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STATEMENT BY

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BEFORE THE

**SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE**

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**ON THE FISCAL YEAR 2012
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS**

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INTRODUCTION

Good afternoon Chairman McCaskill, Senator Ayotte and Members of the committee. I appreciate the opportunity to join Dr Robyn to explain the Army's FY2012 budget needs and requirements.

The Army's 2012 Military Construction budget request will continue to invest in facilities infrastructure required to support highly visible and synchronized initiatives of Base Realignment and Closure, growth of the force to 45 Brigade Combat Teams with an end-strength of 547,400 Soldiers, transformation to a globally postured and versatile modular force, and the Reserve Components transformation from a strategic force to an operational force. Your committee's commitment to our Soldiers, Families and Civilians and support of the Army's military construction program is deeply appreciated. The Army's strength is its Soldiers – and the Families and Army Civilians who support them. They are and will continue to be the centerpiece of our Army.

The level of investment required to complete Grow the Army (GTA) and Global Defense Posture Realignment (GDPR) and Base Realignment and Closure (BRAC) is declining and permits the Army to focus on the funding to recapitalize and modernize legacy facilities, construct new facilities to eliminate deficit requirements, such as quality of life, and complete both Permanent Party and Training Barracks buy-out programs. Continued timely and predictable funding is critical as we transition from a period of prolonged conflict to one of increased stability while continuing to focus on re-balancing the force and maintaining a combat edge developed through a decade of war.

IMPACTS OF THE CONTINUING RESOLUTION

Under the current Continuing Resolutions, the Army is unable to proceed with the military construction projects we requested over a year ago – projects that are needed to continue the momentum required to meet our goals. We have approximately \$1.5B of Army military construction projects – across all components- that are ready to award pending receipt of an Appropriations bill or new start authority. As long as new starts

are prohibited, we risk increased cost to re-advertise projects, shortened construction seasons - especially in northern climates, and delays to ongoing consolidation and stationing actions. So, I strongly urge the Committee to work hard to pass the FY11 budget.

OVERVIEW

The Army's Fiscal Year (FY) 2012 President's Budget requests \$5.3 billion for Military Construction (MILCON), Army Family Housing (AFH), and BRAC, which is \$2.6 billion less or a 33 percent reduction from the FY 2011 request. This represents 3.6 percent of the total Army budget. Of the \$5.3 billion request, \$3.2 billion is for the Active Army, \$774 million is for the Army National Guard, \$281 million is for the Army Reserve, \$300 million is for BRAC, and \$682 million is for Army Family Housing. Although the overall MILCON funding level declines due to completion of BRAC construction and reduced investments in major initiatives such as GTA and GDPR, the Army continued to follow the "Pillars of Priority" in development of the FY 2012 MILCON program which supports Army Imperatives of: Sustain, Prepare, Reset and Transform.

The five pillars of priority are the foundation of the MILCON program. The pillars address all categories of facilities in the Army facilities portfolio for active and reserve component forces. The pillars are:

Global Defense Posture Realignment/Grow the Army (GDPR/GTA): GDPR construction provides facilities to ensure Army forces are properly positioned worldwide in support of the National Military Strategy. GTA supports the FY2013 Army end strength of 1,111.6K (547K Active Army, 358K Army National Guard, and 206K Army Reserve) necessary to increase Active Component dwell time to 1:2 years and Reserve Component dwell time to 1:4 years. Construction provides facilities for brigade combat teams and combat support/combat service support (CS/CSS) units activated as part of GTA. The Secretary of Defense recently announced a reduction of 27K in active Army end strength planned for 2015. Unit level details of this reduction, and therefore impacts to facilities, will not be known for some time.

Transformation: Supports the Army's transformation to a modular force, enables critical force structure initiatives and eliminates inadequate permanent party and trainee barracks. The last inadequate permanent party spaces are planned to be removed after the new barracks are fully occupied in fiscal year 2015, if we have new start authority for our FY11 projects.

Modernization: Supports ongoing investment in recapitalization of Operations infrastructure and Quality of Life facilities.

Training Support: Supports ongoing investment in modernization and revitalization of Army training ranges, training centers, and supporting infrastructure.

Strategic Readiness: Supports the modernization and recapitalization of the Army's industrial base, pre-positioned stock facilities and transportation infrastructure.

The Army is executing a tightly woven plan integrating BRAC, GDPR/GTA, and transformation to a modular force as facilitated by MILCON. The strategy includes aligning facilities to support a US based force structured as an expeditionary Army; completing facilities and moving personnel to comply with BRAC 2005 law by 2011; and completing GDPR/GTA by 2013. Facilities modernization for modular force units converted from the legacy force structure extends beyond 2016. The fiscal year 2012 MILCON request is crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force.

FISCAL YEAR 2012 BUDGET REQUEST

MILITARY CONSTRUCTION, ARMY

The Active Army FY 2012 MILCON request is for \$3,236M (for appropriation and authorization of appropriations) to support the Army Imperatives of Sustain, Prepare and Transform.

Grow the Army (\$164M/5%): The GTA request in FY 2012 funds 4 projects. The total includes \$137 million for operations facilities, \$23 million for a training barracks, and \$3.6 million for one operational support facility. These facilities are essential to support growth in the Army's combat support and combat service support force structure and establish the appropriate training support infrastructure for a 45 Brigade Combat Team Army.

Global Defense Posture Realignment (\$178M/6%): The request includes \$80 million, for barracks, an entry control point and the third phase of the drainage system at Bagram Air Base, as well \$49 million for a Brigade Complex at Fort Bragg as part of the Army Patriot units' global realignment, and \$49 million for a maintenance facility at Fort Leonard Wood.

Transformation (\$1,165M/36%): The FY 2012 request of \$639 million supports the stationing of units in support of weapons systems, Theater High Altitude Area Defense (THAAD), Joint Land Attack Cruise Missile Defense Elevated Netted Sensor (JLENS), Combat Aviation Brigades (CABs), and Enhanced Range Multipurpose (ERMP) unmanned aerial vehicle units. Another \$526 million will provide permanent operations and maintenance facilities and barracks to support the conversion of existing forces into new modular force units for the Active component. The Army strategy is to use existing facility assets to support transformation where feasible and program new construction projects when existing facilities are inadequate.

Barracks Modernization (\$296M/9%): The FY 2012 request will provide for 3,482 new permanent party barracks spaces that will meet Department of Defense "1 + 1" or equivalent standard and complete the permanent party barracks buyout program by FY2013 and beneficial occupancy by FY2015. In addition to the barracks modernization program, additional barracks projects are included in the FY2012 request that support *Grow the Army*, *Transformation*, and *Modernization* pillars. These projects are located, at Joint Base Lewis-McChord, Forts Bliss, Carson, and Knox, Germany, Honduras, and Korea. The total FY 2012 investment in permanent party barracks is \$562 million.

Training Barracks Modernization (\$59M/2%): The FY 2012 request will provide 1,140 new training barracks spaces for our Soldiers that meet applicable standards. One trainee barracks complex is at Fort Jackson. In addition to the training barracks modernization program, a second trainee barracks complex at Fort Benning is funded under the *Grow the Army* pillar. The total FY 2012 investment in training barracks is \$82 million.

Modernization: (\$685M/21%): The FY 2012 request consists of 30 projects with investments of \$258 million for operations facilities, \$321 million for operational support facilities and \$106 million for quality of life projects.

Training Support (\$340M/11%): Training Support facilities include training ranges to support multiple weapon systems, land acquisitions and other Soldier training facilities.

Strategic Readiness (\$74M/2%): FY 2012 represents the first year the Army will invest in industrial base and deployment facilities under the Strategic Readiness initiative. Prior to FY 2012, these types of facilities fell under general recapitalization and modernization of aging facilities. Five transportation infrastructure projects will be constructed to support railhead, deployment and supply operations, as well as a Maneuver Systems Sustainment Center project at Red River Army Depot.

Other Support Programs (\$275M/8%): The FY 2012 budget includes \$230 million for planning and design. As executive agent, the Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2012 budget requests \$25 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe. The budget request also contains \$20 million for unspecified minor construction to address unforeseen critical needs.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard FY 2012 MILCON request of \$774 million (for appropriation and authorization of appropriations) is focused on GTA, Modernization, Transformation, Training Support, and other support programs.

Grow the Army (\$101M/14%): The FY 2012 budget request includes \$101 million for 11 energy efficient readiness centers that will support the Army National Guard's end strength growth and ability to react to high levels of force deployment.

Modernization (\$198M/25%): The Army National Guard budget request also includes \$198 million to replace 11 obsolete, and energy inefficient readiness centers. There are five Readiness Centers and one Armed Forces Reserve Center, one Maintenance Facility, one Army Aviation Support Facility, one United States Property and Fiscal Office, and one Utilities Replacement project that will provide modernized facilities to enhance the Guard's operational readiness.

Transformation (\$198M/25%): The budget request offers the Army National Guard the opportunity to reach higher levels of readiness by equipping Army National Guard units on a comparable level with the active component. The request is comprised of ten projects which include three Tactical Unmanned Aircraft System Facilities (TUAS), five Readiness Centers, one Army Aviation Support Facility, and one Field Maintenance Shop.

Training Support (\$245M/32%): In FY 2012, the Army National Guard is requesting \$245 million for 16 projects which will support the training of its operational force. These funds will provide the facilities Soldiers require as they train, mobilize, and deploy. Included are five Operations Readiness and Training Complexes (ORTC), seven range projects, one Maneuver Area Training and Equipment Site (MATES), one railhead expansion and container facility, and two deployment processing facilities.

Other Support Programs (\$32M/4%): The FY 2012 Army National Guard budget also contains \$20 million for planning and design of future projects and \$12 million for unspecified minor military construction to address unforeseen critical needs.

MILITARY CONSTRUCTION ARMY RESERVE

The Army Reserve FY 2012 MILCON request for \$281 million (for appropriation and authorization of appropriations) is for Modernization, Training Support, Strategic Readiness, and other support programs.

Modernization (\$216M/77%): In FY 2012, the Army Reserve will invest \$216 million in facilities that prepare our Soldiers for success in current operations. The construction of ten new Army Reserve Centers and one Armed Forces Reserve center will provide the modernized training classrooms, simulations capabilities, and maintenance platforms that support the Army Force Generation (ARFORGEN) cycle and the ability of the Army Reserve to provide trained and ready soldiers for Army missions when called.

Training Support (\$27M/10%): The budget request of \$27 million provides for three ranges that enable soldiers to hone their combat skills. It also provides for construction of the final phase of a Non-Commissioned Officer (NCO) Academy classroom/training billets complex that, when completed, will allow for a modernized training environment for training.

Strategic Readiness (\$5M2%): The request includes \$5 million for a containerized loading facility supporting mobilization and demobilization missions of the Reserve Component.

Other Support Programs (\$32M/11%): The FY 2012 Army Reserve budget request includes \$29 million for planning and design of future year projects and \$3 million for unspecified minor military construction to address unforeseen critical needs.

ARMY FAMILY HOUSING

The Army's FY12 budget includes \$681.8 million for the Army's investment in and operation of its worldwide inventory of family housing assets. The Army relies first on the local economy to provide housing for our Soldiers. When housing on the economy is not available, the Army provides housing by various means including government-owned, privatized, and leased housing. The Army has successfully privatized 98% of its housing assets inside the United States, while overseas we primarily house Families in government-owned and leased quarters.

Residential Communities Initiative (RCI). In 1999 the Army began privatizing housing assets and RCI continues to provide quality housing which Soldiers and their Families and senior single Soldiers can proudly call home. The Army leverages appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI Family housing is in 44 locations, with a projected end state of over 85,000 homes – 98 percent of the on-post Family housing inventory inside the U.S. Initial construction and renovation investment at these 44 installations is estimated at \$12.7 billion over a three to 14-year initial development period, which includes the Army's contribution of close to \$2.0 billion. During the twelve years since 1999 through 2010, our partners have constructed over 25,000 new homes, and renovated another 19,000 homes.

The RCI program for Senior Unaccompanied Housing includes four installations for a total of 1,394 accommodations for senior single Soldiers in grade Staff Sergeant and above including officers at locations where there is a deficit of adequate accommodations off post. The four locations are Forts Irwin, Drum, Bragg, and Stewart.

AFH Construction (\$186.9M/27%): The Army's FY 2012 Family Housing Construction request is \$186.9 million (for authorization of appropriation, and appropriation) to continue our significant investment in our Soldiers and their Families.

This supports our goal to sustain government-owned housing and eliminate our remaining inadequate inventory at enduring overseas installations.

The family housing construction program includes \$76 million for traditional military construction to provide 128 new homes in Germany, and to acquire 10 acres of land in Brussels for future construction so that the Army can eliminate 7 high-cost leased homes that cost the Army over \$1 million annually. The request also includes \$103 million for improvements to 276 family homes in Germany, and \$7.9 million for planning and design.

AFH Operations (\$494.8M/73%): The Army's FY 2012 Family Housing Operations request is \$494.8 million (for appropriation and authorization of appropriations). This account provides for: Operations, Utilities, Maintenance and Repair, Leased Family housing, and management of RCI. This request supports almost 16,000 Army-owned homes, in the United States and in foreign countries, as well as almost 8,000 leased residences and provides government oversight of more than 80,000 privatized homes.

Operations (\$85.4M): The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate the AFH owned inventory.

Utilities (\$73.6M): The utilities account includes the cost of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing in proportion with the reduction in supported inventory due to RCI.

Maintenance and Repair (\$105.7M): The maintenance and repair account supports annual recurring projects to maintain and revitalize AFH real property assets. Since most Family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and Family quality of life.

Leasing (\$204.4M): The leasing program is another way the Army provides adequate housing for Families. The FY 2012 budget includes funding for a total of 9,036 housing units, including 1,080 existing Section 2835 (“build-to-lease” – formerly known as 801 leases), 1,828 temporary domestic leases in the US, and 6,128 leased units overseas.

Privatization (\$25.7M): The privatization account provides operating funds for management and oversight of privatized military family housing in the RCI program. RCI costs include civilian pay, travel, and contracts for environmental and real estate functions, training, real estate and financial consultant services and oversight to monitor compliance and performance of the overall privatized housing portfolio and individual projects.

BASE REALIGNMENT AND CLOSURE

BRAC 2005

BRAC 2005 is a massive undertaking, requiring the synchronization of base closures, realignments, MILCON and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. BRAC 2005 encompassed: 102 Army recommendations; affected over 150,000 Soldiers and Civilians, and their family members; 330 construction projects, which includes 125 Armed Forces Reserve Centers; closure of 12 Active Component installations, one Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and eight leased facilities; and over 1,100 discrete actions. BRAC 2005 established Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities.

While the Department is facing scheduling challenges in a few cases, we are working diligently to ensure we satisfy our BRAC legal obligations. Army Senior leaders continue to intensely manage these recommendations and are putting in place mitigation procedures to ensure we meet our legal obligations. Currently, the Army has completed 23 of 102 recommendations and awarded 327 military construction projects,

of which 154 have been completed. The Army has initiated 850 of 1,147 actions and completed 393. The Army has closed six Army installations, one Army Reserve installation, 42 Army Reserve Centers, and disposed of 19,067 acres associated with the closures. The Army is on schedule to complete the remaining 754 actions and 173 projects in accordance with the BRAC law.

The Army FY 2012 budget request for BRAC 2005 is only \$229 million. The budget request is critical to the success of the Army's BRAC 2005 initiative and does not contain funding for new construction projects. The funding request includes \$116.9 million in Operation and Maintenance (O&M) to support facility caretaker requirements. In FY 2012, the Army will continue environmental closure, cleanup and disposal of BRAC properties. These activities will continue efforts previously ongoing under the Army Installation Restoration Program and will ultimately support future property transfer actions. The budget request for environmental programs is \$112.3 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

BRAC 95

The Army is requesting \$70.7 million in FY2012 for prior BRAC rounds. The request includes \$4.6 million for caretaking operations and program management of remaining properties and \$66.1 million for environmental restoration to address environmental restoration efforts at 280 sites at 36 prior BRAC installations. To date, the Army has spent \$3.1 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. The Army has disposed of 177,842 acres (85 percent of the total acreage disposal requirement of 209,291 acres), with 31,448 acres remaining. As a result, the Army estimates approximately \$14.5 billion in savings through 2010 – and nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

ENERGY CONSERVATION INVESTMENT PROGRAM

Army installations and facilities require secure and uninterrupted access to energy. Dependence on fossil fuels and a vulnerable electric power grid jeopardizes the security of Army installations and mission capabilities. Investment in renewable energy and energy efficient technologies will help ensure the Army can meet mission requirements today and into the future.

The Energy Conservation Investment Program (ECIP) FY 2012 program includes ten renewable energy projects and three energy conservation projects for \$51.5 million. The estimated average annual savings is projected at \$4 million dollars or 258 billion British Thermal Units (BTU). Although ECIP is an annual Defense wide appropriation (\$135M), the Army is taking a strategic look at requirements and developing an ECIP Future Years Defense Program that will provide the Army the ability to pull requirements forward should such an opportunity arise.

ENERGY SECURITY AND SUSTAINABILITY

The Army is moving forward to address the challenge of sustainability and energy security to ensure the Army of tomorrow has the same access to energy, water, land, and natural resources as the Army of today. The Army realizes that innovative, cost-effective, solutions are critical to success. Addressing these challenges is operationally necessary, fiscally prudent, and mission essential. The Army is ready to lead by example.

Drive Efficiency Across the Enterprise. The Army is working to significantly reduce requirements for natural resources, to include energy and water, both on installations at home and in our combat operations. Reducing demand through efficiency improvements is often the cheapest and fastest way to save funds and reduce dependency. The easiest gallon of fuel to secure and transport is the one that is not required. The need to reduce energy vulnerabilities and associated costs is clear, given

experiences in Iraq and Afghanistan. The approach will require a concerted effort involving a combination of new technologies, changes to user behavior, and conversion of “waste” in resource streams to energy with approaches that convert waste heat or garbage into electricity.

Build Resilience through Renewable/Alternative Energy. Army forces must still prevail, even in the face of disruptions due to enemy action, weather, shifting priorities, or energy availability. Given this, it is prudent that the Army take steps to diversify its sources of energy, particularly to include renewable and alternative sources available both here and abroad. The Army is building resilience and flexibility into force capabilities to continue operating in the face of energy disruption. These disruptions can occur at the national, regional, or local level and affect bases, weapons systems, vehicles, and Soldiers.

CONCLUSION

The Army’s FY 2012 MILCON, AFH and BRAC budget requests are balanced programs that support our Soldiers, Families, and Civilians; continued re-balancing of the force; completion of BRAC 2005 by September 2011; continued support to Army transformation, GTA and GDPR initiatives, and investments in barracks buyout programs. The Army’s facilities investment strategy will be accomplished through your continued commitment to timely and sustained funding of military construction, BRAC and family housing.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for our Soldiers, Families, and Civilians.