SEC. 2803. ANNUAL LOCALITY ADJUSTMENT OF DOLLAR THRESHOLDS APPLICABLE TO UNSPECIFIED MINOR MILITARY CONSTRUCTION AUTHORITIES.

Section 2805 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(f) ADJUSTMENT OF DOLLAR LIMITATIONS FOR LOCATION.—Each fiscal year, the Secretary concerned shall adjust the dollar limitations specified in this section applicable to an unspecified minor military construction project to reflect the area construction cost index for military construction projects published by the Department of Defense during the prior fiscal year for the location of the project.".

Section-by-Section Analysis

Unspecified minor construction (UMC) is military construction below a prescribed dollar cost threshold per project that the Department of Defense (DoD) may undertake without specific project authorization from Congress. This proposal would allow the Department to normalize the utility of UMC authority across the Department worldwide by accommodating location-based differences in construction cost, using area construction cost indices for specified (major) military construction projects.

Construction costs can vary widely by location due to variations in cost for labor, materials, equipment, and design requirements for factors such as climate and seismic activity. To account for this, the Department annually develops and publishes area construction cost indices (called area cost factors, or ACFs) for the purpose of adjusting national-average historical facility costs to a specific project location. This allows increased accuracy in estimating the cost of military construction projects during the planning and budgeting process when detailed design information is not available.

ACFs are developed through a process of collecting and comparing cost data on construction labor rates, materials, and equipment from various locations, as well as comparing other factors that impact construction costs such as climate, level of seismic activity, and labor availability. A given ACF represents the relative cost of construction at a specific location compared to the national average. The DoD-published ACF values for Fiscal Year 2014 range from a low of 0.75 at Fort Rucker, Alabama, to a high of 4.19 at Eareckson Air Force Base, Alaska, with a value of 1.0 representing the average value for ninety-six base cities in CONUS.

Although the Department applies ACFs to cost estimates (and subsequent authorization requests) for specified (major) construction projects, there is no equivalent provision for minor construction authority. The UMC cost limitations prescribed by 10 U.S.C. section 2805 do not account for local variations in construction costs, and therefore impose differential constraints on the utility and effectiveness of the minor construction program across the Department worldwide. Using the example locations above, the $2 million limitation on minor projects would provide almost six times the effective buying power at Fort Rucker than at Eareckson Air Force Base, where the high cost of construction renders the use of minor construction impractical.

Application of the ACF to the UMC program would normalize the usefulness of UMC projects around the world, and enable the Department to more equitably and broadly realize the intended benefits of UMC authority. This approach is wholly consistent with the longstanding flexibility Congress granted to the military family housing program in 10 U.S.C. section 2825, Improvements to Family Housing Units. Section 2825 essentially serves as the UMC authority for the military family housing program, and establishes funding authority that varies based on the "area construction cost index as developed by the Department of Defense for the location concerned". This proposal extends that concept to the mainstream UMC program.

Budget Implications: There are no general budgetary impacts expected with the proposed amendment. Many large military installations have ACFs at or below a value of 1.00 that will mitigate any increased use of UMC authority in higher-cost locations.

RESOURCE REQUIREMENTS ($M)							
Account	Budget Activity	Description	FY16	FY17	FY18	FY19	FY20
0500D	02	Unspecified Minor Construction, Defense-Wide	46.2	36.8	40.8	47.5	
1205N	02	Unspecified Minor Construction, Navy	32.7	21.3	17.0	20.0	20.0
1235N	02	Unspecified Minor Construction, Navy Reserve	2.0	0	2.0	2.0	2.0
2050A	02	Unspecified Minor Construction, Army	25.0	25.0	25.0	25.0	25.0
2085A	02	Unspecified Minor Construction, Army National Guard	12.7	13.0	12.0	11.8	
2086A	02	Unspecified Minor Construction, Army Reserve	1.9	1.4	1.7	0	
3300F	02	Unspecified Minor Construction, Air Force	20.3	22.0	23.0	20.0	
3730F	02	Unspecified Minor Construction, Air Force Reserve	2.3	3.0	1.0	6.0	
3830F	02	Unspecified Minor Construction, Air National Guard	14.4	11.2	12.0	13.0	

Changes to Existing Law: This proposal would make the following change to section 2805 of title 10, United States Code:

§ 2805. Unspecified minor construction

(a) AUTHORITY TO CARRY OUT UNSPECIFIED MINOR MILITARY CONSTRUCTION PROJECTS.—(1) Within an amount equal to 125 percent of the amount authorized by law for such purpose, the Secretary concerned may carry out unspecified minor military construction projects not otherwise authorized by law.

(2) An unspecified minor military construction project is a military construction project that has an approved cost equal to or less than $3,000,000. However, if the military construction project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, an unspecified minor military construction project may have an approved cost equal to or less than $4,000,000.

(b) APPROVAL AND CONGRESSIONAL NOTIFICATION.—(1) An unspecified minor military construction project costing more than $1,000,000 may not be carried out under this section unless approved in advance by the Secretary concerned. This paragraph shall apply even though the project is to be carried out using funds made available to enhance the deployment and mobility of military forces and supplies.

(2) When a decision is made to carry out an unspecified minor military construction project to which paragraph (1) is applicable, the Secretary concerned shall notify in writing the appropriate committees of Congress of that decision, of the justification for the project, and of the estimated cost of the project. The project may then be carried out only after the end of the 21-day period beginning on the date the notification is received by the committees or, if earlier, the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium pursuant to section 480 of this title.

(c) USE OF OPERATION AND MAINTENANCE FUNDS.—The Secretary concerned may spend from appropriations available for operation and maintenance amounts necessary to carry out an unspecified minor military construction project costing not more than $1,000,000.

(d) LABORATORY REVITALIZATION.—(1) For the revitalization and recapitalization of laboratories owned by the United States and under the jurisdiction of the Secretary concerned, the Secretary concerned may obligate and expend—

(A) from appropriations available to the Secretary concerned for operation and maintenance, amounts necessary to carry out an unspecified minor military construction project costing not more than $4,000,000, notwithstanding subsection (c); or

(B) from appropriations available to the Secretary concerned for military construction not otherwise authorized by law or from funds authorized to be made available under section 219(a) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 10 U.S.C. 2358 note), amounts necessary to carry out an unspecified minor military construction project costing not more than $4,000,000.

(2) For purposes of this subsection, an unspecified minor military construction project is a military construction project that (notwithstanding subsection (a)) has an approved cost equal to or less than $4,000,000. The Secretary of Defense shall establish procedures for the review

and approval of requests from the Secretary of a military department to carry out a construction project under this subsection.

(3) Not later than February 1, 2014, the Secretary of Defense shall submit to the congressional defense committees a report on the use of the authority provided by this subsection. The report shall include a list and description of the construction projects carried out under this subsection, including the location and cost of each project.

(4) In this subsection, the term "laboratory" includes—

(A) a research, engineering, and development center; and

(B) a test and evaluation activity.

(5) The authority to carry out a project under this subsection expires on September 30, 2018.

(e) PROHIBITION ON USE FOR NEW HOUSING UNITS.—Military family housing projects for construction of new housing units may not be carried out under the authority of this section.

(f) ADJUSTMENT OF DOLLAR LIMITATIONS FOR LOCATION.—Each fiscal year, the Secretary concerned shall adjust the dollar limitations specified in this section applicable to an unspecified minor military construction project to reflect the area construction cost index for military construction projects published by the Department of Defense during the prior fiscal year for the location of the project.