appropriations levels compared to your authorized levels for fiscal year 2000?

*Answer.* Some projects, such as Chemical Demilitarization; are already being executed under incremental funding. The appropriation request in fiscal year 2000 for these projects represents a higher level of funding required to meet contractual obligations. Also, smaller projects with short construction duration were funded at approximately 30 percent to ensure projects are not held up for lack of sufficient funds due to rapid construction execution. All other active Army projects are funded at approximately 15 percent of the contract amount, based on historic first year execution. The Army Reserve funded projects between 6 and 36 percent while the National Guard funded all projects at 21 percent.

*Question.* The Fort Lewis physical fitness center is one of the quality of life projects you list, and is slated to receive \$1.85 million this year. Can you comment on the status of this project in light of the advanced appropriations? Similarly, can you comment on the support project at Fort Lewis, the Tank Trail Erosion project?

*Answer.* The Fort Lewis physical fitness center's estimated construction contract award is in January 2000. The requested advanced appropriations and reprogramming authority will ensure the project is executed without disruption or delay due to funding constraints.

The Tank Trail Erosion project is the fifth phase of a ten phase project. The fifth phase is fully funded, as were the previous four phases, and will not require advanced appropriations for completion of this phase.

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF RUBY B. DEMESME, ASSISTANT SECRETARY OF THE  
AIR FORCE, MANPOWER, RESERVE AFFAIRS, INSTALLATIONS  
AND ENVIRONMENT**

**ACCOMPANIED BY:**

**MAJ. GEN. EUGENE A. LUPIA, HEADQUARTERS, USAF, THE CIVIL  
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**THOMAS W L. MCCALL, JR., DEPUTY ASSISTANT SECRETARY (ENVI-  
RONMENT, SAFETY, AND OCCUPATIONAL HEALTH)**

INTRODUCTION OF WITNESSES

Senator BURNS. We will next hear from the United States Air Force, Ruby B. Demesme, Assistant Secretary of the Air Force, Manpower, Reserve Affairs, Installations and Environment. Thank you for the visit the other day.

We also have General Lupia, The Civil Engineer, Deputy Chief of Staff, Installations and Logistics; Brigadier General Craig R. McKinley, Deputy Director, Air National Guard; and Colonel Richard R. Koepf, Director, Installations and Logistics, Office of Air Force Reserve. We welcome you this morning.

Secretary Demesme.

Ms. DEMESME. Good morning, Senator. I will take just a few minutes to highlight our Military Construction (MILCON) program.

The Air Force is striving to maintain facilities and infrastructure to preclude weakening unit readiness, impairing our mission accomplishments, or degrading our peoples' quality of life; therefore, our corporate strategy is to accomplish these goals by ensuring that the MILCON program places emphasis on supporting our new mission beddowns, our current mission activities, ensuring continued access to critical ranges and air space, reinvesting in the few remaining bases overseas, funding our critical environmental compliance projects, and maintaining and operating our maintenance programs to protect the quality of life of our personnel and their families.

We recognize the integral role the air reserve components play in our total force mission, and our program assures that their construction needs are addressed along with those of the active force.

Mr. Chairman, for the next few minutes I will in very precise terms review our total force MILCON program, to include military family housing and base realignment and closure.

The Air Force total MILCON budget request for fiscal year 2000 is \$1.85 billion. Our current mission program includes runway and ramp repair projects, additions and alterations to existing facilities,

and two composite support complexes. It is important that our people operate in an environment designed to help them accomplish their mission; so, therefore, our new mission program supports our weapons system beddowns, such as the F-22 fighter, the C-17 air lifter, the B-2 bomber, the KC-135 tanker, the joint primary aircraft training system, or JPATS (Joint Primary Aircraft Training System), and the construction of the enhanced training range in Idaho.

Achieving and maintaining military readiness is extremely difficult, but it is our utmost priority. While modern technology enables our forces to perform their missions more effectively, technology cannot substitute for high-quality people. So to retain our people we must meet their needs, and, therefore, our program plans enlisted dormitories, fitness centers, and community support facilities at various locations.

We must also invest in force protection, safety and quality of life facilities, and our overseas bases. We now have 11 main operating bases overseas. Regrettably, the reduced MILCON investment, along with inadequate host nation support and funding, means that we are not fully meeting our MILCON program overseas needs.

Family housing is one of our most important programs, and we are extremely appreciative of this committee's strong support. Our MILCON program reflects efforts to continue to revitalize or replace worn-out housing units that are no longer economical to maintain.

Our Base Realignment and Closure (BRAC) request supports the 1995 decision to realign Kelly Air Force Base, Texas, as well as supports our design costs for the fiscal year 2001 program. I also note the Air Force strongly supports Secretary Cohens request for two additional BRAC rounds.

Despite the challenges we have a number of good news stories. For example, using the new legislation, this past year we awarded the Department of Defense's first privatized housing project at Lackland Air Force Base, Texas. We also are the proud recipients of almost one-third of the Department of Defense's 42 environmental awards.

In conclusion, Mr. Chairman, this committee's continued support is vital for us to accomplish our program goals. Our MILCON submission reflects the corporate priorities that support weapons systems modernization, and also provides a fair and equal, safe and secure, environment for our people to work and play.

#### PREPARED STATEMENT

I am ready to discuss any issues that you have, or answer any questions that you might have for us at this time.

[The statement follows:]

#### PREPARED STATEMENT OF RUBY B. DEMESME

##### INTRODUCTION

Mr. Chairman and members of the committee, good day. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 2000 Military Construction (MILCON) program. While this is my first appear-

ance before the committee, I am nonetheless appreciative of your continuing support for our uniformed members and their families.

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

#### *Overview*

As we adjust to ever changing world conditions and revise our mission, plan, and structure to meet our responsibilities, both at home and those associated with peacekeeping and other deployments abroad, it is imperative that we establish and maintain standards to provide an adequate quality of life for our people. Since people have been and remain the most important weapon system in our inventory, we must listen to what they tell us they need if we want to keep them in uniform. Well, we've asked, and we've listened, and we are now trying to respond to their stated desires for safe, accessible, and affordable housing, health care facilities, child development centers, and work environments. Meeting all of these demands is no easy task, yet we've made every effort to balance these needs with those of modernization. The fiscal year 2000 MILCON budget request reflects the results of our strategy.

As we merge operations into an Expeditionary Aerospace Force (EAF), it is more important than ever that the interface and mutuality between the active and reserve components be seamless. This means ensuring the Air National Guard (ANG) and Air Force Reserve (AFR) receive adequate MILCON funding along with the Active forces. This budget also addresses their needs.

The Total Force concept enables the Air Force to aggressively manage the most formidable obstacles to troop retention and readiness—heavy taskings and tough fiscal constraints. Despite these challenges, we must balance MILCON needs across the total force, to include our very capable Ready Reserve and Guard units, as we transition the Air Force into the 21st Century.

Support operations for our EAF concept must become better and less expensive: better, because quality infrastructure contributes to quality of life, which improves morale, retention, and the readiness of the force; and less expensive in order to free up funds for the high priority weapon systems modernization we need to maintain battlefield dominance.

We are continually examining internal operations and support activities to determine where we can leverage our resources. We are taking actions to right-size, to consolidate like functions, to demolish excess facilities, and to enhance joint use of facilities between service components and government agencies (such as the National Aeronautics and Space Administration), and to embrace better business practices. These initiatives focus on improving the efficiency and performance of the Air Force facility support structure.

The reality is that, in order to fund higher priority programs, the Air Force is underinvesting in installation programs. Each year we balance installation support operations against other Air Force priorities, which results in a funding stream based on an acceptable level of risk. This means that our installation programs continue to be underfunded.

The maintenance and repair of facilities and infrastructure at Air Force installations are essential to our core competencies in support of national strategies and the Quadrennial Defense Review. We are striving to maintain facilities and infrastructure where Air Force people work and live to preclude weakening unit readiness, impairing mission accomplishment, or degrading quality of life. Consequently, the Air Force corporate strategy for the installation support program includes:

- Maintaining our operations and maintenance programs to preserve the quality of life of our personnel and their families.
- Ensuring that our MILCON program places emphasis on supporting new mission beddowns and current mission necessities, to include redirecting limited capital investment to our most pressing requirements.
- Ensuring continued access to critical ranges and airspace.
- Reinvesting in the few remaining overseas bases, which, even after host-nation burdensharing, have numerous facility needs critical to Air Force core competencies.
- Incorporating environment, health and safety cost considerations into core business practices to lower cost and to improve performance while continuing to fund critical environmental projects to meet compliance requirements.

The Air Force continues to look at our installation facility requirements with a view towards leaner operations. We are continuing to embrace better business practices by considering private sector business ventures for everything we do. This allows us to leverage our limited resources by incorporating new innovative ideas.

These new ideas will continue to shape the templates for installations in the 21st Century.

Mr. Chairman, I now would like to proceed to discuss the major programs in our fiscal year 2000 MILCON budget request. I will review the total force MILCON program, to include discussion of the Military Family Housing (MFH) program. Finally, I will address the Air Force perspective on the Department of Defense request for funding of the Base Realignment and Closure (BRAC) accounts.

#### *Air Force Military Construction Budget*

The Air Force MILCON program consists of five principal areas: New Mission; Current Mission; Planning & Design and Unspecified Minor Construction; Environmental; and BRAC. New Mission construction supports the beddown of new weapons systems and force structure realignments. Current Mission construction revitalizes existing facilities and infrastructure, and builds new facilities to correct existing deficiencies. Planning & Design and Unspecified Minor Construction includes funds to design our construction projects and to fund a small program to handle urgent, unforeseen construction requirements. The environmental program consists of those regulatory compliance projects, which must be accomplished by law, or to avoid increased health or safety risks to people on or off our installations. The BRAC program supports the beddown of realigned missions.

The Air Force proposes financing its fiscal year 2000 MILCON program through a combination of regular appropriations and advance appropriations. We are requesting \$315 million in fiscal year 2000 appropriations and \$686 million in appropriations for fiscal year 2001 to enable completion of the fiscal year 2000 program. This one-time financing methodology enables the Air Force to fulfill its commitment to providing quality facilities, while maximizing the use of fiscal year 2000 resources for other readiness and modernization needs. The Air Force has added the \$686 million needed to complete the fiscal year 2000 projects to its fiscal year 2001 program. The use of advance appropriations for fiscal year 2000 projects has no impact on the Air Force's planned MILCON for fiscal year 2001 through 2005. This is not the preferred method of budgeting for construction projects, but we expect to execute the fiscal year 2000 program without delays or added costs provided Congress approves full authorization and advance appropriations for the projects requested.

For fiscal year 2000, we are requesting a program of \$1.85 billion for MILCON. This request includes \$1.75 billion for active duty MILCON (\$597 million for traditional MILCON and \$1.150 billion for MFH); \$73 million for ANG; \$29 million for AFR; and \$4.7 million for BRAC MILCON.

#### *The Total Air Force Military Construction Program*

Similar to last year, the Air Force's fiscal year 2000 MILCON and MFH programs were developed using a facility investment strategy with the following objectives: Maintain what we own; Accommodate new missions; Maintain quality of life investments; Optimize use of public and private resources; Continue demolition programs; Reinvest overseas and Continue environmental leadership.

#### *Program Overview*

Given the success of the corporate Air Force process, we continue to consider the Air Force total obligation authority as one pot of money. These funds are distributed based on the most urgent, corporate needs of the total force. The strategy for allocating these funds is inextricably tied to major commands (to include the AFR and ANG), Chief of Staff, and Secretary of the Air Force priorities.

To determine priorities, each major command submits a prioritized, unconstrained list of its construction requirements. The MILCON integrated process team, then uses a weighted matrix to establish a cross-cutting investment program. This results in an integrated priority list based on the most urgent needs of the total Air Force. The list integrates new mission, current mission, and environmental projects for active, ANG, and AFR components. This priority list is presented to the corporate leadership structure, to include the Chief of Staff and the Secretary of the Air Force, for final review and approval.

#### *Current Mission*

"Maintain what we own" is the investment strategy underlying our current MILCON program. This concept results in identifying the minimum requirements to sustain readiness and quality of life while attempting to reduce the requirements via privatization and demolition. This strategy ensures that we exercise the stewardship entrusted to us for maintaining eighty-seven major installations.

Our fiscal year 2000 current mission MILCON program consists of 54 projects totaling \$467 million. These projects include a variety of facilities at a number of installations to include: runway and ramp repair projects at Eglin Auxiliary Field 9,

Florida; Davis-Monthan Air Force Base, Arizona; Pope Air Force Base, North Carolina; and Elmendorf and Eielson Air Force Bases, Alaska; addition and alteration to the Air Force Reserve Headquarters facility at Robins Air Force Base, Georgia; and constructing two composite support complexes for the Air National Guard at Kulis, Alaska and Savannah, Georgia. These projects are critical to maintaining aircraft readiness and to enhance the work environment of the consolidated functions, thereby improving overall efficiency and reducing costs associated with stress and the frustration of system failure.

We will continue our emphasis on the effective use of available resources to determine what we need, to care for what we own, to renovate or replace worn out facilities, and to look for opportunities to consolidate functions in retained facilities.

#### *Accommodate New Mission*

It is important that our people are able to operate in an environment designed to accomplish their missions. The Air Force modernization program is designed to enhance the unique capabilities embodied in our specialized core competencies. These competencies provide the rapid, precise, global response that enables our combatant commanders to respond quickly to regional conflicts in support of the national strategy.

We need MILCON to support weapon system beddowns, such as the F-22 fighter, C-17 airlifter, B-2 bomber, KC-135 tanker, Joint Primary Aircraft Training System (JPATS), and to improve aircrew proficiency training by constructing, for example, the Enhanced Training Range in Idaho (Juniper Butte Range). Our entire MILCON program needed to support new mission requirements consisting of 23 projects totals \$154 million.

#### *F-22 Raptor*

The F-22, our #1 modernization priority, is the Air Force's next generation air superiority fighter being developed to counter threats posed by advanced surface-to-air missile systems and next generation fighters. The proposed location for the F-22 follow-on operational test and evaluation and the weapons school beddown is Nellis Air Force Base, Nevada. The fiscal year 2000 MILCON includes three F-22 projects at Nellis Air Force Base totaling \$19 million.

#### *C-17 Globemaster III*

The C-17 Globemaster III aircraft is designed to replace our aging fleet of C-141 Starlifters, which currently are operating beyond their intended design life. The C-17 provides rapid global mobility by combining the C-141 airlift capabilities, the C-5 capability to carry oversize cargo, and the C-130 capability to land directly on short, forward-located airstrips.

McChord Air Force Base, Washington, was designated as the second operational base for the C-17. We had already identified Charleston Air Force Base, South Carolina, as the first operational base, and Altus Air Force Base, Oklahoma, as the C-17 training base. Since then, we have identified Jackson International Airport, Mississippi, as the proposed Air National Guard C-17 operating location. To support this program, the fiscal year 2000 MILCON request includes Active and AFR facilities at McChord Air Force Base, Washington, and a corrosion control facility at Charleston Air Force Base, South Carolina.

#### B-2 SPIRIT

The B-2 is a multi-role bomber capable of delivering both conventional and nuclear munitions. The bomber represents a major leap forward in technology and is an important milestone in the U.S. bomber modernization program. Our fiscal year 2000 MILCON program includes one \$23 million project at Whiteman Air Force Base, Missouri.

#### KC-135 STRATOTANKER

The KC-135 principal mission is refueling. This asset greatly enhances the Air Force's capability to accomplish its mission of Global Engagement. We have four projects in the fiscal year 2000 MILCON to support the KC-135 totaling \$19 million. The projects are: flight simulator facilities at Robins Air Force Base, Georgia and RAF Mildenhall, United Kingdom; repair parking ramp at Eielson Air Force Base, Alaska; and a squadron operations and aircraft maintenance unit at McConnell Air Force Base, Kansas.



## JOINT PRIMARY AIRCRAFT TRAINING SYSTEM (JPATS)

JPATS is a joint Air Force and Navy primary trainer. The JPATS T-6A Texan II aircraft replaces existing fleets of Air Force T-37s and Navy T-34s. The aircraft will be used to train entry-level pilots, navigators, and naval flight officers. The fiscal year 2000 MILCON includes one JPATS project at Laughlin Air Force Base, Texas for \$3 million.

## ENHANCED TRAINING RANGE IN IDAHO (JUNIPER BUTTE)

The Air Force is building a training range on Bureau of Land Management and Idaho state lands in Southwest Idaho, and modifying airspace for local training use by Mountain Home Air Force Base, Idaho, crews. The range will simulate real-world scenarios and will allow aircrews to plan and practice complex missions. This project will balance realistic local training with careful consideration of environmental, cultural, and economic concerns. In addition to providing realistic training, the range's close proximity to Mountain Home Air Force Base increases efficiency by allowing crews to convert time currently spent in transit to a distant range into actual training time. The new range will include a 12,000-acre drop zone site; a 640-acre and four 5-acre no-drop zone sites; simulated target areas; and 10 one acre and twenty quarter acre emitter sites. This multi-year range program request includes \$15 million in fiscal year 2000 for phase II, and \$2 million for a defense access road project.

*Quality of Life*

Achieving and maintaining military readiness is our number one priority. While modern technology enables our forces to perform their missions more effectively, it cannot substitute for high quality people. People, our most treasured resource, are the critical components of readiness. It is imperative that we maintain a highly motivated and trained fighting force to effectively respond to the demands placed on them. We have 95,000 military members forward stationed or deployed and we urgently need to fund quality improvements that address our troops' top concerns: retirement pay; fair and competitive compensation; safe, affordable, and adequate housing; quality health care; balanced tempo; robust community and family programs; and expanded educational opportunities. These are the initiatives that commanders, first sergeants, and airmen say are important to them.

The quality of life of our people must be commensurate with the sacrifices we ask them to make. Addressing these concerns has enabled us to better manage recruiting and retention challenges. Offering an attractive living environment to those aspiring to serve this great country results in improved quality of life for our personnel, and that, Mr. Chairman, translates into enhanced readiness.

The MILCON program improves quality of life by renovating or constructing dormitories and community support facilities. Our three-step dormitory investment strategy, as outlined in the Air Force dormitory master plan, is as follows: (1) the buy-out of all permanent party central latrine dormitories, now complete given the generous congressional support in fiscal year 1999; (2) the elimination of shortages; and (3) the replacement of our worst remaining dorms.

We balance dormitory investment against additional requests for community support facilities. This year's MILCON program funds eight enlisted dormitory projects at eight stateside installations, and one project overseas, for a total of \$90.5 million. In addition to the dormitories, the MILCON program funds a child development center at RAF Lakenheath, United Kingdom; a dining facility at Keesler Air Force Base, Mississippi; visitors quarters at McGuire Air Force Base, New Jersey; and new or modified fitness centers at Travis Air Force Base, California; Schriever (formerly Falcon) Air Force Base, Colorado; MacDill Air Force Base, Florida; Whiteman Air Force Base, Missouri; and Osan Air Base, Korea, for a total of \$51 million.

*Optimize Use of Public and Private Resources*

As the Air Force operationalizes its EAF concept, we must free up precious funds for modernization. To do this, we continue to adopt modern business practices, e.g., eliminating redundancy; using competition to improve quality and to reduce costs; and reducing support structures to free up resources for other higher priority needs. Nonetheless, we must keep in mind that the purpose of our competitive sourcing and privatizing initiatives is the preservation of the "tooth" and streamlining the "tail."

## MILITARY FAMILY HOUSING

We awarded our first housing privatization project last summer at Lackland Air Force Base, Texas. While the contracting process took longer than we would have

liked, it was necessary to develop the new documents, policies, and procedures that will allow us to eliminate many hurdles on future projects.

The Air Force continues to solicit advice from national real estate and financial institutions on how to improve our performance in privatization. We firmly believe that through privatization we can provide new homes to our airmen in less time than using the standard MILCON process.

#### UTILITIES

Meanwhile, we are embracing a defense reform initiative that places us primarily in the energy management business, which will reduce our role in the infrastructure business. Our goal is to privatize utility systems where it makes economic sense and does not negatively impact national security.

To date we have identified 463 utility systems for potential privatization, and analysis for 55 of these systems is currently underway. We have also programmed 204 systems for analysis in fiscal year 1999, and the remaining 204 systems in fiscal year 2000. As a result, the Air Force will be able to meet the goals established by the Department of Defense to privatize all utility systems by 2003.

#### LABORATORY INFRASTRUCTURE

We are also exploring innovative partnership arrangements with industry to achieve real reductions in Research, Development, Technology & Evaluation (RDT&E) infrastructure costs through mutually beneficial use of Air Force-owned land and facilities. By working with local communities and government entities at the Air Force research sites, we are confident we can develop more efficient operations. One example is the joint proposal being negotiated between our Rome research site and the state of New York. Through a combined funding source consisting of MILCON, state and local government funds, and a bond issue, the Rome research site will be able to divest themselves of 14 old and expensive-to-maintain buildings in order to acquire one new building with greatly reduced operations and maintenance costs. Additional savings in manpower will come through reduced requirements for security, facility management, and maintenance. The innovative lease arrangement will substantially reduce the costs to the government while guaranteeing payback to the bond holders.

Another example of an innovative approach to infrastructure requirements is the proposal for Brooks Air Force Base, the home of our Armstrong research site. The Brooks "city base" concept is being explored with the city of San Antonio and the State of Texas. This concept would allow us to retain a research campus while turning the rest of the base infrastructure over to the local government and to private contractors. It also would allow the local community to have access to the facilities currently at Brooks, and would provide a valuable place for future industrial and commercial development while retaining areas for parks and recreation. As with the Rome research site in New York, the city base at Brooks would greatly reduce infrastructure costs to the government since it would no longer be responsible for the upkeep of the support facilities and would need to maintain only the facilities actually used for research. These types of partnerships with the local communities have great potential and may become models for future Air Force infrastructure plans.

#### *Demolition*

While we strive to increase our maintenance dollar for infrastructure or new facilities; we must continue to demolish worn out or obsolete facilities in order to reduce recurring operations and maintenance costs. Over the past three fiscal years, we have demolished over nine million square feet of obsolete facilities.

#### *Overseas Military Construction*

We must also invest in force protection, safety, and quality of life at our overseas bases. We now have eleven overseas main operating bases, of which six are to the East: two in England, two in Germany, one in Italy, and one in Turkey; and five bases in the Pacific: three in Japan and two in Korea. After years of base closures and force reductions, we have achieved stability in the overseas arena. However, the reduced MILCON investment coupled with inadequate host-nation funding does not meet our overseas requirements. Consequently, while we are actively pursuing NATO funding, increased host-nation funding, and payment-in-kind, our quality of life improvement needs remain greater than available burden-sharing funding can satisfy.

Our fiscal year 2000 MILCON program for our European and Pacific installations totals \$77 million. The program consists of a consolidated corrosion control and maintenance complex, a KC-135 flight simulator facility, and an operations facility at RAF Mildenhall; and a consolidated support complex at RAF Lakenheath, United

Kingdom. Also in the program are a \$2 million global positioning system control station on Ascension Island, and a \$2 million project for apron security lighting at Lajes Air Base, Portugal. As mentioned earlier, there is one overseas dormitory project; an addition/alteration to the physical fitness center, at Osan Air Base, Korea; and a child development center at RAF Lakenheath, United Kingdom. We ask for your support of these important operational and quality of life projects that represent critical requirements for our airmen and their families located overseas.

We are sending a precautionary prefinancing statement to the NATO infrastructure committees for all NATO-eligible European projects. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

#### *Environmental Military Construction*

As our record shows, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We strive to ensure that our operations meet all environmental regulations and laws, and we seek out partnerships with local regulatory and commercial sector counterparts to share ideas and to create an atmosphere of trust.

Our continuing campaign to foster an environmental ethic within the Air Force, both here in the US and abroad, has enabled us to enhance operational readiness, be a good neighbor, and leverage our resources to ensure that we remain a leader in environmental compliance, cleanup, and pollution prevention.

As a result of these cooperative efforts over the past two years, the Air Force environmental program has received top honors in almost one-third of the 42 awards recognized by the Department of Defense. We were recognized for overall environmental quality, pollution prevention, and recycling. Additionally, our measure of merit targeting no-enforcement actions is paying dividends. We have reduced our open enforcement actions from 263 in fiscal year 1992 to just seven in the first quarter of fiscal year 1999.

Our major environmental stewardship projects are the renewal of the Barry M. Goldwater Range in Arizona and the Nellis Range in Nevada. We anticipate submitting renewal legislation to Congress in late summer. Our environmental compliance MILCON request for fiscal year 2000 totals \$27 million for eight, class-1 "must pay" compliance projects. Our program primarily focuses on projects for fire training facilities, which are closed due to fuel contaminated land and potential ground water contamination. These fire training facilities are located at Hickam Air Force Base, Hawaii; an ANG fire training facility at Savannah International Airport, Georgia; and an AFR fire training facility at Homestead Air Reserve Station, Florida. We also have two wastewater treatment facility projects at RAF Feltwell and RAF Molesworth, United Kingdom; a hazardous material storage facility at RAF Mildenhall, United Kingdom; a sanitary sewer line project at Schriever Air Force Base, Colorado; and a project to close the landfill at Andersen Air Force Base, Guam.

All of these projects satisfy class-1 requirements. (Class-1 compliance requirements refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement.)

#### *Unspecified Minor Construction*

We have requested \$15 million in fiscal year 2000 for unspecified minor construction, which will provide the total Air Force with a primary means of responding to small, unforeseen facility requirements that cannot wait for normal MILCON. From fiscal year 1994 through fiscal year 1998, a total of \$6 million was reprogrammed into the account to fund urgent requirements. The fiscal year 1994 through fiscal year 1999 accounts are fully obligated, or committed, to valid projects.

#### *Planning and Design*

Our request for fiscal year 2000 planning and design is \$35 million. These funds are required to complete design of the fiscal year 2001 construction program and to start design of our fiscal year 2002 projects.

#### *Construction Supervision, Inspection and Overhead*

The Air Force active and Reserve forces will annualize its appropriations for construction supervision, inspection and overhead over five budget years based on fiscal year 1993-97 outlay rates. This defers total obligation authority in the initial budget year, and budgets for supervision, inspection, and overhead funds as needed, as opposed to maintaining unobligated balances.

*Military Family Housing*

As in years past, we consider family housing to be one of our most important programs. We are convinced that no other facility program so greatly influences the performance and commitment of our people as much as having quality homes for our families. Maintaining our responsibility to the family housing program is even more important in this era of major force reductions and increased frequency and length of deployments. Because these factors are so stressful for military families, it is imperative that we continue to emphasize quality of life issues to mitigate the stress. Consequently, we have developed, consistent with the corporate priorities of the Air Force, a housing program to best serve our families.

Due in large part to strong congressional support, our MFH investment program has been sustained during recent force structure changes. As of this fiscal year, the average age of our housing inventory is 35 years and 61,000 of our 110,000 units require revitalization.

Our MFH investment has three prongs: the replacement/ improvement program, the operation and maintenance program, and the leverage we can obtain through a balanced privatization program. The \$328 million fiscal year 2000 MFH replacement/improvement program will replace 1180 worn-out units at 15 separate locations, and will improve 1334 units at 15 locations. The housing operations & maintenance program totals \$822 million. It supports "must pay" requirements such as refuse collection, snow removal, utilities, leases, and critical housing maintenance tasks. These are essential repairs that must be done to keep the houses in good condition. Finally, we will use privatization at selected locations to leverage our funds. Privatization is a tool which allows us to accelerate the buyout of repairs to adequate homes and we ask for your continued strong support for our requested investment levels to ensure we have sufficient capital to accelerate the repair of our inadequate housing.

*Housing Improvements*

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

Our fiscal year 2000 improvement request is \$124 million. This amount revitalizes 1334 homes at 15 bases. This includes \$74 million for 903 homes stateside, \$49 million for 431 homes overseas, and \$1.2 million for two neighborhood improvement projects.

## HOUSING CONSTRUCTION

We are requesting \$186 million for fiscal year 2000 projects, with \$173 million at 14 stateside bases to replace 1105 existing houses, and \$13 million at one overseas base (Lajes) to replace 75 existing houses that are no longer economical to maintain.

## OPERATIONS, UTILITIES AND MAINTENANCE

Our fiscal year 2000 request for family housing operations, utilities, and maintenance is \$703 million. These funds are necessary to operate and maintain the 110,000 homes in the Air Force inventory. Approximately 41 percent of this request represents the Air Force's obligation as the landlord for items such as utilities, refuse collection, and other key services. The remaining 59 percent of the funds is for maintenance for the homes and infrastructure.

## PLANNING AND DESIGN AND LEASING

We have requested \$136 million for planning and design, and for leasing. This includes \$17 million for planning and design of new construction and improvement programs, and \$119 million for leasing approximately 4,100 domestic and 3,900 foreign homes. The leasing program supports critical missions in non-traditional locations, such as foreign sites where family housing is not available, and for recruiters not located near military installations in the US.

Our fiscal year 2000 MFH budget request reflects our policy to ensure that our families have access to safe, affordable and adequate homes; and mirrors our strategy to modernize on-base housing by improving our worst first. We are committed to improving retention by providing our Air Force families with homes and commu-

nities that are comparable in design and amenities to private sector housing. Our "whole house-whole neighborhood" concept for developing a housing community plan for each installation continues to put our people first by fostering a sense of community and supporting neighborhood identity. We seek to achieve a pride of ownership mentality within our family housing community.

#### *Base Closure Accounts*

The Air Force BRAC fiscal year 2000 MILCON request is \$4.7 million for 3 construction projects supporting the BRAC 1995 decision to realign Kelly Air Force Base, Texas, and for final design costs of fiscal year 2001 BRAC construction. The projects are a communication facility addition, and a maintenance facility, at Kelly Air Force Base, Texas, and a civil engineering shop addition, at Lackland Air Force Base, Texas.

The Air Force requirements included in the Department of Defense fiscal year 2000 budget request for the BRAC accounts are designed to support the President's Five-Part program by continuing to transfer property at closure installations as quickly and efficiently as possible to communities for economic reinvestment at the earliest opportunity. As part of the defense budget, the Air Force request reflects a thorough review of all remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints.

The Air Force continues to be committed to timely environmental restoration that is protective of human health at our closure bases. In addition to converting bases to civilian use, we continue the realignment beddown process at remaining installations to ensure that base closure neither disrupts our operational requirements nor adversely affects quality of life. We appreciate the support of this committee in helping us meet these objectives.

Our successes in base conversion are numerous. The Environmental Protection Agency recently highlighted the Air Force fast-track cleanup program at the former Bergstrom Air Force Base, Texas, designed to meet the Austin-Bergstrom International Airport opening date. We intend to apply our many lessons learned to future base conversions should the Congress approve additional rounds of closures.

One final comment on BRAC. Reductions in Air Force manpower and force structure have outpaced those in infrastructure, which results in commanders spending scarce resources on unneeded infrastructure. Consequently, the Secretary of Defense has requested, and the Air Force supports, two additional rounds of base closures. Further BRAC actions are necessary to ensure we have the proper force structure and topline for modernization necessary to properly execute our mission and to maintain day-to-day activities. We need BRACs now, because the Air Force has more bases than it needs and any delay in this process delays the realization of critical cost savings. As previously stated by Acting Secretary of the Air Force F. Whitten Peters, "simply put, base realignment and closure is tomorrow's readiness decision that we must begin planning today."

#### *Conclusion*

In conclusion, Mr. Chairman, I thank the committee for its strong support of the Air Force MILCON program, which contributes immeasurably to the Air Force's readiness, retention, recruiting, training and quality of life programs.

Our fiscal year 2000 Air Force MILCON submission reflects the corporate priorities supporting the total Air Force vision to continue our position as the world's best and most respected air and space force, while working to maintain our aging physical plants. Our installations are crucial factors in Air Force readiness. We rely on our bases to serve as our launch platforms to effectively project U. S. air and space power, as well as places where our people live and work. This budget submission reflects our commitment to maintain the quality of Air Force installations.

Thank you Mr. Chairman and members of the committee.

#### ENVIRONMENTAL CLEANUP

Senator BURNS. Thank you very much. I will just pull one out of the blue. Thank you for that statement.

Environmental cleanup, as a result of BRAC, in other words, closing some of our facilities, tell me about that, and the amount of money that you are spending. I do not know if anybody has those figures. That was kind of a question that just popped into my head, the progress that we are making on environmental cleanup as a result of BRAC.

Ms. DEMESME. Yes, sir. As you know, environmental cleanup has cost a little bit more than we envisioned when we went into the BRAC rounds, but as we have gotten into it, we are doing it better. We partnered with a lot of the environmental agencies to try to do it even more succinctly in the future.

Right now, we have a \$291 million program for fiscal years 2000 and 2001. I have with me my environmental deputy assistant secretary, who could give you some more figures on that, Mr. McCall.

Senator BURNS. Just give me a little bit of a progress report, Mr. Secretary.

Mr. MCCALL. We spent approximately \$1.9 billion to clean up, and we are more than halfway through that. We will have most of our sites completed by 2001. It will be well over 90 percent of our sites completed, but we will have a few sites on some installations that still have not been done.

Part of these have been discovered as we have gone along, and there will be some minor adjustments, but they are not going to impact our ability to transfer property or to be timely.

The one base that stands out different from all the rest is McClellan, which will take us longer, probably to about 2016. We are timing our cleanups to support property utilization so that we will not impact the ability to reuse. That is the state of our program.

Senator BURNS. Tell me about a base that was as large as McClellan. Can one sector be cleaned up, or one part of that base, and that be moved into private hands.

Mr. MCCALL. Yes, it can.

Senator BURNS. Is that the way we are doing that?

Mr. MCCALL. Yes, it is.

Senator BURNS. Thank you very much. We were concerned about that, because BRAC, I think all the time we were going through the process of the BRAC, we really did not know what figure was going to pop up when you talked about environmental cleanup before we could move those properties. Last year we had a little hearing, in fact, with regard to that, and finding some problems, and you are right, there are a lot of things that are discovered, and it becomes a surprise.

General LUPIA. Senator, I want to make a comment, if I could, on environmental cleanup, not related to BRAC, though. I wrote you a letter this morning to let you know that Malmstrom Air Force Base is about to be recognized for the best environmental cleanup program in the Air Force at an awards ceremony on the 26th of April, which we have invited you to.

#### OVERSEAS MILITARY CONSTRUCTION

Senator BURNS. Well, thank you very much. Now, you mentioned being behind in some of your overseas installations. Would you mind telling me where you consider you have shortages, what those shortages are, and why?

Ms. DEMESME. We have shortages in Korea. I think some of our worst places are in Korea. We are not getting the level of support in terms of burden sharing with Korea as we are with, let us say, Japan. We have dorms situations there that we need replaced. We

have fitness centers that we need. We have housing that we need in that particular location.

We also have housing needs in Europe, and we have some, of course, in Japan. General Lupia, you might want to give the Senator a better idea of what we are planning in those areas.

General LUPIA. Sir, when I was assigned as the programmer in Europe in the mid-eighties we had 26 big operating bases throughout Europe. In the early nineties, as we decided to downsize and lower the number of our forces in Europe, we made a conscious decision in the Air Force to stop asking the Congress for money for construction until we could decide where we would be.

Now, the result of that is, we are in six bases in Europe today, and only six, two in the United Kingdom, two in Germany, one in Italy, and one in Turkey. Because of the pause, I might say, of three to four years, the bases overseas got even further behind than they were to start with. We have two bases left in Korea, down from a very much larger amount, just at Osan and Kusan today, and three bases in Japan.

We asked the Congress and Senate for very little help in Japan, because we do get a lot of burden-sharing money from the Japanese. In recent years the Koreans have continued to give us more and more. At Osan Air Base, we are asking you for help with the dormitory, because it is where the highest number of our people live off base and are exposed—in the force protection area are exposed to the dangers of terrorism, et cetera.

NATO has picked up a very large share of the construction in Aviano, I know you saw that while you were there. We have a great deal of non-appropriated funds we invested in there for the commissary and the base exchange (BX), a new complex, and a new DOD school, but it still left us a requirement to build and pay for dormitories, for example, and for many of our other U.S.-owned facilities.

Senator BURNS. If I remember, there was just limited dormitory space.

General LUPIA. Yes, sir. In our program, and the Congress has been good to us, we have been able to build dormitories, one-plus-one dormitories, over the last couple of years to buy out our deficit there as well.

Senator BURNS. General, did we ever get an agreement with the Italian government on some sort of permanence at Aviano?

General LUPIA. Yes, sir. The length of it, I do not recall off the top of my head, but we do have—we got that entire area they call the Zappala area, from the Italian Air Force. That is where we are building the commissary and the BX, and have a military construction line item for roads, et cetera. But the answer to your question is yes. The length of the agreement or the terms of the agreement I am not familiar with.

Senator BURNS. South Korea is going through some very difficult financial times as a country, and we are part of almost the total collapse of the economic community of the Pacific rim. Are they rebounding now to where they are more amenable for burden sharing there?

Ms. DEMESME. They are more stable than they were last year at this time, but we still are unable to increase the amount that we can expect them to assist us with.

## MILITARY HOUSING

Senator BURNS. We just talked to the Army about their privatization and their leveraging the money. We still have members of Congress, that is what they are asking us on these programs. Are you approaching your housing problems the same way that the Army is?

Ms. DEMESME. No, sir, we are not. We have a three-pronged approach to housing. We are looking at traditional MILCON, privatization and operation and maintenance (O&M). We still have a lot that we need to do with O&M money as well. We are taking a very measured approach to housing. We have agreed that it is important to look at not just the needs for the day, but how we are going to sustain those needs in the future.

We are looking at out-of-pocket expenses to our members to make sure that we are keeping it within their housing allowance, because they are already spending between 15 and 20 percent out of pocket, and we do not want to increase that. So our contracts will ensure that their housing allowances will take care of utilities in the privatization market.

We are also looking at whether we should lease the land or if we should convey it, whether it is on base or off base, and to that end, we are in the process of developing a family housing master plan.

We are going to continue to move slowly on this, because we want to make sure we do it right. We want the housing to be there. This gives us the opportunity to provide housing today when people need it rather than postpone it until tomorrow, but at the same time we want to be able to make sure that the housing we developed for our people will meet their needs and will not cost them a lot of extra money, and will continue to meet the quality that we think our people deserve.

## ONE-PLUS-ONE

Senator BURNS. Tell me about one-plus-one.

Ms. DEMESME. One-plus-one is very important, sir. We highly endorse it. I listened to your earlier talk about being in the Army. I was not in the Army, and the Marine Corps is only looking for a few good men, but I did go to college, and I can recall in my college dormitory, I had a room with four people with a central latrine.

I could not have anybody in my room. If I wanted to study I had to go someplace else. If I wanted to take a bath, I was not always able to do so. We all had the same daytime duty, to go to school, so we did not have the shift work. So when I think about our young people, I realize—

Senator BURNS. Well, we did, but we did not write about it.

Ms. DEMESME. We did, but we accepted what we had to at that time.

Senator BURNS. That is right.

Ms. DEMESME. But the difference was, I had a place to go home to. I could go home to my family during holidays and summers, that was just the place that I was going to school. With our young



men and women, this is their home, this is where they work, this is where they sleep. They need their privacy. They need their ability to get up tomorrow and go out on that tarmac and turn the wrenches on the planes.

They need to be able to forecast weather, and all those things that require concentration, where they need to have the ability to think and to just be by themselves once in a while if that is what they need, but it does not take away from their integrity, because the living units are still in the buildings together, and they will still be training together, they will still be doing teamwork in lots of areas.

I think privacy is the number one issue for our young men and women. It is not that they are going to college, and they are going to go out later on and have fun, this is a real life-and-death situation, and I think it is important that they have a safe place to sleep.

Senator BURNS. You have a master plan on—

Ms. DEMESME. We have a master plan. First, we focused on getting rid of our gang latrine. We have done that a little ahead of schedule. Next, we are implementing new assignment standards that govern how we use our existing dormitories. Over the next three years, fiscal years 2000 to 2002, we intend to provide private sleeping rooms to our current dormitory occupants, wherever possible. We will continue buying out our room deficit through fiscal year 2009 according to the master plan.

That will be our own base capability and sometimes we are going to be leasing or having people move off base, and by 2009 we hope to have completed our master dormitory project. We are on track, we are doing well, and it means a lot to our men and women.

Senator BURNS. I know we have talked and, of course, I am very much concerned about, as I said, with the Army, we are going to stop building NCO dormitories. We visited with, I think they were all probably majors and below in the Middle East, and Senator Inouye, Senator Stevens, and I were out there.

What struck me, there were two young women, one was a staff sergeant and one was a tech sergeant, and they are leaving the Air Force, and that concerns me a lot. They were very bright young women, and they were technicians on the AWACS, skilled positions.

We just absolutely have to retain those people, if we possibly can. They are the best we have. That was kind of a—the living conditions there—and this was their tenth or eleventh trip over there since 1991. So that concerns me a lot.

I do not have any other questions other than I think your approach is correct, and I want to thank you for the visit. It was a very good visit. I enjoyed that a lot. We are going to visit some more on this privatization thing, and I do not know which direction you-all are going in the Air Force, and we do not have all of our allocations yet, and as soon as we get our allocations, we will come down and be in very close consultation with you, and work with you as we work through some of those problems in the appropriations.

Ms. DEMESME. Well, we appreciate your support. We look forward to working with you. If we can assist in any way, if you are

visiting different locations, or need timely information, please let us know.

Senator BURNS. Well, I have a couple of trips to make, and look forward to those. I like a working relationship, and that is the most important thing.

Ms. DEMESME. This is General Lupia's last appearance.

Senator BURNS. Really?

General LUPIA. Yes, sir.

Ms. DEMESME. He is thinking about retiring. I am not sure if we can allow that to happen.

Senator BURNS. We are not going to let you out. We need to retain generals, too, you know. [Laughter.]

MALMSTROM AIR FORCE BASE

General LUPIA. Sir, I have been at this for 32 years, and I think it is time to give somebody else a chance. I told you I was not going to retire until we got the Malmstrom Air Force Base Red Horse Unit stood up.

Senator BURNS. I have to tell you, that has been a pretty nice success story out there. We are using some reserve and—

General LUPIA. Guardsmen.

Senator BURNS [continuing]. And guardsmen, along with regulars.

General LUPIA. Yes, sir. We reached full operating capability last October 1st, as we said we would. We had 200 members of the squadron deployed for the first real genuine deployment down to Guatemala, to help with the recovery of Hurricane Mitch, and I am happy to tell you that our active guardsmen, 200 of them, guys and gals, have now come back. Today another group of guardsmen from Montana have returned to Guatemala to continue helping restore critical systems and utilities.

They asked me today while I was here, if I would get a chance to see you, and I said it is for sure I will get a chance to see you, if I could present you with one of their 819th squadron coins. It says on the back, "A horse with wings, unity, teamwork, and commitment." So on behalf of the members of the 819th, I would like to present this.

Senator BURNS. Thank you very much. Tell them thank you. I am pretty proud of them out there, because that was kind of an experiment—

General LUPIA. Yes, sir.

Senator BURNS [continuing]. To see if we could integrate those two sections, and it has been—I hope it has been fairly successful anyway.

General LUPIA. A big success.

Senator BURNS. I do not know all the ins and outs about it—

General LUPIA. A big success, sir.

Senator BURNS [continuing]. But it has the appearance of a lot of success, and we want to continue to do those things. I am sure that Senator Murray will have some questions, and if you could respond to her and the committee, we would deeply appreciate it. She is down at the White House, and they are talking Kosovo, and I certainly understand that.

## ADDITIONAL COMMITTEE QUESTIONS

We appreciate your patience, and coming before the committee, and we look forward to working with you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

## QUESTIONS SUBMITTED TO MS. DEMESME

## QUESTIONS SUBMITTED BY SENATOR BURNS

## FUNDING LEVELS

*Question.* There has been a steady decline in Military Construction funding within DOD. This year the Department migrated \$3.1 billion from the MILCON bill to replenish personnel and readiness accounts within the Department. DOD did not cut any military construction projects as a result of this reduction. Rather they requested only a small down payment on each project, and spread the funding over two years.

This decline will result in gradual erosion in the ability of the Air Force to adequately maintain and replace their base infrastructure, as well as protect quality of life initiatives.

The fiscal year 2000 Air Force budget funds real property maintenance at the Preservation Maintenance Level which represents the resources necessary to accomplish periodic maintenance required to sustain real property facilities and infrastructure. This is one percent of the current physical plant. This represents almost 80–100 year replacement cycle.

Madame Secretary, I am concerned about the Department's Plan to Phase Fund Military Construction in fiscal year 2000. I recognize that there were tremendous fiscal pressures to realign money. However, if this practice continues into the future, what would be the long-term implications to your Milcon program?

*Answer.* Since advance appropriations is proposed as a one-time action, we are not sure what the long-term implications would be. The Department and our design/construction agents will have to create new mechanisms to accurately track project costs over multiple appropriation years. Right now a project has a single year of appropriation to track project increases, reprogramming thresholds and scope adjustments. All of these elements become more difficult to track and potentially more costly if this practice continues. Any long-term approach would perpetuate the additional workload needed to develop award and funding strategies that ensure adequate funding is available on each project so construction can proceed as necessary to meet need dates.

*Question.* If we decide to pursue this strategy of advance appropriations, will this slow down execution of the projects and potentially increase their costs?

*Answer.* Although advance appropriations does not support optimal program execution, it does not preclude 100 percent execution in the year of appropriation. We will continue to work award and funding strategies with our design/construction agents to ensure sufficient funds are available on each project so construction can proceed as necessary to meet need dates.

The potential for cost increases can be minimized if Congress provides full project authorization in the year of appropriation, changes the reprogramming base from the appropriated to the authorized amount to enable the transfer of funds between projects in a timely manner, and advance appropriates the balance of construction funds so they are available at the start of the next fiscal year.

*Question.* What does the Air Force spend each year on plant replacement value on facility maintenance? At this rate, what is the replacement cycle for infrastructure for each component?

*Answer.* In fiscal year 2000, the Air Force is spending one percent of the plant replacement value in the Operation and Maintenance appropriation for facility maintenance. At this rate, there is no recapitalization of facilities.

## FAMILY HOUSING PRIVATIZATION

*Question.* Because of the tremendous backlog of new and replacement family housing construction, the Department of Defense sought new authorities to use public/private ventures as a housing tool. Under a five-year test program which expires February 2001, the Air Force can provide cash, direct loans and loan guarantees, and differential lease payments. They can also convey land or lease existing land,

housing and facilities to a developer in exchange for renovation or construction or homes.

The Air Force is cautiously proceeding with family housing privatization. They have awarded a contract at Lackland AFB, Texas, and are scheduled to make an award for Robins AFB, Georgia later this year. There are seven additional projects underway this year. They are working to streamline the acquisition process to spread the process.

Madame Secretary, would you describe the Air Force approach to family housing privatization and the projects currently underway?

Answer. The Air Force is using a measured approach to military family housing privatization during the five year test period that ends in February, 2001. We will test the range of authorities that are contained the 1996 legislation. The Air Force is accomplishing housing privatization through real estate deals using a request for proposal.

The Lackland AFB project for 420 units was awarded August 1998. The Robins AFB project is currently in the solicitation evaluation stage with contract award projected for August 1999. The Elmendorf AFB project solicitation was issued to the public on 25 March 1999. Nine other initiatives are at various stages of concept development in our approach towards housing privatization during this five year test period.

*Question.* I noticed the Air Force is continuing to budget for traditional MILCON for family housing. Why have you chosen a combination of privatization and military construction for family housing?

Answer. The Air Force sees privatization as a tool, in addition to MILCON and O&M, to provide quality housing to our service members. The Air Force is taking a measured approach during the test period of these privatization authorities. Privatization will be considered where economically viable and in the best interest of our military families.

*Question.* I remain concerned that Air Force personnel and their families may pay more to live in one of these projects than housing provided through regular MILCON. What assurances can you give me that they will not have out of pocket expenses?

Answer. The Chief of Staff of the Air Force and the Secretary of the Air Force have directed that housing privatization initiatives should not cause service members to pay out of pocket expenses. Therefore, any housing privatization project that results in out of pocket expenses for military members will not be implemented.

#### FORT BELKNAP TRAINING RANGE

*Question.* The Montana Air Guard is working a proposal through the Air Force to create a weapons training range on the Fort Belknap Indian Reservation. The Montana Air Guard briefed some of Ms. Demesme's staff on their concept in late February. In order to move this proposal forward, the Montana Guard must have the approval of the Fort Belknap Tribal Council.

This range will provide the Montana F-16s a bombing range in the state, rather than having to travel long distances to practice bombing and air-to-ground gunnery. This will facilitate the Air Guard's shift in mission from an air defense role to a general-purpose mission. Receiving Air Force approval for this range is critical for this concept to move forward.

Madame Secretary, I understand that the Montana Air Guard is pursuing a concept of a weapons training range in Montana. Does the Air Force anticipate any problems with this Initiative?

Answer. The Air Force supports the effort to establish a range in Montana. Currently we do not anticipate any problems with this initiative.

*Question.* How Will this Range Facilitate Training for the Montana Air Guard?

Answer: Efforts to establish an air to ground range in Montana are in the very early conceptual stages. If this range were to be developed, its close proximity to the Montana Air National Guard (MTANG) home base would provide greater training opportunities. Compared to flying to the closest range currently available, our preliminary analysis shows we could save approximately one hour and twenty minutes of flying time per training flight. This transit time could be put to better use accomplishing other required training. Additionally, the cost savings per year could total \$2,600,000.

*Question.* What is the status and associated time line of this proposal?

Answer. Since this range concept is in early conceptual stages, no timelines have been established. If a formal proposal should develop from this concept, timelines would be established consistent with standard Air Force directives.

## QUESTIONS SUBMITTED BY SENATOR STEVENS

## MILCON PROJECTS FOR EIELSON AFB IN FISCAL YEAR 2000

*Question.* Madame Secretary, I understand that Eielson AFB has four major MILCON projects in the fiscal year 2000 budget. It is my understanding that the two runway projects and the defense fuel project were linked in order for construction to occur at the same time. What impact will incremental funding have on the execution of these projects?

*Answer.* The Air Force must consider the limited construction season due to the arctic climate and the need to limit runway closure when determining the funding required for this project so construction can proceed as necessary. We will work contract and funding strategies with our design and construction agents to ensure the potential impact of advance appropriation on these projects is minimized.

*Question.* When and for how long do you anticipate the runway will be closed at Eielson AFB as a result of these projects?

*Answer.* We anticipate the runway will be closed for approximately 135 days, beginning in May of calendar year 2000.

## QUESTIONS SUBMITTED BY SENATOR MURRAY

## TOTAL BUDGET

*Question.* After looking over the numbers for the active Air Force and subtracting all the "must-haves," it appears you only have \$143 million for new construction this year, and will need \$471 million in fiscal year 2001 to meet your total program request. Is \$143 million going to be adequate, particularly if Congress decides this advanced appropriation formula isn't acceptable? How will you prioritize your projects?

*Answer.* If Congress decides advanced appropriation is not acceptable, \$143,000,000 will not be adequate for our major construction requirements in fiscal year 2000. The Air Force requires \$699,000,000 to execute the fiscal year 2000 MILCON program without advanced appropriation. The Air Force's major commands submitted \$2,200,000,000 in requirements for fiscal year 2000 including new mission beddown, operational facilities, control towers and fire stations, dormitories, infrastructure projects, and quality-of-life facilities (physical fitness centers, dining facilities, child development centers, etc.).

A reduction of this magnitude would require a complete reassessment of the Air Force's most urgent needs.

*Question.* In your active current mission projects, there are three required to be done by Congress in fiscal year 2000; (1) the Beale flightline fire station for \$9 million; (2) the McConnell KC-135 squad ops for \$10 million; and (3) Rome lab for \$13 million. Will these requirements of \$32 million then reduce the \$143 million available for new projects to \$111 million?

*Answer.* A reduction of this magnitude would require a complete reassessment of the Air Force's most urgent needs.

*Question.* I notice that your active quality of life projects total \$140 million this year. Again, given the funding constraints, how will these projects be prioritized compared to your current mission requests?

*Answer.* They will be prioritized very high. However, a reduction of this magnitude would require a complete reassessment of the Air Force's most urgent needs.

## C-17 GLOBEMASTER III—MC CHORD AFB

*Question.* McChord Air Force Base in Washington State has been identified as the second operational base for the C-17. In your fiscal year 2000 budget, there are both Active and Reserve facilities funded at McChord to address this need (\$8 million for squad operations active, and \$3 million for squad ops reserve). My concern is what will happen to these projects as a result of the incremental funding proposal. How much do you anticipate will get done this year compared to next year. What happens if Congress does not approve advance appropriations? Where are these projects on your priority list?

*Answer.* As a result of the Department's request for advance appropriation, we will continue to work award and funding strategies with our design/construction agents to ensure sufficient funds are available on each project so construction can proceed as necessary to meet need dates. Although advance appropriation does not support optimal program execution, it does not preclude the MILCON projects from being awarded in fiscal year 2000. The potential for cost increases and job stoppage can be minimized if Congress provides full project authorization in the year of appropriation, changes the reprogramming base from the appropriated to the author-

ized amount to enable the transfer of funds between projects in a timely manner, and advance appropriates the balance of construction funds so they are available at the start of the next fiscal year. These changes would help keep the McChord projects on schedule, as if advance appropriation did not exist.

If Congress decides advance appropriation is not acceptable, the \$213,000,000 of appropriation requested will not be adequate for our construction requirements in fiscal year 2000. The Air Force requires \$699,000,000 to execute the fiscal year 2000 MILCON program without advance appropriations.

The Air Force does not have a prioritized listing of projects based on a \$213,000,000 funding level. If advance appropriation is not approved, a reduction in funding of this magnitude would require a complete reassessment of the Air Force's most urgent needs.

*Question.* Will the proposed changes in the force structure of the Air Force have any impact on Air Force operations and future military construction requirements in Washington State?

*Answer.* No. Bases identified in the force structure announcement have enough infrastructure to support additional personnel and materiel.

#### QUALITY OF LIFE

*Question.* Ms. DeMesme, in your testimony you have strong words of support for the importance of quality of life initiatives. As you may know, I too am a strong advocate of improving the quality of life for our troops. When I talk to men and women on our air force installations, I find it is the little things, like fitness centers, day care, and quality of housing, that matter the most to them and invariably affect their decision to stay in the service. Now given the advanced appropriation situation facing us this year, and given the very real possibility that this funding proposal will not survive the appropriations process, how would you prioritize the Air Force's quality of life initiatives?

*Answer.* The Air Force's quality of life initiatives will remain a very high priority. However, a reduction of this magnitude would require a complete reassessment of the Air Force's most urgent needs in the MILCON arena.

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#### QUESTIONS SUBMITTED TO GENERAL LUPIA

#### QUESTIONS SUBMITTED BY SENATOR MURRAY

#### HOUSING

*Question.* General Lupia, we understand that it is more cost-effective for the Air Force when enlisted men and women live on base as opposed to off base. Is the Air Force taking any steps toward either reducing this extra expense for living off base or toward promoting on-base housing? What impact do you think the uncertainty surrounding the incremental funding proposal will have on your effort to reduce housing costs?

*Answer.* Actually, it is more cost effective for the Air Force when enlisted men and women live off-base. This fact has been documented in General Accounting Office and Congressional Budget Office reports. For this reason, OSD has a policy that communities near military installations are relied on as the primary source of housing for DOD personnel.

The Fiscal Year 1998 Defense Authorization Act initiated housing allowance reform and established a goal that housing out-of-pocket expenses should be 15 percent. Currently, service members living off-base pay on average 20 percent out-of-pocket for housing expenses; some pay more, some less depending on location. There are two initiatives to address this problem. First, OSD in January 1998 began implementing a six-year program to equalize out-of-pocket expense percentages for all locations to 20 percent. Second, the Air Force is working an initiative that would accelerate the transition period of the OSD program and decrease the out-of-pocket expenses to the Congressional target of 15 percent.

Access to safe, affordable housing for our people is a key quality of life priority. As long as our members continue to experience the present level of out-of-pocket expenses, we can expect there to be a high demand for on-base housing, especially from our junior enlisted airmen. Currently, 47 percent of our E1-E7 Air Force families live in base housing.

Although advanced appropriations does not support optimal program execution, it does not preclude 100 percent execution in the year of appropriation. We will continue to work award and funding strategies to ensure sufficient funds are available on each project so construction can proceed as necessary to meet need dates. The

potential for cost increases can be minimized if Congress provides full project authorization in the year of appropriation, changes the reprogramming base from the appropriated to the authorized amount to enable the transfer of funds between projects in a timely manner, and advance appropriates the balance of construction funds so they are available at the start of the next fiscal year.

#### UTILITY PRIVATIZATION

*Question.* In an effort to meet the requirement by DOD to privatize all utility systems by 2003, you have programmed 204 systems for analysis in fiscal year 1999 and the remaining 204 systems for fiscal year 2000. Is it going to be possible to meet this fiscal year 2000 requirement? What is the status of the 204 systems currently being evaluated this fiscal year?

*Answer.* Yes, the Air Force will meet its fiscal year 2000 requirement. Of the 204 systems currently being evaluated during fiscal year 1999, 85 systems are under analysis. The remaining 119 statements of work are being developed and will be awarded long before the end of fiscal year 1999.

#### UNSPECIFIED MINOR CONSTRUCTION

*Question.* I notice your unspecified minor construction amount for the Air National Guard has decreased by \$2.25 million. What is the reason for this deduction?

*Answer.* The original Air National Guard request for unspecified minor construction was reduced by \$2,550,000 during the budget cycle due to under execution of the fiscal year 1998 program. The program included a joint project for a medical facility at McGuire. The Guard portion of this Active/Guard/Reserve initiative was \$1,500,000. Bids exceeded the threshold and negotiations were unsuccessful in achieving an awardable project so it was cancelled late in the year. Two additional projects were substituted, but their combined cost did not fully execute the P-341 program leaving an unobligated balance. The joint medical project at McGuire is still a valid requirement for the Guard and Reserve and is included in our FYDP.

#### SUBCOMMITTEE RECESS

Ms. DEMESME. Thank you very much.

Senator BURNS. This hearing is recessed.

[Whereupon, at 12:05 p.m., Tuesday, March 23, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**DEPARTMENT OF DEFENSE/MILITARY CON-  
STRUCTION APPROPRIATIONS FOR FISCAL  
YEAR 2000**

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**WEDNESDAY, JULY 14, 1999**

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

The subcommittees met at 10:03 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman of the Defense Subcommittee) presiding.

Present: Senators Stevens, Domenici, Burns, and Inouye.  
Also present: Senator Roberts.

**DEPARTMENT OF DEFENSE**

**FORWARD OPERATING LOCATIONS (FOL) FOR COUNTERDRUG  
OPERATIONS**

**STATEMENTS OF:**

**GEN. CHARLES E. WILHELM, COMMANDER IN CHIEF, U.S. SOUTH-  
ERN COMMAND, U.S. MARINE CORPS**  
**HON. WALTER B. SLOCOMBE, UNDER SECRETARY OF DEFENSE  
(POLICY)**

**OPENING STATEMENT OF HON. TED STEVENS**

Senator STEVENS. Good morning, Mr. Slocombe and General. This morning we want to hear from you about the establishment of military operating locations in Latin America. I do want to thank Senator Burns for joining us, and Senator Roberts.

**NEW MILITARY FACILITIES**

This proposal to open up four new military facilities in Aruba, Curacao, and Costa Rica impacts the work of both subcommittees, the Defense Subcommittee and Military Construction Subcommittee, and has implications on future year funding.

Last month, Senator Inouye and I notified Secretary Cohen that the Defense Subcommittee was not in a position to approve the request for \$45 million to commence the establishment of these new bases in operating locations at the time the Department was seeking the authority to close additional bases in the United States, and our forces face expanded overseas contingency deployments.

We believe the committee needed to review the proposal in greater detail to understand the fiscal and operational implications. Senator Inouye and I noted in our letter to Secretary Cohen this sub-



committee has consistently increased fundings available for the defense counterdrug missions over the levels sought by the President in the budget request.

For the fiscal year 2000, the bill passed by the Senate, we added \$54 million directly for the DOD counterdrug operations. General Wilhelm, in your testimony you rightly note the Coast Guard is the lead U.S. agency for drug interdiction. In light of that role, however, the subcommittee increased defense funding for the Coast Guard counterdrug operations, adding \$200 million to the Coast Guard allocation for the fiscal year 2000.

In the Kosovo emergency supplemental passed in May, the subcommittee added a further \$200 million for 1999 for the Coast Guard to enhance counterdrug roles. These considerations led us to seek a better understanding of why new military facilities were needed overseas at a time when operational stress is resulting in some of the lowest personnel retention figures since the establishment of the all-volunteer force.

There is no question that the military has an important contribution to make in our national effort to stop the flow of drugs into the United States. The appropriate role for the military in that effort must take into account other missions faced by the Armed Services, especially the unprecedented pace of long-term overseas deployment.

#### INFRASTRUCTURE COSTS

I will defer to Senator Burns, and I am sure Senator Inouye also, on the implications of the infrastructure costs associated with the new locations.

For the fiscal year 2000 the Armed Services and Appropriations Committees of the Senate judged that the permanent infrastructure costs should be funded through the military construction budget rather than through the defense appropriations bills as sought in the budget. This hearing affords both subcommittees the benefit of your views on the matter as we proceed to act on reprogramming requests that are still pending and the funding sought for fiscal year 2000.

Both of your prepared statements will be inserted into the record in full. I want to turn to my colleague, Senator Inouye, and then if Senator Burns does not mind, Senator Roberts is in the chair at 10:30, and I want to see if he has any comments before he leaves.

#### STATEMENT OF HON. DANIEL K. INOUE

Senator INOUE. Thank you very much. Mr. Secretary and General Wilhelm, we appreciate your presence here this morning.

No one questions the importance of the counterdrug mission, and I do not believe that that is an issue here this morning. What is at issue is how the Department of Defense interprets its authority to conduct overseas operations in advance of receiving congressional approval.

Also, the subcommittee needs to understand what the impact of establishing four new temporary overseas facilities will have on family separations, readiness, retention, et cetera, and there are questions regarding how long we will be operating from these new bases.

DOD keeps insisting that we need to reduce infrastructure to consolidate bases here in the United States, but with this plan we see the possibility of establishing new overseas locations that will be manned by U.S. military personnel.

These are some of the questions that many of us have, and why our chairman has called this hearing, and so we look forward to your testimony to explain this approach.

I thank you very much, Mr. Chairman.

Senator STEVENS. Thank you, Senator. Senator Burns, do you object to turning to Senator Roberts?

Senator BURNS. No.

Senator STEVENS. Senator Roberts.

#### STATEMENT OF HON. PAT ROBERTS

Senator ROBERTS. Thank you, Mr. Chairman. Thank you for your indulgence. I thank my colleague from Montana for his patience. I plan to maintain my status as an honorary member—that is not ornery member, that is honorary member—of the Appropriations Committee. I am on good behavior, sir, and will make my remarks as short as I possibly can.

#### EMERGING THREATS

I am chairman of a new subcommittee on the Armed Services Committee called Emerging Threats and Capabilities. We have an obligation to take a look at the emerging threats that we think are of vital interest to our national security. We have had six hearings. Most of those hearings dealt with weapons of mass destruction, cyber threats—that is, information warfare—terrorism, and down on the list, and I do not mean that in terms of priority, but also down on the list is the problem of drugs.

I was invited by General Wilhelm to come to the Southern Command. I went down and talked to General Wilhelm at length, and I must say that I had my eyes opened. My horizon was broadened, because I think in terms of the Southern Command and what is entailed in 32 nations down there, 360 million people, and the stakes involved, that it is terribly, terribly important.

When I became the chairman of the Emerging Threats and Capabilities Subcommittee, I tried to make a concerted effort in the hearings that we held to the future and the security environment, rather than that of the past. One of the conclusions we reached is that Latin America will either be a source of great strength for the United States or it will be a principal weakness, and we want to make sure that it is a strength.

Now, what am I talking about? What are the stakes? In my prepared remarks I go into the energy situation, the Panama Canal, our trade interest compared to other theaters, to the regional threats in regards to a very fragile area in regards to democracy and the terrorism problem, also the drug problems, the corruption problem, narcotrafficking, but I just made a list this morning.

We do not want to reverse the success that we have had in the eighties in this region, Mr. Chairman. Thirty-one out of thirty-two nations now have democracy in this very crucial part of the world. It is a tremendous success story. I do not know of too many people

who have really written the history of what we went through in the eighties and where we are today.

Three hundred sixty million people, average age about 17, 18 years old, a lot of very crucial needs. With 31 out of 32 nations now having democracy, obviously the only one remaining is Cuba.

There could be a threat to our Nation's oil supply. Venezuela does supply approximately 18 percent of our oil supply. With a situation in Colombia and unrest there and rebels dedicated to interests that are not in our vital interest, that could be a real problem, and so consequently I do not think we want to see gas lines and oil price inflation. That is a situation that could occur.

This is a situation where we must maintain a presence because of our world's leading trading partners, Mr. Chairman. I was over in Brussels talking with the European Union, trying to get some progress in regards to the World Trade Organization talks. I must tell you that I do not think the potential or the prospects for trade in that part of the world are very good.

#### FOOD SAFETY

We have a food safety situation over in Europe, where sound science is being tossed out the window. Eighty-five percent of the subsidies paid on agriculture today come from the European Union. Where must we look? We must look south.

Again, 360 million people who need a good, nutritious diet. We can export those bulk commodities. The Appropriations Committee will be considering on down the road an emergency bill in regards to agriculture probably totalling \$5, \$6, \$7, \$8 billion. If we had fast track now in place, and we were in a competitive situation with our competitors overseas, the Southern Command, the southern area is where we should go.

It has a lot of ramifications for the Kansas wheat farmer out there now, saying I get \$2 a bushel for my wheat. That is the kind of individual relationship that we have with our constituents in regards to their economic livelihood.

We are going to have a hearing on down the road in the Emerging Threats Subcommittee on the weapons of mass destruction. John Deutch is in charge of a commission. There has been some press about it. We are going to have him in there for a hearing.

I asked General Schumacher what would be the easiest way to introduce a weapon of mass destruction and nuclear device into this country. Guess what, in a shipment of cocaine. That would be the easiest way to get it into this country, and so in terms of our vital national interest in that kind of a threat, why, this region is all-important.

I know the General will mention that we are into a culture of the Americas and not an American culture any more. I know the General will mention the problems with immigration, the fact that by 2010 the Hispanic Americans will represent the largest minority population of the United States.

#### FORWARD OPERATING LOCATIONS

I think with some kind of presence, Mr. Chairman, whether it's the forward operating locations—I will go out on a limb. I think the situation with Howard Air Force Base was a mistake. I think we

ought to have some kind of a lease-back arrangement. I know that is probably not possible, and I am not sure what kind of format it will take with the forward-operating locations, but I will tell you, sir, that I think that on a cost basis we could do it about half the cost in regards to the cost of Howard.

So how that works out, obviously, sir, that is your responsibility, that of the Department of Defense. I just wanted to go on record in saying that as chairman of the Emerging Threats Subcommittee, strategically, geopolitically, with a whole range of issues, this part of the world is extremely important.

We have had a success story, but the history of foreign policy and involvement in that part of the world is that when we have success we tend to draw back, and then we get into real problems.

With that, Mr. Chairman, I want to thank you for the opportunity to come before the committee. I am an admirer of General Wilhelm. He has certainly opened up my eyes. I would encourage every member of the committee to go down there to the Southern Command and let him walk you through some of the obligations and the missions.

This is just not about drugs. Drugs are very important, but I think from the standpoint of our strategic interests it is exceedingly important.

I want to thank the General for the job that he does, and I thank you, Mr. Chairman, for the opportunity to make a statement.

Senator STEVENS. Thank you.

General, Senator Roberts demonstrates there is no such thing as an ex-marine. [Laughter.]

Senator Burns.

#### STATEMENT OF HON. CONRAD BURNS

Senator BURNS. I would concur with that. There are only farmers and whatever. Thank you, Mr. Chairman, and thank you for holding these hearings.

#### NORTH AMERICAN FREE TRADE AGREEMENT

I also want to footnote on what Senator Roberts has just revealed to us as far as not only from a drug interdiction and security in the area, from the trade point of view also. There is a great success story down there, and the European Union has made overtures already to include South America in their plans of an extended, what we call our North American Free Trade Agreement. We have been trying to expand, so there is much more at stake here than just military security and drug interdiction.

There is a possibility and a future of an extended relationship in the Americas that I think will be very beneficial to everybody that lives here both in North America and in South America.

My questioning will go along the lines of what we have in existence there as far as facilities are concerned. Also the requests that have been made here through military construction, because any time we have any expansion we are dealing with a finite amount of money that is being stretched almost to the breaking point. Mr. Chairman, as you know, you have wrestled in your full committee with all of these appropriations, and you know how we have to set

our priorities on where we can get the best, where they should be used.

We did not really know about this until we had already marked up our bill this year. The administration made no revelation to us the amount of money that they were going to request to construct facilities for the fiscal year 2000 budget, and we just found out about it. Now we are trying to scramble to get our house in order where we may at least facilitate or help facilitate our presence there and the mission that we have ahead of us.

The committee did not receive detailed justification for these projects until June of this year. So we want to better understand the requirement of these bases as well as the justification to spend \$122 million in these overseas areas, especially when we have existing bases, and some would judge might be able to support these missions.

So I look forward to the testimony this morning, and again I want to thank the chairman for these hearings.

Senator STEVENS. Senator Domenici, do you want to make a statement?

Senator DOMENICI. No, thank you, Mr. Chairman.

#### REPROGRAMMING

Senator STEVENS. Mr. Slocombe and General, I just want to relate two things to you. First, this reprogramming was from operating funds to military construction, and we did not approve it partially for that reason, and second, when we went to Kuwait and visited with General Pate after the President increased the deployment to Kuwait, I inquired where the money came from, and how we started this base that was there. That was not an air base. It was Army, as I recall, and General Pate told me he was building a base for 50 years.

When we looked at King Sultan Airfield, which until Aviano was the largest Air Force base for our military, it was never really a subject of an authorization. I was told that when we appropriated funds for the account which had been mentioned in the statement that would be a field there to replace after the Khobar Towers, as I recall, in Iran, and the problem of Iran. It was viewed as an implicit approval of the new bases that were to be established.

Now, I just do not want to see a situation where we implicitly are approving bases, and I hope that the Congress will agree with us on that. As I said in my statement, the issue before us is not your judgment about whether they should be there.

The issue really is, what is the deterrent today to the reenlistment of our people? Only 29 percent of our pilots who are up for retention reenlisted this last year, and I believe that is the result of extensive overseas deployments and unaccompanied tours.

I hope you will tell us, will these be unaccompanied tours, and how long will these tours be, and are we setting up three more bases that will take people away from their families for 4, 5, 6 months of a year and lead to further problems as far as retention is concerned?

Mr. Slocombe, who wishes to go first?

Mr. SLOCOMBE. Mr. Chairman, with your permission, I suggest that General Wilhelm go first to outline the details of the proposal

and its relation to both our counterdrug effort and our broader interest, and then I will have a short summary of my statement afterwards.

Senator STEVENS. General.

STATEMENT OF GEN. CHARLES E. WILHELM

General WILHELM. Mr. Chairman, distinguished members of the committees, I welcome this opportunity to appear before you this morning to discuss and testify about what I consider to be the single most important issues that confronts United States Southern Command today.

Mr. Chairman, I took notes during the very powerful and direct opening statements which you made and the members of the committee made, and I have made some notes to myself prior to coming in here this morning as to some points that I might raise in my opening statement.

I certainly do not want to waste the time of the committee, and I think that you have defined very clearly the path you would like for this testimony to take, so I am going to pick my way through my notes and try to really just hit those points that are of concern to the committee.

POST PANAMA THEATER ARCHITECTURE

As we withdraw our forces from Panama, as we must under the provisions of the 1977 treaties, reestablishing the United States Southern Command theater architecture in a way that will enable us to perform our missions in the 21st century has become for me the single most important task that I will perform during my tenure in command, and I have made that statement to Secretary Cohen, and he has agreed with the direction that I have decided to go.

I will tell you it has been a difficult task. It has been made more difficult by the very short time that has been available to make these arrangements.

To be very honest, Mr. Chairman and members of the committee, when I assumed command at Southern Command in September 1997, I did so with about a 99 percent expectation that we would succeed in our negotiations with Panama for the creation of a multinational counterdrug center there and as a part of that I really contemplated a residual presence of about 2,500 to 3,500 U.S. personnel to do many of the things that we need to do in the region to preserve the financial and other equities that members of the committee have already mentioned.

As I mentioned, we have done pretty well. In my formal statement I have given you a brief recap of where we are in our repositioning and relocation efforts. With the help of this committee, with the help of some of your staffers—Mr. Cortese, Ms. Ashworth are here today. They have been very helpful with the things that we have done on Puerto Rico, which has really in a great many ways assumed the role that Panama did in the past.

This morning, as I see it, we have got one major task that remains to be performed, and that is to identify a network of forward operating locations that will enable us to perform the missions that we previously performed from Howard Air Force Base in Panama,

and I would hasten to add that as important as it is, the counterdrug mission is only a portion of this.

Senator Roberts in his statements made some comments about the growth of democracy in this region, the fact that 31 out of 32 countries are now ruled and governed by people who are in office based on the wishes of the populace, and these countries have free market economies, and I think all members of the committee are aware of the directions that our financial dealings with this part of the world have taken since 1990.

Our exports to Latin America have more than doubled, as I have mentioned in other statements. Today we do more business with Chile, a country of 14.5 million people, than we do with India, with 952 million. We do more business with either Mexico or Brazil than we do with China, with 1.3 billion, and the list goes on.

#### FORWARD OPERATING LOCATION

I believe that the forward operating location concept that we have developed provides an efficient and a very cost-effective way to perform the missions that we previously performed from Howard Air Force Base. Just to very quickly review the bidding on the cost, the numbers cited by the chairman are precisely correct.

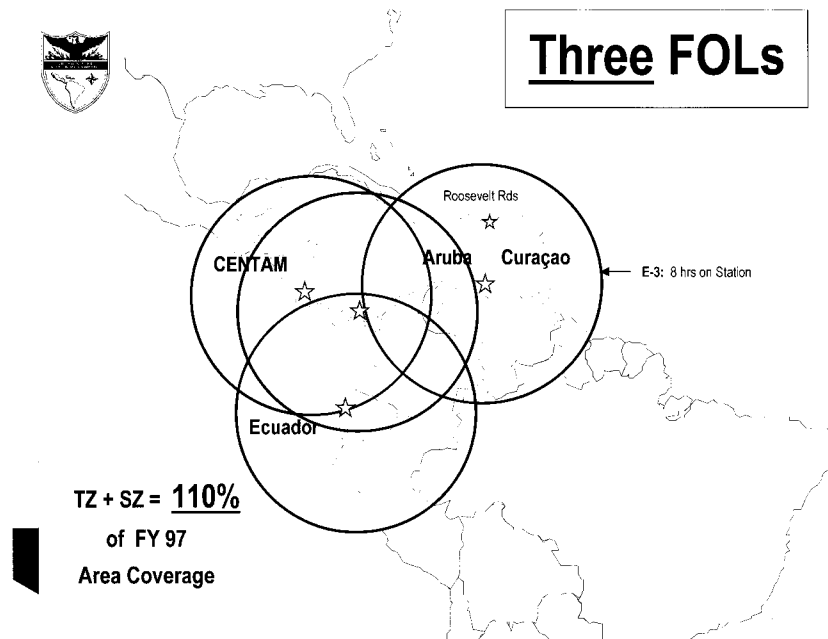
In fiscal years 2000 and 2001, we have a requirement for a total of \$122.5 million, not to build bases, but simply to improve existing facilities in Ecuador, in Curacao, and Aruba, and to bring them to a state where they meet safety and operating standards that are acceptable to the United States Air Force and the U.S. Customs Service.

I really need to make that distinction. We are not intending to build bases, simply to improve the operating conditions at these existing host nation facilities which we have negotiated access to and that will permit us to carry out important counterdrug and other engagement missions.

I have taken a little bit longer-term view of this, and I think it is important that we put these outlays into a meaningful context. The cost of annual operations at Howard Air Force Base was \$75.8 million. After we complete these upgrades that I have mentioned, we estimate that the annual operating cost for the forward operating locations will range somewhere between about \$14 to \$18 million, and so if we look at this over a 10-year operating horizon, operations from the forward operating locations will actually cost only 40 percent of what we would pay if we continued to conduct these operations from Howard.

I really think that to fully understand the importance of the FOL's and to make the important distinction that these are really a network of facilities, geography is very instructive. Mr. Chairman, if you do not mind, I would like to refer to a chart.

Senator STEVENS. Yes, sir.



General WILHELM. Sir, to walk you through the chart, the pink circle in the middle depicts the operating range of an E-3 AWACS aircraft operating out of Howard Air Force Base.

Senator STEVENS. General, is it possible to turn that around so people out there can see the same thing and we can see it, too?

General WILHELM. Yes, sir, we probably can.

Senator STEVENS. We had the charts. They do not have the charts. If you could just move it around so people out there can see it, too.

#### AWACS

General WILHELM. Again, the circle in the center in pink depicts the operational reach that an AWACS, an E-3 AWACS aircraft would have operating from Howard Air Force Base. These two operating circles here in blue and overlapping in pink depict the same coverage that we would get from the same aircraft operating from the forward operating location at Manta, Ecuador, here to the northeast.

This operating radius depicts the coverage we would get from the AWACS operating from Curacao or Aruba.

I should make the point that this reflects 2 hours transit time out to the mission area, 8 hours on station, and 2 hours back. That is the standard profile for an AWACS mission, and the range of the arc depicts the range of the radar on the aircraft itself.

Now, there are some important points to be made here. It has been suggested that perhaps we could realize significant savings if we did not operate the full family of detection monitoring and tracking assets, to include the AWACS from Manta, Ecuador. I



need to draw something on the map, because this is the most important order that we contend with when we look at the counterdrug mission and more and more regional stability, and I will sketch it right on, sir.

This is the border here, between Colombia and Peru. This is the air bridge that we worked so hard and devoted so many resources to interdict starting in the earlier part of this decade, and in my statement I think you saw, if you will pardon the phrase, the body count that we have achieved on narcotrafficking aircraft, over 123 aircraft since 1995 shot down, forced down, seized or confiscated as a result of our air bridge interdiction operations.

What is important is the operating arc coming out of Aruba and Curacao does not reach the border between Peru and Ecuador. We could stand to lose what we worked so hard to gain.

On the positive side, looking at Aruba and Curacao, it does provide us very favorable coverage over the Eastern and Central Caribbean. Ecuador is extremely important for two reasons: one, again, very, very short reach to the Peru-Colombia border, and it provides us excellent coverage of this portion of the Eastern Pacific, which at this point in time has largely been an open back door, feeding narcotics up toward Mexico through the Sea of Cortez into Mexico's specific ports and then over our Southwest border.

And as you know from other testimony by General McCaffrey and others, 59 percent of the drugs get here over those routes, so this needs to be considered as a network of facilities which will provide us the operational reach or coverage that we need to fully address the challenge.

Now, I have added in this final arc which reflects the positioning of a Central American forward operating location. For the purposes of this chart we have placed the center part, the star over northern Costa Rica, roughly where the Liberia Air Base is. As to whether or not we can negotiate an FOL agreement with Costa Rica at this point is perhaps problematic, but if not Costa Rica, I am very confident that we could negotiate an access agreement with another country in Central America.

As you can see, this arc then provides us complete coverage of all of Central America and the balance of the Eastern Pacific transit routes headed up toward the coast of Mexico.

I felt it very important to try to put this entire issue into a geographic context, because I think only when we regard the FOL's as a network do they really make strategic and operational sense.

Thank you, sir. I appreciate your patience with the chartology.

#### PREPARED STATEMENT

Mr. Chairman, members of the committee, I had a number of things I was going to say about the nature of the drug threat, about what it has done and is doing to the societies in our region, and what it has done to our own society, but as Senator Inouye stated, you are very much aware of that, so I think it would not be a good use of the committee's time for me to cover ground that has already been pretty well trod upon, and so I would like to terminate my opening statement at this point, sir, and I look forward to your questions and the questions of the members of the committee.

Senator STEVENS. Thank you, General.  
[The statement follows:]

PREPARED STATEMENT OF GEN. CHARLES E. WILHELM

INTRODUCTION

Mr. Chairman, distinguished members of the committees, I welcome this opportunity to discuss with you the plans and concepts that will enable us to sustain a strong Department of Defense contribution to the crucial struggle against illicit drugs. As we complete the withdrawal of United States military forces from Panama, the Forward Operating Locations (FOLS) we are establishing in the Caribbean and Latin America become a critical means of access to the region, providing the U.S. an efficient and cost-effective alternative to Howard Air Force Base for the execution of critical counterdrug missions. Moreover, in addition to enabling Southern Command to meet its responsibilities under Presidential Decision Directive 14 (PDD-14) and Goals 4 and 5 of the U.S. National Drug Control Strategy, the FOLS will emerge as a vital component of our cooperative regional engagement strategy.

Over the last two decades, regional stability has been a key element in fostering economic growth and democratization throughout the Caribbean and Latin America. However, drug trafficking and its relationship with organized crime are seriously threatening the hemisphere's potential to achieve long-term stability, peace, and economic prosperity.

The complete withdrawal of United States forces from Panama is challenging our ability to sustain necessary levels of effort in countering this threat. Up until now, DOD and other interagency organizations provided the majority of support in the fight against the illegal drug trade from U.S. military facilities in Panama. To offset the loss of basing rights in Panama, we are aggressively executing a plan to realign and rebalance the theater architecture to sustain counterdrug efforts in support of PDD-14 and The National Drug Control Strategy. An interlocking network of FOLS is an essential element of this new architecture.

In this statement I will present my assessment of this region's importance to the United States, followed by an overview of the transnational threats that jeopardize our regional interests. I will conclude with a discussion of the FOL concept, the FOLS themselves and the absolutely pivotal role they will play in our regional engagement and counterdrug strategies.

THE IMPORTANCE OF THE REGION

Growing economic interdependence and the wave of democratic reform that has swept over this region, as well as shifting cultural and demographic trends have significantly elevated the importance of the Caribbean and Latin America to the United States.

Latin America is our fastest growing export market. Today, 44 cents of every dollar that the 411 million inhabitants of the region spend on imports are for goods and services from the United States. Statistics can be instructive. It is meaningful to note that our annual trade with Chile, a nation of 14.5 million people, exceeds our trade with India with a population of 952 million. With almost 1.3 billion inhabitants, China is the most populous nation on the earth, yet we do more business with our 98 million next-door-neighbors in Mexico. By 2010, trade with Latin America is expected to exceed trade with Europe and Japan combined, and if the Free Trade Area of the Americas (FTAA) initiative is in place by 2005, we can expect to see additional growth in hemispheric economic interdependence.

The influence of Latin America is also reshaping America's cultural and demographic landscapes. What was once an "American Culture" is rapidly becoming a "Culture of the Americas." Today, the United States is the fifth largest Spanish speaking country in the world. By 2010 Hispanics will become our largest minority population and by the mid-point of the 21st century demographers project that 100 million U.S. citizens will be of Hispanic descent.

Along with these trends, the dramatic expansion of democracy and resolution of intra-regional disputes and rivalries provides visible evidence of a hemisphere that has taken important first steps toward the achievement of long term peace and stability, at least at the state-to-state level. In the last twenty years, the paradigm of coups, military dictatorships, communist-inspired insurgencies, border disputes, and economic crises has gradually given way to elected governments and militaries that are subordinate to civilian leadership and support democratic processes. These are nations that are resolving disputes without resorting to the use of force. As an example, last October, we witnessed a watershed event—the resolution of Peru and

Ecuador's longstanding border dispute with the historic signing of a peace agreement between the two countries.

Viewed through the prism of the national security strategy of engagement and enlargement there is no better success story for U.S. Foreign policy. On the other hand, history has demonstrated that success is many times harder to sustain than failure is to fix, and these positive trends must be nurtured, encouraged and reinforced.

#### THE THREAT

Despite positive cultural, economic, and political developments, there is a pervasive sense of unease in the region regarding security issues. Our enemies are not well known, our challenges are unclear, dangers are not always obvious and responses are frequently difficult to formulate. It has been suggested that uncertainty is the norm and apprehension the mood. Some of the region's democracies remain fragile; facing economic adversity, rapid population growth, and proliferating transnational threats. Out of area powers have shown increased interest in our next-door neighbors. Under these circumstances it is reasonable to anticipate setbacks, particularly when fledgling democracies are confronted with chronic corruption, narco-financed insurgencies, and deeply rooted organized crime. United States presence within the hemisphere demonstrates our commitment to the region, prevents the creation of a security void, and provides engagement opportunities to counter emerging threats to regional security and prosperity.

Today, I believe the primary threat to the region can be summed-up in a single word—corruption. Corruption in all its forms eats at and stunts the growth of young democracies. In Latin America, at the heart of most forms of corruption are the corrosive effects of the drug trade. Drugs and the people who grow, produce and sell them, are aggressively challenging the ability of many governments to provide long-term stability and economic prosperity. Illegal drugs are killing and sickening the people, sapping productivity, draining economies, threatening the environment, and undermining democratic institutions. We are not immune to these problems—far from it. In the United States in 1996 alone, drugs and drug related illness and violence claimed the lives of 14,843 Americans. In an historic context that equates to 88 percent of our losses in the Korean Conflict! Each year, illegal drugs send a half million Americans to emergency rooms, turn our urban neighborhoods into battle grounds, and for many of our youth turn the American dream into an American nightmare. No nation, not even one as powerful as ours can afford such devastating social, health and criminal consequences. Because this tragedy has been with us for years, and because it kills and disables our citizens one at a time, I sometimes fear that we've developed a tolerance for it. If we experienced these kinds of losses in a day, a week or even a month, they would simply not be tolerated. By my definition, illegal drugs are a "weapon of mass destruction," and should be treated as such.

The countries of the Caribbean and Latin America have grown to accept and understand the drug threat as a shared challenge and they are now more ready than ever to join us in the fight. However, they need our help and encouragement for the long struggle ahead. SOUTHCOM and DOD play a supporting role in this fight through both theater engagement and counterdrug operations. Presidential Decision Directive 14 and goals 4 and 5 of the National Drug Control Strategy provide the foundations for Southern Command's counter-drug campaign.

#### FORWARD OPERATING LOCATIONS

An adequate operational presence in our theater of operations is absolutely essential for the full and successful implementation of our counterdrug and regional engagement missions. While executing our counterdrug campaign plan, forces strategically placed in the theater give us flexibility and allow us to be proactive rather than reactive in confronting narco-traffickers. Our goal is to force them into a defensive posture. The past two years have witnessed significant reductions in coca cultivation in Peru and Bolivia. During the past year alone cultivation has been reduced by 26 percent in Peru and 17 percent in Bolivia, while production of coca base has been reduced by about 25 percent in both countries. These successes are attributable to a combination of effective host country eradication and alternative development programs and aggressive U.S. and host country efforts to interdict the air bridge that previously linked cultivation sites in Peru and Bolivia with processing and production laboratories in Colombia.

The Air Bridge Denial Program has employed forward-deployed U.S. aircraft to provide intelligence, surveillance, reconnaissance, airborne early warning, and tracking support to host nation forces. Last year, with U.S. support, host nation

interceptors shot down, forced down, seized or destroyed 26 narco-trafficking aircraft, bringing the total to 123 narco-trafficking aircraft taken out of action since 1995.

As a result, we have observed a shift in trafficking patterns. The cost of cocaine base in Peru and Bolivia plummeted to unprofitable levels as pilot fees skyrocketed. As a consequence, more illegal drug shipments were diverted to the rivers. To compensate for setbacks in Peru and Bolivia, Narco-traffickers increased their cultivation of coca by 28 percent in Colombia and further streamlined their operations by consolidating cultivation and production. We are now supporting efforts by Colombia and its neighbors to effectively counter these revised trafficking patterns.

Continued forward presence by our forces is mandatory if we are to sustain the progress that has been made. The combination of U.S. detection, monitoring and tracking aircraft and host country interceptors has proven to be an effective team; one that strikes an appropriate balance between U.S. and host nation capabilities and roles in pursuit of end games. Continued forward presence under the FOL concept will enable us to continue this support, and provides an efficient and cost-effective alternative to the permanent bases that we previously occupied.

#### ALTERNATIVES TO PANAMA

Historically, DOD support for source zone countries has been provided from military facilities in Panama—over 2,000 counterdrug flights per year originated from Howard Air Force Base. From Panama, we also supported transit zone interdiction operations, pier-side boarding and searches, and training for U.S. and host country counterdrug units.

The Panama Canal Treaties of 1977 mandate a complete withdrawal of U.S. Military Forces not later than December 31, 1999. The departure of forces does not, however, alter Southern Command's mission responsibilities or requirements. When negotiations with Panama for a Post-1999 presence were terminated, Southern Command conducted a strategic analysis and determined that a series of Forward Operating Locations (FOLs) would be necessary to provide the capabilities required to achieve our counterdrug mission objectives.

FOLs have become an integral part of SOUTHCOM's theater architecture for the next century. While they will allow us to remain fully engaged in the multilateral effort to combat narco-trafficking, they are not bases to be constructed at U.S. expense nor are they intended to replace Howard Air Force Base. Rather, FOLs are intended to replace the counterdrug operational capability that was provided by Howard Air Force Base without incurring the expense of base construction and at reduced annual operating cost. In simple terms, FOLs are agreements between the United States Government and Host Nations whereby the United States will be granted access to existing facilities that are owned and operated by the host nation. These sites will provide a 24-hour, seven-day per week, operational capability. U.S. Aircraft will rotate in and out of FOLs as mission needs dictate. Each site must be night and all weather capable with an air traffic control facility, an 8,000-foot runway with the capability to support small, medium and heavy aircraft. Each FOL must also have refueling and crash/fire rescue capabilities and minimum ramp, hangar, office, maintenance, and storage space.

Numbers of support personnel will vary depending on numbers and types of aircraft deployed and the availability of host nation support. We envision a requirement for 8–12 permanently assigned personnel at each FOL. Depending on mission requirements, FOLs will be required to support as many as 200 temporarily deployed personnel.

Three FOLs are needed to maintain the optempo and area coverage that we previously enjoyed from Howard AFB; one in South America for source zone operations, and one each in the Caribbean and Central America to support transit zone and northern source zone operations. Three FOLs also provide the flexibility that is necessary to contend with weather patterns and changes in trafficking routes. Initial access agreements have been negotiated and operations are currently underway from FOLs in the Caribbean and South America. Site surveys at each location have identified improvements that are needed to support full-scale operations and to upgrade host nation facilities to U.S. safety and operational standards.

In close consultation with host nations, we have devised a three-phase program for FOL development. Phase one, which commenced on 1 May, coinciding with the termination of flight operations from Howard Air Force Base, consists of what we have termed "expeditionary operations." This entails use of facilities in "as is" condition. Phase one operations are in progress at Curacao, Aruba and Manta, Ecuador, albeit at reduced operational tempo. The second phase will begin in fiscal year 2000 with the initiation of MILCON projects that will increase the operating capacities of the FOLs and bring them up to U.S. standards. During the third phase in fiscal

year 2001, MILCON projects will be completed and we will attain full operational capacity and capabilities. At the end of phase three we will achieve operational reach or area coverage that will equal or exceed that which we had from Howard at roughly 25 percent of annual recurring operating costs.

#### MANTA, ECUADOR

The FOL at Manta is critical for adequate support of operations in the crucial source zone. Operations are now underway from Eloy Alfaro International Airport in Manta. This site allows forward-deployed intelligence, surveillance, and airborne early warning aircraft to monitor key narcotics trafficking routes deep in the source zone and over the Eastern Pacific—a pipeline that feeds Mexico, and ultimately the U.S.

The USAF, as DOD executive agent for this FOL, recently sent a Site Activation Task Force to survey Manta facilities. The team concluded that the runway was suitable for most counterdrug aircraft but would require upgrades to accommodate AWACS, a critical asset for execution of our source zone strategy. The task force also recommended construction of various maintenance and other support facilities.

Ecuador has been an eager and gracious host. The local Air Force commander has worked tirelessly to correct deficiencies at the airfield and to provide the safest possible operating environment.

The footprint at Manta is expected to consist of five to eight aircraft and six to eight permanently assigned staff personnel. As previously discussed, when full capabilities are attained, the numbers of DOD and interagency personnel temporarily assigned to Manta will fluctuate based on missions and numbers and types of aircraft deployed.

#### ARUBA AND CURACAO

The airfields on the islands of Curacao and Aruba are approximately 45 miles apart; therefore, they must be improved and managed separately. These two airfields are well situated and together they provide adequate capacity to support operations in the Caribbean Transit and Northern Source Zones. Operations by DOD and U.S. Customs Service aircraft have commenced from Hato International Airport in Curacao and Reina Beatrix International Airport in Aruba under diplomatic notes negotiated and exchanged with the Kingdom of the Netherlands. The Site Activation Task Force identified requirements for improvements to ramps and taxiways at Curacao and Aruba. For longer-term operations, their report recommends construction of maintenance and operations facilities at both sites.

The footprint in Curacao is expected to consist of seven to nine aircraft, 12 to 15 permanently assigned staff personnel and as many as 200–230 temporarily deployed operations and maintenance personnel. In Aruba, the footprint is expected to consist of four U.S. Customs aircraft, with approximately 15 permanently assigned staff and 20–25 deployed operations and maintenance personnel. As in the case of Manta, the numbers at Aruba and Curacao will be small initially and will grow incrementally as we improve existing facilities to accommodate more deployed aircraft and personnel.

#### THE COST OF DOING BUSINESS

My Air Force Component Commander, Lieutenant General Lansford Trapp, has visited all three sites and has reviewed the findings of the Site Activation Task Force. To achieve Southern Command's strategic goals and to meet requisite safety and operational standards, he assesses the MILCON requirement to be \$122.47 million for Manta, Curacao and Aruba. For purposes of comparison, our most recent annual operating costs at Howard Air Force Base were \$75.8 million. Once deficiencies are corrected at the three FOLs, we estimate that annual operating costs will be in the neighborhood of \$14 million to \$18 million. Based on 10 years of operations, FOL costs would be approximately 40 percent of those we would have incurred over the same period at Howard with permanently assigned forces.

#### CONCLUSION

The departure of United States military forces from Panama has created unique and difficult challenges for U.S. Southern Command. In the space of less than one year we have been required to recraft a theater architecture that was almost a century old. The end of this task is in sight. Our Theater Special Operations Command has successfully displaced its headquarters from Panama and is now conducting full-scale operations from its new home in Puerto Rico. U.S. Army South will haul down its colors at Fort Clayton in Panama on the 30th of this month and raise them

over a new command post at Fort Buchanan in Puerto Rico. We have already successfully merged Panama-based Joint interagency Task Force (JIATF) South with its counterpart organization JIATF East in Key West. This consolidated organization is now planning and overseeing execution of counterdrug operations in both the transit and source zones. With support from the government of Honduras we have increased our presence at the Soto Cano Air Base absorbing urgently needed helicopter assets previously based in Panama. These actions, coupled with the earlier relocation of our Headquarters from Panama to Miami, have resulted in a leaner United States Southern Command, but a Southern Command that is nonetheless properly postured to conduct its regional engagement and counterdrug missions in the 21st century. The Forward Operating Locations are the final pieces of the future theater architecture. In this statement I have emphasized how crucial this final element is, and I am not alone in this assessment. On June 30th I attended an interagency meeting at the White House. Included among those present were National Security Advisor Berger, Office of National Drug Control Policy Director McCaffrey, Assistant Secretary of State for Western Hemisphere Affairs Romero, Special Envoy for Latin America McKay, Commandant of the Coast Guard and United States Interdiction Coordinator Admiral Loy, representatives from the Departments of Transportation and Justice and others. We discussed the FOLs and the requirements for them. There was unanimous support and universal acknowledgment that the FOLs are essential for the continued prosecution of an effective supply-side counterdrug campaign. I concluded my presentation to this interagency gathering with the simple and direct statement that without the FOLs, United States Southern Command would be unable to effectively confront the threat postulated in Presidential Decision Directive 14, and we would be incapable of carrying out missions in support of goals 4 and 5 of the National Drug Control Strategy. We at Southern Command are grateful for the support and encouragement we have received from the Congress as we have gone about the difficult business of resetting our theater architecture. Timely implementation of the FOL concept is the final step in this process. For a modest investment the FOLs will enable us to safely and efficiently carry out vital missions without the costs and other encumbrances associated with overseas bases.

#### STATEMENT OF HON. WALTER B. SLOCOMBE

Senator STEVENS. Mr. Slocombe.

Mr. SLOCOMBE. Thank you, Mr. Chairman. It is as always an honor to appear before this committee and to address your concerns and the programs of the Department of Defense, particularly in this case with regard to Latin America and the counterdrug effort.

#### FORWARD OPERATING LOCATIONS

General Wilhelm has explained the operational necessity for the three planned forward operating locations. I would just like to add a couple of points. Everybody recognizes the importance of the counterdrug mission, and certainly the Department of Defense. We recognize and appreciate the consistent support from this committee and from the Congress as a whole.

The surveillance and detection in the areas that would be covered by these aircraft operating out of these locations is a key part of our overall counterdrug effort, but I want to make the point that it is a relatively small part, a very small part of the overall Government effort, which just at the Federal level alone is something like \$17 billion, and quite a small part even of the Defense Department effort, which is just under \$1 billion annually, about a quarter of that for source zone operations.

Second, I think General Wilhelm's presentation has explained the geography, which makes it so clear that it is essential to have operating locations within the region, and that it is not practical to conduct these operations from bases either in the United States or Puerto Rico or Guantanamo, just because of distance.

There is another consideration, and this goes in a sense to what Senator Burns and Senator Roberts said. We have a broader interest in a presence and influence in Latin America. In particular, a consistent and vigorous U.S. effort to deal with the transit and source zone problem are essential to our credibility in getting the countries in the region to take actions in their own interests and ours, particularly with respect to their own counterdrug efforts, an area where there is still a lot to do but where a fair amount of progress has been made.

Third, I want to underscore the point that we recognize that this committee has always given especially rigorous scrutiny to military construction and other capital expenditures by the U.S. military on facilities overseas. This is as it should be, not only because we are trying to reduce the burden of unneeded infrastructure both overseas and in the United States, but because of the concerns that you, Mr. Chairman, in particular have raised about our long-term ability to sustain the level of operations that we now maintain.

As General Wilhelm's statement I think makes clear, these are not the construction of new bases. To build new bases in this region to replace Howard would simply dwarf by many times the amounts of Milcon money we are talking about here. These are necessary measures on what I think is a pretty austere basis to bring these facilities up to the standards that we need to be able to operate from them.

It is an efficient approach. It makes use of existing foreign airports and foreign facilities. Indeed, one of the main purposes of the FOL concept is to do this important mission with the smallest footprint possible. Over the long run, the forward operating locations will actually cost less than Howard would have cost had we continued to operate there and maintain that facility, had we been able to reach agreement with the Panamanian Government.

And third, we are in this area, as I hope is the case everywhere, trying to accomplish the mission in a way that is most efficient not only from the point of view of dollars spent on military construction and operation, but burden on our people. General Wilhelm can give the details, but these will be relatively short tours for the air crew involved. The permanent presence will be extremely limited, something like a dozen people at each facility.

As a part of recognizing the many pressures on the budget, but more important the pressures on our people and on key assets, we scrub very carefully every request to undertake a mission like this, and particularly because this is primarily surveillance aircraft, which are in heavy demand in other theaters. That is particularly the case here.

#### REDUCTION IN DEPLOYMENTS

We believe we have struck an appropriate balance in allocating both the available inventory of surveillance aircraft and the pace at which they operate. As part of this effort, we are reviewing a number of our current overseas activities. Secretary Cohen yesterday was in Bosnia and indicated the very real prospect that we will be able to make substantial reductions in our deployments and our allies' deployments there in Bosnia, and we are reviewing both the

size and, indeed, the need to continue our operations in a number of other areas.

PREPARED STATEMENT

In summary, this is, as the committee—and we fully understand you know this—this is a very important mission. It can, under current circumstances, be conducted only from bases, facilities in the region, and we believe that we have put forward a proposal which is an efficient and, indeed, an austere one to get this critical job done at a minimal cost to the taxpayer and, equally important, at a minimal impact on the burden on our military service personnel who will have to carry out the mission.

I look forward to answering the committee's questions.

[The statement follows:]

PREPARED STATEMENT OF WALTER SLOCOMBE

Mr. Chairman, as always it is an honor to appear before this committee to discuss the Department of Defense's role in United States counterdrug activities, how these activities support our national security interests, and specifically the importance of Forward Operating Locations in an environment shaped by our changed relationship with Panama. I particularly welcome the opportunity to address these issues with General Wilhelm who, as CINC SOUTHCOM has personal responsibility for the counterdrug operations at issue. I want to thank both subcommittees for their support of the counterdrug program in general. Congressional support enables us to counter some of the drug threat, which costs our nation over 14,000 lives and billions of dollars each year.

*The Threat*

We as a nation face a comprehensive threat from drugs and must, as a nation, carry out a comprehensive response. Treatment and suppression of demand are critical elements, and are up to domestic law enforcement and other agencies. But dealing with the source of drugs must also be a key element of our effort.

Nearly all the cocaine and most of the heroin consumed in the United States is produced from crops in Colombia, Bolivia, Peru and Mexico—the "source zone." Drug traffickers transport the cocaine to the United States in a multi-step process by air, and over sea and land through a "transit zone" consisting of the Caribbean, Central America and the waters of the eastern Pacific. Areas through which illegal drugs flow into the United States and its immediate environs are termed the "arrival zone," where DOD as well as federal, state and local law enforcement agencies cooperate to apprehend drug traffickers. While global seizures of cocaine average 270 metric tons per year, the current annual production capability of 550–650 metric tons continues to be sufficient to meet current user demands in the United States, Europe and South America. The bottom line is that while our progress has been significant, the threat remains very, very potent.

*DOD's Role in Counterdrug Activities*

The U.S. Government's role in counterdrug initiatives has evolved from disparate activities conducted by a various agencies to a unified mission characterized by joint military and civilian collaboration—a mission that was established by Congress and which has received consistent Congressional support. Congress passed the Anti-Drug Abuse Act of 1986, which gave the Executive Branch more authority to fight the tide of illegal drug shipments. Also in 1986, the President issued National Security Directive 221, which declared drug trafficking to be a threat to U.S. national security. Two years later, the Congress enacted another anti-drug abuse act in order to establish a coherent and comprehensive national policy to unify the efforts of the more than thirty Federal agencies and numerous state and local agencies engaged in counterdrug activities. The National Defense Authorization Act for Fiscal Year 1989 proved a watershed for Congressional interest in counterdrug activities conducted by the U.S. military, assigning primary responsibility for the detection and monitoring of aerial and maritime transportation of illegal drugs into the United States to the Department of Defense.



*The National Drug Control Strategy*

The 1999 edition of the National Drug Control Strategy embodies the 1989 Act's mandate that the Department take the interagency lead in drug detection and interdiction. The Strategy states that our domestic challenge is to reduce illegal drug use while ensuring individual liberty and the rule of law. Our international challenge is to develop effective, cooperative programs that respect national sovereignty and reduce the cultivation, production, trafficking, distribution and use of illegal drugs while supporting democratic governance and human rights.

The Strategy highlights the critical need to "[s]hield America's air, land and sea frontiers from the drug threat," by interdicting the international flow of drugs in the transit and arrival zones. Yet, even in 1989, when the Department was first assigned the lead in aerial and maritime detection and monitoring, we knew that defending Americans from the influx of drugs in the arrival and transit zones represented only part of the solution. Going beyond the transit zone and into the source zones to break foreign and domestic sources of supply was and remains a key element of our integrated strategy. DOD pursues this element by working with source zone nations in both civilian and military capacities to provide intelligence, training and other building-blocks of national self-sufficiency regarding counterdrug activities. Under General Wilhelm's leadership, and in concert with the U.S. embassy country teams, the Southern Command has aggressively pursued these contacts with cooperative source zone nations.

Consistent with Congressional direction, we have devoted significant resources to this endeavor, and we believe we have achieved significant successes. It is the Department's commitment to this Congressionally-directed mission that brings General Wilhelm and me before the subcommittees today. Our success to date has depended on effective aerial surveillance and interdiction of key drug transit routes. We need to reach beyond the transit routes and deep into the source zones to continue this fight. Quite simply, from both a military and policy perspective, we cannot continue to execute this mission that Congress has given us without the Forward Operating Locations. We must be able to project our own assets, our own detection and monitoring resources well into the transit and source zones. Without this ability to meet the threat where it originates, the Department will not be able to fully execute the mandate it has been given by Congress. Moreover, we will not be able to sustain the effort to convince the governments of producing nations to cooperate in regional, integrated efforts.

*Successes*

There have been some notable successes. Howard Air Force Base in Panama provided a key staging area for counterdrug missions into both the transit and source zones. Among other achievements, this capability helped U.S. assets support Peruvian interdiction efforts that disrupted the movement of cocaine base from Peru to Colombia by air. Peru's airborne interdiction of several dozen drug-trafficking aircraft over a three-year period resulted in the significant disruption of the traditional north-south airbridge between Peru and Colombia. As a result, Peruvian coca cultivation exceeded traffickers' transport capabilities and drove down coca prices. Depressed coca prices from 1996 to 1998 dramatically reduced coca base production in Peru from more than 450 metric tons to 240 metric tons annually. In addition, coca cultivation declined substantially in Bolivia in 1998 as the result of ground interdiction efforts in the Chapare region and controls on processing chemicals.

The net impact of these gains was offset by the increased coca cultivation in Colombia during the same period. Significantly, it is the Colombian production in particular that can be addressed by U.S. assets deploying from Forward Operating Locations. We are working with the Colombians and others in the region to address movement of cocaine hydrochloride—the "finished product"—by air from local laboratories to transshipment points on the north and west coasts of Colombia. It is from these locations that cocaine is smuggled into Mexico and the United States. The infrastructure supporting the smuggling of cocaine by air has been the key to efficient operation of the cocaine industry. We cannot begin to attack this infrastructure—figuratively and literally—without the operational flexibility provided by the FOLs. In particular, the FOL at Manta, Ecuador allows us to reach this infrastructure deep in the Colombia source zone, Peru, as well as the increasingly popular eastern Pacific transit zone, although this facility requires improvements to realize its full potential.

*The International Dimension*

Regrettably, the option of continued operation from Howard Air Force Base in Panama is not available. The United States and Panama discussed at length the possibility of a continued U.S. military presence beyond the effective date of the

Panama Canal Treaty but agreement was not possible. As a result, counterdrug operations from Howard Air Force Base ceased as of May 1, 1999.

The importance of the counterdrug operation and the need for a forward-based U.S. presence to sustain it led SOUTHCOM to develop the current Forward Operating Location concept. The FOL concept, explained in detail in General Wilhelm's statement, uses existing airport facilities owned and operated by host nations that are made available under bilateral agreements. Indeed, the concept has already proven its value as U.S. aircraft have continued their detection and monitoring missions on an interim basis from the newly established Forward Operating Locations in the Netherlands Antilles/Aruba and from Ecuador. SOUTHCOM was able to put its FOL contingency plan into effect after closure of the Howard AFB runway on May 1.

The Department of Defense will spend \$247 million in fiscal year 1999 on counterdrug activities in source zone countries this fiscal year, focusing on cocaine production and movement in Peru and Colombia. The Department will work with other U.S. agencies to dismantle the cocaine cartels and the cocaine "business," and with the Peruvian and Colombian governments to break traffickers' air transit routes. The concentration of traffickers in this area, and their dependence on air routes, makes the source zone a special focus of our near-term efforts. The value of military presence options afforded by FOLs for this mission, specifically the additional location at Manta, Ecuador, cannot be overestimated. However, continued detection and monitoring efforts in the source and transit zones using the FOLs depend on Congressional support. Funds are needed both for operations and for construction of minimum essential upgrades to facilities. The inability to reprogram fiscal year 1999 operating funds, or a shortfall in fiscal year 2000 construction funds, will force us to continue operating the Aruba and Curacao FOLs on an interim basis, deploying our personnel as expeditionary units: quality of life and efficiency will suffer drastically.

On April 16, 1999, the Air Force was designated "Executive Agent" for the FOLs. In this capacity, the Air Force will implement necessary upgrades and maintain the three planned FOLs. The Air Force determined that a total \$122.5 million in MILCON funding is required to augment existing host-nation FOL facilities during the fiscal year 2000-2001 period. This funding will support upgrades to facilities in Curacao, Aruba, and Manta so that the Department can continue to execute its statutorily mandated counterdrug mission.

#### *Conclusion*

The Department is firmly committed to meeting the goals of the National Drug Control Strategy as well as its congressionally-mandated leadership role in detection and monitoring. The key to continued effective execution of this mission is the ability to operate in the source zones. We cannot extend our reach in this manner without the Forward Operating Location strategy. I join General Wilhelm in urging your support and we look forward to working with you.

#### FORWARD OPERATING LOCATIONS COST

Senator STEVENS. Thank you very much.

Mr. Slocombe and General, our attention was called to an Inside the Pentagon report on May 27. I am sure you must have seen it, and the real problem as pointed out in this, in many ways, and I am quoting, the Manta location alone was found earlier this year by a site survey to need such substantial modifications that it may eat up at least twice the \$50 million in funds budgeted to start up the three initial FOL's.

Each of the Caribbean islands was judged by the military site surveyors to require \$50 million in long-term improvements. Concrete is deteriorating—I am just going down this—the debris is dangerous, lighting is substandard, the base has an emergency power supply but it is broken, and cable is deteriorating. As a result, the United States will have to build a power base, I guess. Something is missing here. The base water is not potable. It provides only 50 percent of the current demand. Air traffic control tower is antiquated.

The Manta airfield, security at the airfield is plentiful. Wildlife abounds. Bird activity is horrendous. Off-base medical care sub-standard, should be avoided. It will take 6 months to improve the airfield, and office space for military personnel, and it goes on, is very critical.

But the main point that was raised to me, though, is we would be replacing Howard, which was an accompanied tour base, with three forward locations where our people once again will be deployed without their families, and it just seems to me we ought to have some review of that.

Now, General, you mentioned the savings over a 10-year period. I question whether there should be an agreement signed for 10 years without approval of Congress in any event, but beyond that, those savings are the savings from not having families with our people. That is the difference.

As a matter of fact, I think if you put forward, operating on the FOL's, and if you put the cost of full family deployment, it would cost more for three bases than it did for Howard, so are we not re-deploying this at the cost of the burden on our personnel by going to forward locations to operate without their families year after year after year? Is that not what this is all about?

General WILHELM. Senator, I do not think so. I think that this is a manageable proposition. As Mr. Slocombe mentioned in his testimony and in his opening statement, our personnel structure would be quite different. His numbers were correct. We project about 8 to 12 personnel permanently assigned to each one of these locations to handle the day-to-day management and contracting tasks that would be necessary to sustain operations at the FOL's.

#### DEPLOYMENTS

The deployments of the aircraft themselves, based on past patterns, these would not be lengthy deployments. Probably 2 weeks up to 1 month at most. I think the shorter term deployments are things that most of our men and women in uniform have become pretty accustomed to. It is the long 4, 6-month deployments, the remote tours of 1 year, where families do not accompany their sponsors, that we really fracture the harmony and the cohesiveness of families.

I personally have lived with these short deployments. Many of them are simply categorized as necessary training to maintain either a unit or individual readiness. Senator, very honestly I believe that is a manageable challenge.

You are quite correct, the principal savings associated with a forward operating location as opposed to a base is the lack of a necessity to develop what we call a vertical infrastructure, schools, child development centers, commissaries, and PX's. But again, sir, given the short periods of deployments, I think these are very manageable challenges, and I think the services can cope with that.

Sir, I did also read with considerable interest the article that you referred to in Inside the Pentagon. That article was published before the results of the site activation task forces were made available to me. Quite frankly, I challenge off most of that article. I visited Manta last week. The conditions that are cited in that report are quite frankly significant exaggerations.

The local base commander, the Ecuadorean base commander has already corrected many of these shortfalls. In terms of foreign debris that was on the runways, the vegetation that had grown up around the runways has been cut back. Many of the deficiencies on lighting and other issues cited in the report have already been corrected, not by us but by the Ecuadoreans.

A squadron operations building has already been freed up by the Ecuadoreans for us. It has been repainted. I toured the space in its entirety. I visited the Oro Verde Hotel, toured the entire facility right down to the main air conditioning unit with the manager of the hotel.

In short, sir, I think that report was misleading, and I would note that a staff delegation went to Manta. I believe Senator Gramms' senior staffer was present, I think Ms. Hatheway, one of Senator DeWine's staffers were present. I believe the total delegation was about six to eight strong.

They came back to Miami and gave me a completely different briefing of what they found. The Customs Service representative there indicated that the facility was in a far better state of repair than he had been led to believe, and they essentially took the same exceptions that I did with the article that appeared in the Inside the Pentagon. I do not regard that as a credible piece of journalism.

Mr. SLOCOMBE. Mr. Chairman, could I add one point?

Senator STEVENS. My time is up. It is Senator Inouye's time.

Senator INOUE. Thank you very much.

#### FORWARD OPERATING LOCATIONS

Mr. Secretary, you have tried to describe to us the difference between the forward operating location and a base on the basis of cost. How long do we plan to operate out of these temporary locations?

Mr. SLOCOMBE. There is no reason that we could not continue to operate on this basis for an indefinite period of time. I am afraid we are going to have the drug problem for a long time. I think realistically we are going to have to operate from somewhere in that region for a considerable period.

Senator INOUE. Then it would be appropriate for us to assume that it would be a long-term presence there, not 10 years, but more than that.

Mr. SLOCOMBE. Even 10 years is a relatively short time, given the scale and the persistence of this problem. I am afraid we are going to have to be concerned about the import of illegal drugs into the United States from Latin America for a long time.

One of the reasons why this is an attractive approach is that it means that at least the lower foreign cost of operating from the foreign bases in the long-term justifies the initial cost to bring the facilities up to standard.

Senator INOUE. Whatever it is, if we are going to be there for several decades you will have to appropriate additional funds to maintain our presence there.

Mr. SLOCOMBE. There is no question we will have to appropriate funds both to conduct the operations and to maintain the facilities.

Senator INOUE. In our negotiations with the host nations, have we set down specific time periods and, if so, what are they?

Mr. SLOCOMBE. The current arrangements run about 1 year, and will be renewed, and we look forward to having an agreement for a long-term presence and long-term use of the facilities. The precise duration has not been agreed yet.

I have to say, we found both in the case of the Ecuadorean and the Dutch Government, who have responsibility for Curacao and Aruba, that they understand the importance of the mission and have been supportive of the idea of our using the facilities.

Could I just make one point, going back to the issue—my understanding is that the crews for the aircraft that did the surveillance out of Howard often were not personal change of station (PCS). Their families were often not with them in all cases. Those are the people who will be going on a temporary basis to these airfields to operate. The people who are there on a permanent basis, the dozen or so may well take their families with them. That is an issue to be worked out.

Senator INOUE. What is the so-called temporary assignment time period? How long can they expect to be there?

General WILHELM. Sir, that is a decision that is normally made by the services. As a practical matter, looking as Mr. Slocombe mentioned, it was truly the temporary duty (TDY) air crews that did most of the work out of Howard.

The normal deployments, based on my observations, were about 2 weeks to 6 weeks, but I would like to run the line on that, sir, and provide you a precise answer through the quadrennial defense review (QFR), sir. I will give you a good profile on exactly what our deployment time lines were for TDY people to Howard. I think I am probably fairly safe in saying that I think you would see it parallel at the forward operating locations. So, sir, if I might, I will get back to you on that.

Senator INOUE. I thank you.

Mr. Secretary, in your statement you note the quality of life and the efficiency of our forces will "suffer drastically if Congress fails to approve your reprogramming request." Does this mean that if Congress denies this request DOD will still proceed with the establishment of the FOL's anyway?

Mr. SLOCOMBE. No. We will not do what we do not have the authority and money to do, but we will have to find some other way to execute the mission.

Senator INOUE. Under what authority would you be operating these FOL's?

#### FOL CONCEPT

Mr. SLOCOMBE. We believe, and this actually goes back to a point about the reprogramming. The reprogramming is not for money for Milcon. It is for funds out of an operating, in effect a holding account for the counterdrug money to use for the operations at the FOL's.

We believe we have authority, and it has been the consistent practice that we can operate on the basis of using a facility and pay the operating costs out of operating funds. That is what we are doing now.

We believe that we can make a case and that we are confident that we will be able to carry forward on the FOL concept. Just how

we would manage if we were not able to do that, we would have to work with the committee and work with the Congress and work with the services and the command to figure out some other way to do it.

I think it would be more expensive in the long run, and it would almost certainly have a bigger impact on the people.

I am informed that the specific authority for the FOL's and for the operation is section 1004 of the National Defense Authorization Act for Fiscal Year 1991, but in general it is our authority to conduct these counterdrug operations.

I emphasize the point that the reprogramming has to do with operating money, and not with Milcon money.

Senator INOUE. General Wilhelm, in your statement you stated that out of Howard there were 2,000 missions, and out of these new bases, how many do you anticipate, the same level of activity?

General WILHELM. Sir, assuming that we would get roughly the same commitment of resources, we would hope to achieve about the same level of activity. That was 2,000 missions out of Howard each year, and on a normal day we have 21 aircraft of various types, models, and series committed to the counterdrug mission.

Yes, sir, I would hope we could maintain a steady state for resource commitment and could roughly duplicate that tempo of operations from the forward operating locations.

Senator INOUE. The question that the chairman asked on the cost difference related to a family accompanying and not, I hope you can provide that to us, what would be the difference if families were there.

General WILHELM. In terms of the cost factor, sir, if we had to recreate and build an entire base, I suspect the cost would be very large indeed.

Senator INOUE. Can you provide that to us?

Mr. SLOCOMBE. We can try to provide an estimate, at least. Without doing a comprehensive survey it would be hard to tell what it would cost to build a full-up permanent base in one of these countries.

You and the chairman are right, the cost probably somewhere is paid because the schools, the housing, the support of the family, it will be paid somewhere, presumably, but it will be in the United States, but the operating cost will be substantially lower.

General WILHELM. Senator, there is no question about it, the recreation of a Howard Air Force Base like facility in Latin America would be an enormously expensive proposition, there is no question about it.

Mr. SLOCOMBE. And also, running Howard for 10 years would be an expensive proposition.

Senator INOUE. Thank you.

Senator STEVENS. Senator Burns.

#### RETENTION

Senator BURNS. Senator Stevens and I had an opportunity to go on a trip to the Middle East. He mentioned retention, and as I visit our different military personnel and facilities around the world, I am increasingly concerned about our ability to build noncommissioned officers (NCO's) and to obtain skilled people.

We met with a group and Senator Inouye was there in Saudi Arabia where Air Force personnel, tech sergeants, staff sergeants, men and women who had been, say, in the Air Force for some 8 to 14 years were on their eleventh trip to the Middle East since 1991, and were leaving the Armed Services.

They were highly skilled people. They were AWACS, they were radar technicians on AWACS, and that continues to I think bother and concern our chairman whenever we start talking about the nuts and bolts of really operating an efficient military organization, and that is my concern.

#### ARUBA AND CURACAO OPERATIONS

General, you have recommended Aruba and Curacao. They are only 10 miles apart. What is the difference in their operations, and can that operation be combined?

General WILHELM. Sir, the operation cannot be combined, and the problem is the capacity of the two airfields. As you point out, the two islands are approximate to each other, but if you look at the ramp space to park aircraft, if you look at the capacity to make launches and recoveries, they are relatively small facilities.

You need both to get the full coverage that we require, and the breakout that we have done thus far in an operational context would primarily place customs assets at Aruba, principally their P-3's, where our Air Force assets would operate out of Curacao, but neither base on its own is sufficiently large to handle the numbers of aircraft that we need to conduct the mission, so that is the reason for the two.

#### CONSIDERATION OF ALTERNATE LOCATIONS

Senator BURNS. In the overall picture of this, did we consider Honduras, Puerto Rico, or Guantanamo? Were any of these facilities considered in the overall scheme of things?

General WILHELM. Senator, they certainly were. We took a close look at Honduras, but as you know we have had a continuous presence there since 1983, so we are pretty familiar with what that base will support, and what it will not support.

We really ran into a series of really three constraining factors there. First, there was some reluctance on the part of the Government of Honduras to open Soto Cano up for large-scale counterdrug operations.

Second, Senator, I really needed to find a home for the Army helicopters coming out of Panama, and we already had rotary wing aviation assets on the ground at Soto Cano, so it made good sense to marry those aircraft up with the ones that were already there. That way we did not have to duplicate maintenance supply and other structures at some other place.

Third, and probably most important, is geography. There are some high elevations in and around the airfield at Soto Cano that make it impossible for many of our aircraft to take off with a full fuel load, so they end up with constrained time on station and a lot of our counterdrug aircraft are not configured for aerial refueling, so that was really a hard constraint against wholesale use of Honduras.

As far as Puerto Rico is concerned and Guantanamo Bay, those facilities are being used. The Coast Guard, as I think you are aware, Senator, uses the Borinquen facility very heavily in Puerto Rico to conduct many of its counterdrug and other operations in what we refer to as the transit zone.

As we have come out of Panama I have identified airfields in Puerto Rico as the basing locations for our theater airlift assets, so we have put our C-130's in there to support our other regional engagement missions.

Sir, as you know, our facilities at Guantanamo are somewhat limited, and it is a tough runway to get in and out of with the air space restrictions. Again, the Coast Guard and the Navy use that probably just about up to the limits of its capacity, and it does support many of our operations in the transit zone, so sir, we really did look at just about every option we had in the region.

FOL'S

Senator BURNS. Mr. Slocombe, would you give the committee an update on negotiation with these countries for a permanent presence there, and I say that because we are going to make some capital expenditures, and I would like to know the status of the negotiations of the recommended FOL's.

Mr. SLOCOMBE. The short answer is, we are discussing with both the Netherlands, who as I say have responsibility for the Netherlands Antilles in this area, although they have to talk to the local Governments as well, and with Ecuador, for long-term arrangements which would provide the status of continued eligibility, I guess, continued agreement to our use of the facilities, and in particular continued, the equivalent of a status of forces agreement.

It is not formally a status of forces agreement, but it provides protection for our people against jurisdiction by the local courts for official acts, the kind of issue which is important if you are going to have people operating, even on a temporary basis, out of a location, and in practice we will not make investments, we will not do the construction until we have a long-term commitment. I do not necessarily mean a commitment forever, but a long-term commitment.

There is a meeting with the Netherlands tomorrow, the 15th, and a meeting with the Ecuadoreans within a couple of weeks, and the indications are that we will be able to work out our arrangements. The progress is going forward, and in any event we are confident on the point we will not spend the money.

Senator BURNS. Mr. Chairman, with your indulgence, I have one more question along those lines.

I understand a major issue remains as to whether or not U.S. forces have the authority to operate and bear arms at forward operational locations to protect our deployed assets. Give me an idea, or would you comment on that issue for the committee, and the status of those discussions with those host governments?

Mr. SLOCOMBE. My understanding is the host governments are agreeable to U.S. personnel having firearms for security purposes. They do now, and this should not be an issue as far as we understand.

Senator BURNS. Thank you, Mr. Chairman.



Senator STEVENS. I thank you.

Gentlemen, I am informed that our special operations forces deployed to 152 countries, foreign countries, foreign territories included, with 123 counterdrug missions in 22 countries last year.

We have got people in Haiti and in Kuwait and Saudi Arabia. We have got people in Iceland. We have got people in Bosnia. We have got people in South Korea. Two of those are accompanied, all the rest are not.

Now, when you look at this, we travel a lot, probably too much, and we ask too many questions. I remember two pilots that visited me in Britain, I think it is 18 months or 2 years ago, roughly. They had been with their families 3 months out of the last 3 years, each year. They had been deployed to Kuwait, and then redeployed to Bosnia, they had been deployed elsewhere, and they were getting out.

Now, that is what I see is what is happening here now. We are going from an accompanied tour to an unaccompanied tour status in the war on drugs, which we support, but it does not seem to me to have been thought through very well about personnel.

What about security, General? This is probably one of the most violent places in the world today because of the drug activities. We are going to have 15 to 20 people in, what, three different, four different locations. Are you going to have an extra marine detachment there to protect them? Who is going to protect them?

#### FORCE PROTECTION

General WILHELM. Sir, the issue of force protection I will tell you right up front is job one for the United States Southern Command. That is the first thing we look at before we deploy any force for any period of time to any location.

The security of the force, as you would expect, normally comes from one of two sources. Either the host nation provides security forces, or we provide augmenting security forces.

Senator, that is really one of the foremost tasks that I levy against my intelligence organization, and that is to stay dead on top of the security situation at every location where we have troops deployed in Latin America and the Caribbean.

I have told them, I do not want information day to day, I want it from minute to minute about the security conditions there. For example, we received a report that one of the young men, one of our first deployers to Ecuador, had been accosted outside of his hotel room in Manta. He had been confronted by two knife-wielding assailants. They took his billfold with \$20 and a hand-held radio. We are working on that right now with the Ecuadorean authorities.

We are very conscious of the fact that we need a buddy system when people on liberty, or are at and around town. We are working with the Ecuadoreans to get better security around our billeting locations. This was a criminal act, sir. I only bring that up anecdotally to let you know how much importance I place on that. Sir, we will never blink our eyes where force security is concerned.

Senator STEVENS. Do you think these four bases are secure without an occupational security force?

General WILHELM. Sir, I believe these are secure locations. Yes, sir, I do.

## AWACS/RETRACTABLE OVER THE HORIZON RADAR

Senator STEVENS. Apparently AWACS are part of the key to this. What happened to that over-the-horizon radar we took from Manchikta and put in Puerto Rico for this purpose? Are you using it?

General WILHELM. Yes, sir. Not the Puerto Rican radar quite yet. Senator, as I think you know, the initial operational capability for the relocatable over-the-horizon radar in Vieques, Puerto Rico, is in fiscal year 2000.

The two radars that we have right now that give us the deep look and broad area coverage are the ROTHR's in Virginia and Texas. When we stand up the third radar in Puerto Rico it will improve our coverage particularly of the deep source zone. The issue here, sir, is that the radars do different jobs.

Senator STEVENS. I understand that, but are they going to take some of the pressure off the AWACS? You need three AWACS now, rather than one.

General WILHELM. Sir, we actually use two AWACS. That is the asset level that is assigned to us by the Joint Chief of Staff (JCS). We have not had two.

Senator STEVENS. You had three circles?

General WILHELM. No, sir. Those were the operating radius out of the three FOL's. We would not necessarily have an AWACS at each one of those. In fact, we would probably have no more than two at any given time, because that is the asset ceiling that has been assigned by JCS. Those circles simply depicted the operational coverage that we could achieve from each of the three FOL's.

Again, it is our duty to make clear that the ROTHR's provide us with the initial tipper. They let us know that an aircraft has taken off. The locating data is not precise. Ten to 20 miles is about as close as we get.

We do not get altitude. That is when the AWACS, when the P-3 domes come in. They add more precision to the locating data on the contact, its direction of flight, its altitude, and that is how we start to build a case toward a track of interest. But all of the radars have to work together to make this happen.

Senator, I am sorry if the chart created confusion. We actually rate only two AWACS assigned Southern Command for this mission, and since the crisis in Kosovo we have only had one.

Senator STEVENS. I went down and rode the P-3 out of Key West into this area, and was briefed on what they were doing to support the counterdrug activities. Why is it we cannot use some portion of these forces out of Key West, from our own soil?

General WILHELM. Sir, we do fly some missions out of Key West.

Senator STEVENS. I know, I flew in them, but why don't you use that location rather than these?

General WILHELM. Sir, the operational reach from Key West would not get into either the southern source zone nor—our southern transit zone, excuse me, nor would it even touch the source zone. It is simply too far away. We would end up covering only really the northern and central regions of the Caribbean. We could

not cover Central America from there, and we would get no coverage of the Pacific movement vectors.

Senator STEVENS. Mr. Slocombe, would you give the committee the estimate of the total numbers of military personnel deployed overseas in fiscal years 1998, 1999, and projected for 2000, please?

Mr. SLOCOMBE. I have the numbers, if you will bear with me for a second.

Senator STEVENS. You can give those for the record, if you like.

Mr. SLOCOMBE. Let me give them for the record.

[The information follows:]

EXCERPT FROM JOINT STAFF INFORMATION PAPER

Subject: Under Secretary of Defense for Policy Testimony Regarding Overseas and Long Term Contingency Deployments

*Purpose.*—To respond to a Deputy Assistant Secretary of Defense for Drug Enforcement Policy and Support request for information.

*Total number of military personnel deployed overseas.*—This number is best presented by the average number of active duty U.S. military personnel deployed, not stationed, on any given week overseas in support of contingency operations. This number does not include those deployed in a temporary duty status or those deployed for exercises.

[Deleted.]

Fiscal year 2000—Estimate not available.

Senator STEVENS. I sort of am going back where Senator Burns was. It does seem to us that the two, Aruba and Curacao, are so close together in terms of the availability of the other two sites, that the necessity of having four sites in this area is stretching our capability more than we should stretch it. I would urge you to take a look again as to whether we should spend defense funds for the infrastructure and base operations on a site that is for the Customs Service.

I have been trying to get people to do that in California and in Arizona and New Mexico for years, but we will not do it, but here we are spending money outside of our country for the same operations to protect South American countries. I think we need to develop a real definite United States policy of what we are going to do with military assets in terms of the war on drugs, but we are not currently using them to protect our own borders.

When we were down on the Arizona border 2 weeks ago, there were almost as many people coming into Arizona daily as there are going into Albania from Kosovo, straining a whole operation down there as far as immigration, customs, and border patrol.

In this area that you are operating in, the military takes the full brunt of the whole operation, but you will not take any in the United States. I really see the development of some very inconsistent policies in terms of the use of military force to support the war on drugs, and I hope to have that reviewed by another committee.

Senator, do you have any further questions?

Senator INOUE. No, thank you.

Senator STEVENS. Senator Burns.

Senator BURNS. I guess I am concerned about our expenditure further out than just, here we are, we have got a request now for a reprogram of funds, and how we are going to move some of those dollars around, and we have yet to figure out how we are going to

do that, General. We are supportive of the drug intervention program down there, let there be no doubt about that.

There will always be drug flow into this country for the simple reason this country has got the money to buy them, and that is it. You are never going to stop drugs coming into this country until we run out of money, and that is just a fact, and of course you have a terrific mission ahead of you.

But you know, I think the stabilization, the security of the area also has far-reaching yields in the best interests of this country. I am just wondering, have you given any thought what we are going to need, say, past this initial investment in capital expenditures, what it is going to take in the next 5 years?

I guess I am an old county commissioner. We really did not get the efficiency of our county down until we did a 5-year budget, and what we did this year affected what we could do 5 years down the road. I would kind of like to get ahead of the hounds a little bit. Have we had any kind of a projection or demand on our funds in that respect?

#### FIVE-YEAR PROJECTION

General WILHELM. Senator Burns, that is a wide-ranging question, of course, and I will take it on in that context, if I might.

Senator BURNS. You might just give a thumbnail, because I know you cannot be too precise. I understand that.

General WILHELM. I think probably one of the most often-used statements when we talk about the drug struggle is that there is no silver bullet, and that is quite correct. I think that we can have a very powerful impact on this problem, but we are going to have to do it in a variety of ways, and I will just work from south to north, and I will do this very quickly.

I encounter a lot of frustration, and sometimes the feeling that this is mission impossible. I do not agree. There are three countries, really, that produce drugs. They are Peru, Colombia, and Bolivia, and we are winning the war in two of those countries today. Cultivation was down 26 percent in Peru last year, 17 percent in Bolivia, and their production of base was down 25 percent in both countries.

The problem was the 28 percent increase in Colombia, but we are doing some pretty vigorous things right now with Colombia to help them more effectively counter the drug threat in their country. It is going to take some time, but I am one of those that is cautiously optimistic—not many of us, but I am cautiously optimistic about Colombia, its national resilience, and its ability to overcome its problems.

So two out of three is the way I look at it in the source zone, and I think we have got some pretty good programs to do that.

We knocked off 147 metric tons of dope in route to the United States last year. That is not too bad. I would like to get 200 metric tons this year.

In his national drug control strategy, General Barry McCaffrey has created some hard goals for us to achieve, 10 percent reduction by 2002, and about a 20-percent reduction by 2007. We are going to work hard to make that happen and, of course, that is nipping the stuff before it gets to the frontiers of the United States.

Again, Senator, things like the forward operating locations are absolutely indispensable if we want to do this. I am an infantryman. I always want—

Senator BURNS. Primarily you are a rifleman first and then everything else comes later.

General WILHELM. Absolutely, sir, and you always want to defeat the enemy as far forward from your main battle position as you possibly can. I would like to win as much of this war as we can in the source zone, pick up the bleeders in the transit zone, and then, as Senator Stevens and Senator Inouye suggested, we probably need to buttress the defenses right along our own borders, right in the wire, so to speak.

But I view my job as fighting the deep fight, going down and bloodying their nose in the source zone, try to give them two black eyes in the transit zone, and make them weak before they get to the arrival zone.

If we do all these things, eradication, interdiction, alternative development, the things that State and the rest of the interagency do, sir, we can win this thing.

Senator BURNS. Mr. Chairman, I know most that my Ranking Member, Senator Murray of Washington, would probably have some questions this morning. She is involved in other issues, and if she has questions of either of you, I would appreciate if you would respond both to the committee and to Senator Murray out of respect, and I appreciate you having this hearing this morning.

Senator STEVENS. Yes. She is on the floor. May I ask, Senator, have you received the supplemental for the \$122.5 million for Milcon?

Senator BURNS. We have not.

Senator STEVENS. We have seen an outline of it. When are we going to receive it?

General WILHELM. Senator, I know that—I think the document is called a 1391. I am looking at Steve Cortese. He knows these kinds of things. I know that those documents were cut for the \$122.5 million, sir. I do not know where they are, but I am sure between Mr. Slocombe and I we can find them.

Senator STEVENS. We have not seen the projection. As Senator Burns mentioned, we normally do get a 5-year projection. We got the \$45 million reprogramming, and then we understood there is another sum coming for the year 2000, \$122.5 million, and we do not know, and that was for augmenting facilities at the existing sites, and we were told that there would be further funds for the increases in operational maintenance and personnel cost, and we have not seen those. I think it would be helpful if we could see those.

Are you operating planes out of these four bases now?

#### FOL FUNDING CONCERNS

General WILHELM. Sir, we are, out of all of them, out of Curacao, out of Aruba, and out of Manta, that is correct.

Senator STEVENS. You have made some changes, I assume, out of your operating accounts for that.

General WILHELM. Yes. Well, this was money that was previously in the accounts to conduct counterdrug operations, and as

I mentioned in response to a previous question, we have done the things that we could do on the ground at Manta to correct the deficiencies that were there, and we have gotten a thumbs up from the Customs Service and from Navy, who have operated the P-3's, that it is an acceptable base from an operational and safety standpoint.

Sir, if I could clarify one point, the Milcon requirements are for \$42.8 million in 2000 with the balance in 2001, so it is not all in fiscal year 2000.

And if I might return to one point for just a second, because I am confused right now about the reprogramming action. That reprogramming action was for fiscal year 1999. That was \$45 million, and all of that was in the O&M accounts, and Senator, only \$6.1 million of that was related to the forward operating locations. The majority of those reprogramming funds were to support other consolidations, and movements that were associated with the closure of our bases in Panama.

I do not quite know what happened here.

Senator STEVENS. We did not approve it. The main reason was, it seemed to me, and I consulted with Senator Inouye, it looked like we were going to implicitly approve the creation of four new bases overseas without any congressional hearings at all, and after our experience in Haiti and in King Sultan and Kuwait, it was just not the thing to do in our opinion. We think the public should have knowledge if we are going to start a new series of bases overseas, they are going to be ongoing for a period of time, and Mr. Slocombe was correct when he says that 10 years it is going to be a short time on this.

Now, if this is a new policy to replace Howard and replace it with four bases instead of one, the public ought to know. That is one of the costs of the Panama Canal agreement, but it is also one of the costs of the war on drugs, and this time it is coming all out of defense. It is the first time I have seen it come all out of defense, General.

In the past, with the Coast Guard, we transferred some money to the Coast Guard, and the counterdrug funds were transferred to the Coast Guard, and the P-3 I flew on was reimbursed by the Coast Guard, or by the drug operations to the Coast Guard. This, you are not seeking any reimbursement from the other funds. This is using defense funds now for counterdrug activity straight up, and I think there should be a record on that, and we should understand what you are doing.

I am not dissatisfied with your explanation. I am not too happy about it, but I think you have answered our questions, and we will consult with the committee to see what we will do about the reprogramming, but it just did not seem to us that we ought to approve a reprogramming of operation and maintenance (O&M) funds for the counterdrug activities in a fashion that you could implicitly assume that we had approved the concept of replacing Howard with four different bases.

General WILHELM. Senator, I can completely appreciate your concerns. The reason I wanted to mention it, sir, was I read your letter of, I believe June 28, and the issues that are addressed in there I had a hard time correlating with the real purpose for the \$45 million reprogramming action.

Senator STEVENS. We did not get the breakdown of how you were going to spend the \$45 million until after I sent the letter. Then we were told the specifics.

The reprogramming request was not specific. It was just for use in four locations overseas of O&M money for the drug operations, and we just wanted to have a record on it, and now that we have it, as I said, I am not too happy about what I see, because I see further stress on the forces from unaccompanied tours for a period of time ahead of us that is going to lead to worse statistics as far as reenlistment is concerned.

I do not know the answer to it. I am sure you do not know, either, but I am getting to the point where every time I talk to these young pilots—it is particularly pilots that we have a real shortage of now. Do you have any knowledge of what the shortage of the AWACS pilots is now?

General WILHELM. Sir, I do not know.

Senator STEVENS. We will have to track that down.

Senator BURNS. Well, Mr. Chairman, I just want to make a point. We sat there, all three of us sat there and listened to those young folks, among NCO's. I mean, these are the skilled people that I think are the nuts and bolts of making this thing operate, and that was very enlightening, that day we spent, and we threw everybody out of there and just had a very frank conversation with those folks, so that is a concern.

I thank the chairman.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator STEVENS. We did that in Kuwait, at King Sultan.

Thank you very much, gentlemen. We appreciate it.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

##### DOD FORWARD OPERATING LOCATIONS FOR COUNTER DRUG OPERATIONS

*Question.* Why did the Department not request military construction funding for these forward operating locations as is the normal practice for constructing military facilities overseas?

*Answer.* The request was based on what was believed to be the established precedent concerning MILCON and the DOD's Counterdrug Central Transfer Account (CTA). The precedence was the Department's fiscal year 1995 CTA request, which included \$10,000,000 in MILCON funding for the construction of a Relocatable Over-the-Horizon Radar (ROTHR) in Puerto Rico. The Congress appropriated this MILCON amount as a part of the CTA in Public Law 103-335.

*Question.* It appears that there are additional funding requirements for these bases over the next several years. Will the military construction budget for fiscal year 2001 include these additional projects?

*Answer.* Yes, the military construction funding for the remaining requirements at the FOLs will be forwarded as a part of the fiscal year 2001 MILCON budget.

*Question.* What will be the legal basis for U.S. deployed or stationed personnel in both the Netherland Antilles and Ecuador?

*Answer.* All personnel will be at the Forward Operating Locations pursuant to bilateral access agreements with the respective countries. They will be deployed to fulfill our 10 U.S.C. 124 detection and monitoring mission.

##### FOL NEGOTIATION STATUS

*Question.* What is the status of negotiations with these countries on securing a more permanent agreement to base our forces?

Answer. The status of FOL negotiations are fluid. Ambassador Brown is doing a superb job in securing these agreements and is in the best position to provide you a current status of the negotiations. I am confident that these agreements will be secured in the near future.

#### CONCEPT OF OPERATIONS

*Question.* Could you begin by describing how you envision the concept of operations for each of the three bases in Aruba, Curacao, and Ecuador?

Answer. These sites will replace the capabilities lost with our departure from Panama but without the overhead costs of building a base. This is achieved through forward operating location (FOL) agreements.

FOL agreements with host nations enable us to use their existing facilities, upgraded to U.S. standards, for the conduct of counterdrug operations throughout the source zone and to do so at considerably less expense than our operations from Howard Air Force Base.

The Caribbean sites of Curacao and Aruba are to focus on the transit zone and the northern portion of the source zone. Light and medium aircraft (C-550, C-130, F-16 and P-3) will fly from these sites in support of our detection and monitoring mission. Curacao will also be capable of hosting heavy aircraft (E-3 AWACS and KC-135).

Manta, Ecuador, will be capable of hosting all three weight classes of aircraft and is the most critical of the three sites. Manta provides the flexibility to conduct intelligence-cued operations throughout the deep source zone with little or no warning to narco-traffickers. The necessity to maximize the use of limited assets, like the AWACS, makes Manta the right place. No other FOL provides the flexibility to direct this strategic asset against the shifting patterns of the narco-traffickers in Colombia, Peru, and Bolivia.

#### FACILITIES

*Question.* What is the current state of facilities and infrastructure at each of these locations?

Answer. Facilities and infrastructure at the Forward Operating Locations (FOLs) is generally good but will require approximately \$122.5 million in upgrades to meet U.S. operational and safety standards. To reduce costs, we will use host-nation facilities to the maximum extent consistent with U.S. operational, safety, and quality of life considerations. The Aruba Airport Authority currently provides adequate office space inside the airport terminal and sufficient ramp space adjacent to the main commercial ramp. Renovation on the Aruba airport terminal, scheduled to begin on 1 November 1999, will require construction of temporary office facilities. In Curacao, the host-nation government and the Dutch military allocated sufficient aircraft ramp space and assigned temporary office facilities. In Manta, host-nation military facilities are supporting limited operations. Local civilian establishments are providing billeting and messing support at all three locations.

*Question.* Describe the type of facilities that Southern Command and the Air Force agree are needed for each of the locations?

Answer. To meet U.S. operational and safety standards, all three Forward Operating Locations (FOLs) require additional aircraft ramp space, adequate aircraft maintenance facilities, and permanently assigned office spaces. To reduce costs, we will use expeditionary facilities at each location where possible. Manta Air Base (AB) requires more upgrades to meet U.S. operational and safety standards than Curacao and Aruba international airfields. Manta requires moderate upgrades to crash/fire/rescue capability, bulk fuel storage capacity, and billeting/messing facilities. We estimate the total construction cost for all three FOLs to be \$122.5 million.

#### MILITARY CONSTRUCTION ESTIMATES

*Question.* Finally, what are our military construction estimates for each of the bases in Aruba, Curacao and Ecuador?

Answer. For the sake of clarity, Forward Operating Locations (FOL) are not bases. FOLs are host nation facilities where the U.S. is granted use and access for the purpose of conducting counterdrug operations. Military construction is limited to those areas necessary to support U.S. counterdrug operations.

For fiscal year 2000 we must receive \$42.8 million of which \$10.8 million will be used for consolidated planning and design of all three FOLs, with the remainder being used for airfield pavement/site improvements at Manta, Ecuador. Manta will require the bulk of the expenditure to enhance the parking ramp, runway and taxiways. The upgrades will allow us to accommodate four large aircraft (E-3,



AWACS and KC-135) and four medium (E-2, P-3, C-550, C-130, and ARL) aircraft.

In the following fiscal year the remaining \$79.7 million is needed to complete upgrades in all three sites ensuring adequate, safe and mission essential facilities from which to operate.

#### CONSTRUCTION OF TEMPORARY FACILITIES

*Question.* It appears that we plan to construct permanent facilities at each of these forward operating locations. Why not use more temporary facilities?

*Answer.* We are using host nation facilities to the maximum extent possible at each of the locations. We will only build essential facilities that we cannot obtain from the host nation. In the initial stages of developing the forward operating locations, temporary facilities were used, and where temporary facilities can support the operation, we will retain those temporary facilities.

Temporary facilities, however, like the Air Force's "Harvest Bare" camps, are currently being used for interim facilities which will continue until more permanent facilities can be completed. These types of facilities (tents and prefabricated structures) are effective, but have a limited useful life. After 18-24 months they require replacement or significant maintenance.

Permanent support facilities will be constructed using materials and methods which will result in the least cost, both in terms of initial construction and routine operations and maintenance. "Expeditionary" type facilities (pre-engineered buildings, K-spans, etc.) will be considered where practical.

#### OPERATIONAL REQUIREMENTS

*Question.* What are the operational requirements for Aruba and Curacao installations?

*Answer.* The operational requirements for Forward Operating Locations in Aruba and Curacao are:

- An operational capability of twenty-four hours per day, seven days per week.
- Night and all weather landing/takeoff capability with manned air traffic control facilities.
- Runway length of at least 8,000 feet, with a load bearing capacity for AWACS and C-141 aircraft.
- Refueling/Defueling capability.
- Crash, Fire and Rescue services.
- Ramp, Hangar, Office and Storage space.
- Communications capability to support aircraft maintenance requirements, and connectivity with command and control organizations such as Joint Interagency Task Force East (JIATF-E).

#### ALTERNATIVE FORWARD OPERATING LOCATIONS

*Question.* Did the department consider our facilities in Honduras, Puerto Rico and in Guantanamo Bay to conduct these operations? Please explain why these are not being used rather than new locations?

*Answer.* Yes, and all three locations continue to support counterdrug operations just as they did prior to the closure of Howard Air Force Base.

Soto Cano Air Base, Honduras, is the home for a majority of Army aviation assets in theater. These assets support counterdrug operations such as CENTRAL SKIES as well as many non-counterdrug missions. Although the topography of the region limits Soto Cano's use as a Forward Operating Location, it can be used to support surge operations in the Eastern Pacific and in Central America.

The geographic location of Guantanamo Bay, Cuba, and Naval Station Roosevelt Roads, Puerto Rico, allow Department of Defense, Coast Guard, and Customs Service detection, monitoring and tracking assets to continue supporting counterdrug operations in the Caribbean transit zone. These locations, however, do not provide the required operational reach into the South American source zone and large portions of the Eastern Pacific.

#### CONSTRUCTION OF TEMPORARY FACILITIES

*Question.* How long is it anticipated that our forces will remain at these forward operating locations?

*Answer.* We anticipate a network of interlocking Forward Operating Locations (FOLs) will be necessary until we have achieved the targets and goals directed in Presidential Decision Directive 14 and the National Drug Control Strategy. Ongoing

negotiations are for an agreement that allows U.S. access to FOLs for 10 years with an option for an additional 5 years.

#### HOST NATION SUPPORT

*Question.* General Wilhelm, what if any contributions are the host nations providing for the construction of these forward operating locations?

*Answer.* The host nations of Ecuador and the Netherlands are contributing significantly to our efforts to establish forward operating locations.

At all three locations, the host nations have provided temporary ramp space at no charge. The same holds true of office space, maintenance facilities, and hangar space provided on a temporary basis within their capability. In Curacao, the Royal Netherlands Navy will provide, on a permanent basis, sufficient ramp space for two P-3 and one E-2 aircraft along with co-use of their maintenance hangar. In Manta, the Ecuadorian Air Force has provided several buildings for use on a permanent basis. The Ecuadorian Air Force also conducted extensive excavation of brush and existing obstructions around the runway environment so counterdrug operations could commence in June. This action was performed to meet U.S. air safety standards—the Ecuadorian fighter wing at Manta did not require this safety enhancement.

These gratuitous actions, along with the host nations' contributions to overcoming day-to-day obstacles, have convinced me of their sincere desire to participate in our collective counterdrug mission.

#### MILITARY CONSTRUCTION FUNDING

*Question.* The Department requested \$42.8 million in fiscal year 2000 Southern Command military construction funding for the forward operating locations. The total program requirements are \$122.37 million. What are the priority projects for fiscal year 2000?

*Answer.* Fiscal year 2000 military construction program funding of \$42.8 million for Forward Operating Locations (FOLs) will provide \$10.8 million for consolidated FOL planning and design and the remainder will be used for parking ramp enhancements and runway/taxiway repair to accommodate four large aircraft (E-3, AWACS and KC-135) and four medium (E-2, P-3, C-550, C-130 ARL) aircraft in Manta, Ecuador. These funds will also provide the means to repair an existing ramp for three medium aircraft.

#### SUPPORTING AIRCRAFT

*Question.* General, the Congress had earlier been briefed on the forward operating locations that these facilities were to support transit aircraft on a mission required basis. However, the documentation that the committee has received indicates that the F-15s or F-16s will be the only aircraft permanently assigned to Curacao. Is this a change to the initial intent of the program and what is the justification for the permanent assignment of these aircraft?

*Answer.* There has been no change in our original concept of operations at the Curacao, Aruba or Manta Forward Operating Locations (FOLs). Air National Guard units, from throughout the United States, rotate every six weeks and crews rotate at 15-day intervals. As a new unit arrives, the previous unit departs. This rotation achieves near-continuous presence with temporarily deployed personnel and equipment.

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#### QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

##### FORWARD OPERATING LOCATIONS (FOLS)

*Question.* Mr. Chairman, I would like to preface my question by commending General Wilhelm for his leadership and dedication to the Defense Department's counter narcotics mission. As the head of the U.S. Southern Command, he has mounted a determined and aggressive campaign to stem the flow of illegal drugs from the Caribbean and Central America and to promote stability and democracy in the region. His is an enormous task, and a vitally important one. We are all well aware that it is crucial that he succeeds.

On that note, I cannot help but think that a coordinated battle plan is a necessary ingredient of success, but what this Committee is being presented appears to be more of a scattershot, almost piecemeal approach. One day, we receive a relatively vague reprogramming request for \$45 million for Forward Operating Locations. Another day, we are asked to shift \$42.8 million into military construction for the

FOL's. Later, we are told that a total of \$122 million will be needed for construction at these locations in fiscal years 2000 and 2001. At the same time, Southern Command is significantly increasing its presence in Puerto Rico, and Congress is being urged to acquire the headquarters site that SOUTHCOM currently leases in Miami. I understand that all of these actions were precipitated by the closing of Howard Air Force Base in Panama, but I am concerned that in the haste to relocate the missions that had been based at Howard, we may be so focused on short term fixes that we lose sight of our long term goals.

I understand that SOUTHCOM is currently operating some missions out of the proposed Forward Operating Locations, so my first question, for both General Wilhelm and Mr. Slocumb, is this: what would the impact on the counter narcotics mission be if SOUTHCOM were to complete a long-range master plan, as the Senate Subcommittee on Military Construction has directed, before investing \$122 million in overseas military construction projects? How quickly could you complete such a plan and submit it to Congress.

Answer. The Department of Defense long-range plan for Forward Operating Locations has been developed and was briefed to the Senate Subcommittee for Military Construction in August. Because of the many variables that have an impact on these plans, they are always being updated and adapted in order to have the greatest impact on our mission. The Department of Defense and U.S. Southern Command stand ready to provide updates or answer your questions at any time.

#### DEPLOYMENTS TO FORWARD OPERATING LOCATIONS (FOLS)

*Question.* General Wilhelm, you have indicated that the majority of deployments to the FOLS would be short term—a period of weeks as opposed to months. In responding to the Committee on the specific lengths of tours, would you also indicate for the record how frequently a service member would be rotated into this duty. In other words, how many times a year could a service member expect to be assigned to this duty, and what would be the total amount of time during the year that he or she would have to spend away from their families?

Answer. Each Service establishes deployment timelines consistent with their overarching personnel tempo (PERSTEMPO) criteria. All our Forward Operating Location (FOL) deployments will be short duration temporary duty (TDY) assignments. FOLS provide Services the flexibility to tailor their PERSTEMPO criteria to support our mission requirements. The frequency with which individual Service members would be assigned to these missions is a Service determination.

#### QUALITY OF LIFE

*Question.* In your opinion, how will these assignments affect the quality of life and operating tempo concerns that are having such a severe impact on Air Force retention levels? What steps are you taking to mitigate the impact of any quality of life concerns caused by this duty on the service members and their families?

Answer. Forward Operating Location (FOL) deployments have a positive impact on morale and retention. Counterdrug operations are actual missions against actual targets. Aircrews respond favorably to these challenges and gain a sense of accomplishment from performing these missions. Guard personnel support many of the Air Force deployments, easing the operating tempo on the active force. For example, Guard F-15s/F-16s fly Coronet Nighthawk deployments, typically deploying from various home units to Curacao every six weeks and rotating crews at 15-day intervals.

Service personnel tempo (PERSTEMPO) is further reduced by contracting as much base operating support as possible. We selected, from available sites, those airfields that best meet U.S. operational requirements, safety standards, and adequate personnel support facilities. We will upgrade these facilities to U.S. standards during the next two fiscal years. The quality of life needs of military personnel and their families will be provided by the Services.

#### HOME BASES OF DEPLOYED PERSONNEL

*Question.* General Wilhelm, would you provide for the record the home bases from which the personnel would be deployed to the Forward Operating Location missions.

Answer. The designation of units and personnel to support counterdrug requirements at the Forward Operating Locations is Service responsibility. I defer to the Services to answer this question.

## SECURITY ARRANGEMENTS

*Question.* General Wilhelm, you indicated that, in your opinion, the proposed FOLs are secure locations. Would you elaborate for the record on the specific security arrangements that will be made for U.S. personnel assigned either permanently or temporarily to these sites, who will provide the security on and off base, and what the security arrangements will cost the U.S.

*Answer.* The assessed terrorism threat levels at Forward Operating Locations (FOLs) are NEGLIGIBLE for Curacao and Aruba and LOW for Ecuador. The assessed threat levels for crime is MEDIUM for Curacao and Aruba and HIGH for Ecuador. Threat level assessments are updated on a daily basis. Host nations provide security at the FOLs, to counter the assessed terrorism and criminal threat levels.

As our executive agent for FOLs, U.S. Air Forces South (USSOUTHAF) is responsible for the security of permanent and temporary duty (TDY) Department of Defense (DOD) and U.S. Customs Service personnel located at the FOLs. Where necessary, USSOUTHAF augments host nation security forces.

In addition, all U.S. personnel deploying to the U.S. Southern Command area of responsibility are required to receive pre-deployment anti-terrorism (AT) awareness training. FOL Detachment Commanders are also required to conduct security in-briefs for personnel arriving at FOLs.

Security costs are negligible because of host nation support and existing security provisions at FOL facilities. Physical security requirements will be integrated into plans for U.S. FOL infrastructure improvements.

## HOUSING

*Question.* I note that the \$122 million military construction cost estimate includes funding for visiting enlisted and officers quarters at Manta. What, if any, type of housing is being provided for visiting military personnel at the sites in Aruba and Curacao? What is the cost estimate? What type of housing (on base, off base; leased; single or multi family etc.) will be provided for the permanent U.S. personnel stationed at these sites? What is the cost estimate?

*Answer.* Visiting military and interagency personnel to Aruba and Curacao are billeted in U.S. Air Force contracted hotels, most of which are within 15 minutes of their assigned airfields. The fiscal year 2000 budget for housing temporary duty personnel is \$2,700,000. Furthermore, a small number of permanent personnel will be assigned housing within the local community. Their housing costs are projected to be within the current housing allowance.

## REGIONAL ASSISTANCE

*Question.* General Wilhelm, you note in your prepared remarks that the nations of the Caribbean and Latin America recognize that fighting the illegal drug trade in the region is a shared responsibility. Certainly, Southern Command's counter narcotics operations benefit not only the United States but also our neighbors in the Caribbean. Other than allowing the U.S. military to use existing facilities on Aruba, Curacao, and Ecuador, what types of assistance are we receiving from these nations to fight illegal drugs?

*Answer.* Together with the Latin American, Caribbean, and European nations, we are pursuing a regional approach to combat illicit drug production, transportation, and the associated problems inherent with the narcotics trade.

In addition to the Forward Operating Location agreements, the Dutch, British, and French contribute surface and air assets to regional counterdrug operations in the Caribbean. This multinational support provides greater operational flexibility and complements U.S. and Participating Nation military and law enforcement assets on a continuing basis with maritime air detection and monitoring, at sea refueling, and maritime patrol aircraft.

The nations of the Caribbean and Latin America support the regional counterdrug effort by conducting both military and law enforcement counterdrug operations within their borders. They own and operate numerous ground based radars to conduct detection and tracking and they provide the military and law enforcement personnel who are interdicting drugs, eradicating illicit crops, and arresting drug traffickers inside their respective countries. In 1998, nations of the source and transit zone were responsible for 85 percent of worldwide cocaine seizures and the destruction of 3.1 million marijuana plants and over 38,500 hectares of coca. Additionally, 18 nations in the hemisphere have entered into bilateral maritime agreements with the U.S. to help each nation plan and conduct multinational air and maritime counterdrug operations regardless of territorial seas or airspace.

## QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

## COLOMBIAN REVOLUTIONARY ARMED FORCES (FARC)

*Question.* Are Colombian drug-related guerrillas of the Colombian revolutionary Armed Forces (FARC) still operating in the jungle province of Darien in Panama and are you concerned that this group may threaten the operation of the Panama Canal?

*Answer.* The FARC is reported to frequently cross the Colombian-Panamanian border into the Darien province. Although the Panamanian Public Forces (PPF) are neither manned, trained, nor equipped to combat them, I do not believe the FARC, or any other paramilitary group, presents a threat to the safe and efficient operation of the Canal at this time.

## PANAMA UNEXPLODED ORDNANCE

*Question.* Under Article IV of the Panama Canal Treaty the United States promised to clean up unexploded ordnance in former U.S. military installations. However, I have heard press reports that we are instead planning to close certain areas rather than clearing the ordnance. Why can't the ordnance be cleared?

*Answer.* There are former range areas, characterized by steep cliffs and triple canopy jungles, which are virtually impassable. Ordnance detection and clearing in these areas is not possible without subjecting personnel to extreme risk or resulting in significant environmental damage.

We used the same techniques and technology to clear our ranges in Panama that we used to clear transferring rangelands in the United States. More aggressive clearing methods such as clear cutting and excavation have been rejected for the devastating effect they would have on the forests and the plant and animal species harbored in these canal watershed areas. The areas that cannot be cleared represent two percent of the total acreage returned to the Government of Panama under the Panama Canal Treaty.

The framers of the treaty realized the range areas could not be completely cleared of all unexploded ordnance, which is why all parties agreed to include the "practicability" clause in the document. We have complied with our treaty obligations consistent with terrain accessibility, technology limitations, and environmental concerns.

## DOD FORWARD OPERATING LOCATIONS FOR COUNTERDRUG OPERATIONS

*Question.* I understand that the United States funds the Regional Counterdrug Training Academy. I would like to know more about this academy. Where is it located/Does it do the same type of training as the Army School of the Americas, at Fort Benning, Georgia? Is it training military or law enforcement officials? Does the Academy include human rights training? Does the Academy provide Counter-insurgency training? (Note: The remainder of this question will be addressed by SOUTHCOM) The Washington Post reported in May 1998 that U.S. special operations forces were training Colombian military units under the Joint Combined Exchange training program. It seems very difficult to conduct counter-insurgency operations when guerrillas and drug traffickers are located in and around civilian populations. Are the special forces providing counter-insurgency training? How is human rights training integrated? Does this training conform with the Leahy Amendment, which prohibits training to units that engage in human rights violations?

*Answer.* The Regional Counterdrug Training Academy (RCTA) is located at Naval Air Station, Meridian, Mississippi. The RCTA was established in 1992 and its mission is to provide no cost, "street level" case-making, counterdrug skills to domestic law enforcement officials. The RCTA is congressionally directed and is funded through the Department of Defense. The Mississippi National Guard is responsible for management of the academy and the courses are taught by guest subject matter experts, with a "cops training cops" environment. The RCTA does not do the same type of training as the Army School of the Americas, at Fort Benning, Georgia. The academy's mission is to train domestic local law enforcement officials in counterdrug operations, versus the School of the Americas's mission to train foreign military forces in military operations. The RCTA curriculum includes some of the following general areas: Undercover Investigations, K-9 Training, Drug Labs, Operational Skills and Raid Planning. The academy has more than 35 courses, all oriented toward domestic local law enforcement counterdrug operations. The curriculum for the academy is oriented toward domestic law enforcement officials and specifically does not cover training in human rights or counter-insurgency operations.

One last point, the academy's original charter was limited to law enforcement officials in the states of Alabama, Louisiana, and Mississippi, but in 1996 was modified

to include Georgia. The RCTA is now authorized to train domestic law enforcement officials outside the four-state region, as well as National Guard personnel involved in counterdrug support operations.

*Question.* Is a forward operating location agreement still a possibility in Panama? If not, what additional location in Central America is DOD seeking?

*Answer.* At this time, there are no plans to re-engage the Government of Panama on the topic of U.S. military access. DOD will comply fully with the provisions of the 1977 Panama Canal Treaty and will withdraw all military forces and turnover facilities in Panama by December 31, 1999. DOD and the State Department are coordinating efforts to identify a location for a FOL in Central America however no site has yet to be identified.

#### CONCLUSION OF HEARINGS

Senator STEVENS. If there is nothing further, this will conclude the hearings for both the Defense Subcommittee and the Military Construction Subcommittee.

[Whereupon, at 11:25 a.m., Wednesday, July 14, the hearings were concluded, and the subcommittees were recessed, to reconvene subject to the call of the Chair.]

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