

DEPARTMENT OF THE AIR FORCE

**PRESENTATION TO THE ARMED SERVICES COMMITTEE,
SUBCOMMITTEE ON READINESS AND MANAGEMENT
SUPPORT,**

UNITED STATES SENATE

**SUBJECT: BUDGET REQUEST FOR FY 2002 FOR THE
MILITARY**

**CONSTRUCTION AND MILITARY FAMILY HOUSING
PROGRAMS FOR THE AIR FORCE**

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Introduction

Mr. Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you and present the Department of the Air Force Fiscal Year 2002 military construction program. Today, I will share with the committee our investment strategies for facilities, housing, utility systems, and environmental programs.

Overview

Our Total Force MILCON and Military Family Housing programs play a vital role supporting Air Force operational needs, work place productivity and Quality of Life. Admiral David Jeremiah (U.S. Navy, retired) acknowledged this fact in the recent Special Department of Defense report on Morale and Quality of Life. Two of the top four issues, improving the workplace environment and providing better housing, rely on the success of our MILCON and Military Family Housing programs.

For several years reduced funding for our facilities has led to a steady deterioration in Air Force infrastructure. The good news is that our FY02 Total Force MILCON budget request is double what it was last year and stands at over \$1.2 billion. With this FY02 budget and the investment levels projected through the Future Years Defense Plan, we will reduce our recapitalization rate from its present 250-plus years to about a 190-year recapitalization rate, still far below our desired rate of recapitalization, but this is clearly a step in the right direction.

However, even with additional MILCON funding in FY02, the Air

Force infrastructure challenges remain the same. We must continue to balance funding among the priorities of people, readiness, modernization, and infrastructure. Increases in the overall defense budget this year will help meet the most pressing Air Force needs. However, previous underfunding of military construction and operation and maintenance required us to develop “work-arounds,” which impacted the Air Force’s combat capability, operational efficiency, and quality of workplace environment. Although we continue to operate and support the world’s premier aerospace force, we cannot correct overnight the negative impact reduced funding has had on our infrastructure.

For FY02, we are requesting a program of \$2.7 billion for our total force MILCON and Military Family Housing. This request is comprised of \$1.1 billion for traditional active MILCON, \$1.4 billion for Military Family Housing, \$149.1 million for Air National Guard traditional MILCON, \$53.7 million for Air Force Reserve traditional MILCON. These Air Force programs were developed using a facility investment strategy with the following objectives:

- ?? Accommodate new missions
- ?? Invest in Quality of Life improvements
- ?? Continue environmental leadership
- ?? Sustain, Restore and Modernize our Infrastructure
- ?? Optimize use of public and private resources, and
- ?? Continue our demolition programs

Mr. Chairman, the Air Force clearly could not maintain the quality of our facilities and the advantages they provide without the strong support

we have always received from this committee and for that we are most grateful. With this background, I would like to discuss our military construction budget request for FY02.

Accommodate New Missions

New weapon systems will provide the rapid, precise, global capability that enables our combat commanders to respond quickly to conflicts in support of national security objectives. Our FY02 new mission MILCON program consists of 32 projects, totaling \$283 million. These new missions include important initiatives to improve Air Force operational capabilities. However, they and the infrastructure to support them, should be considered in light of on-going Quadrennial Defense Review (QDR) activities in the Department.

These projects support a number of weapon system beddowns; two worthy of mention are the F-22 fighter, and the C-17 airlifter. The F-22 Raptor is the Air Force's next generation air superiority fighter. The location for the F-22 flight-training program is Tyndall Air Force Base, Florida with Langley Air Force Base, Virginia serving as the first operational base. The FY02 MILCON includes two F-22 projects at Tyndall totaling \$15 million and three F-22 projects at Langley totaling \$39 million.

The C-17 Globemaster III aircraft is replacing our fleet of C-141 Starlifters. The C-17 provides rapid global mobility by combining the C-141 air speed and long-range transport capabilities; the C-5 capability to carry outsized cargo, and the C-130 capability to land directly on short, forward-located airstrips. To support this program, our

request includes a \$5 million facility at McChord Air Force Base, Washington, two Air National Guard projects for \$22.2M at Jackson International Airport, Mississippi, and five projects for \$36.5M at McGuire AFB, New Jersey.

Other new mission requirements in FY02 include the C-130J at Little Rock Air Force Base, Arkansas; the Space Based Infrared Radar System (SBIRS) at Schriever Air Force Base, Colorado; and a Telescopic/Atmosphere Compensation Lab at Kirtland Air Force Base, New Mexico.

Invest in Quality of Life

The Air Force is committed to taking care of our people and their families. Quality of life initiatives acknowledge the sacrifices our airmen make in support of the nation and are pivotal to recruiting and retaining our best. When our members deploy, they want to know that their families are stable, safe and secure. Their welfare is a critical factor to our overall combat readiness, and our family housing program, dormitory program, and other quality of life initiatives reflect our commitment to provide them the facilities they deserve. I would also like to thank the President for his support and additional funding to improve the quality of life for Air Force personnel and their families.

Our Air Force Family Housing Master Plan provides the road map for our Housing MILCON, O&M, and privatization efforts to meet the Department of Defense goal to provide safe, affordable and adequate housing for our members by 2010.

The \$518 million FY 2002 MFH replacement and improvement

program will replace more than 700 worn-out units at 8 separate locations, improve more than 2,100 units at 15 locations, and supports privatization of more than 10,000 units at 12 locations. I'll discuss our housing privatization program in more detail in a few minutes. Our FY02 housing operations & maintenance program totals \$869 million.

Just as we are committed to provide adequate housing for families, we have an ambitious program to house our single junior enlisted personnel. The Air Force Dormitory Master Plan is a comprehensive, requirements-based plan, which identifies projected unaccompanied enlisted housing requirements and prioritizes MILCON projects. The plan includes a three-phased dormitory investment strategy. The three phases are: (1) Fund the replacement or conversion of all permanent party central latrine dormitories; (2) construct new facilities to eliminate the deficit of dormitory rooms; and (3) convert or replace existing dormitories at the end of their useful life using the Department of Defense 1+1 room standard. Phase 1 is complete, and we are now concentrating on the final two phases of the investment strategy. Our total requirement is 75,200 Air Force dormitory rooms. We currently have a deficit of 11,400 rooms and the existing inventory includes 5,300 inadequate rooms. The remaining cost to execute the Air Force Dormitory Master Plan and achieve the FY 2009 Air Force goal to buy out our deficit and replace our worst existing dormitories is just over \$1 billion.

The FY02 dormitory program consists of 13 enlisted dormitory projects, with 8 projects at 7 CONUS installations, and 5 projects overseas, for a total of \$157 million. On behalf of all the airmen affected

by this important quality of life initiative, I want to thank the committee. We could never have made it this far without your tremendous support of our dormitory modernization program.

Other traditional quality of life investments include community facilities such as fitness centers and child development centers, vital in our efforts to attract and retain high quality people and their families. A strong sense of community is an important element of the Air Force way of life, and these facilities are important to that sense of community as well as to the physical and psychological well being of our airmen. The FY02 MILCON program includes fitness centers at F.E. Warren AFB, Wyoming, Laughlin AFB, Texas, Kunsan AB, Korea, Mildenhall AB, United Kingdom, and Buckley AFB, Colorado.

Overseas quality of life continues to be a priority to us. Even though the majority of our Air Force personnel are assigned in the United States, 21 percent of our forces are serving overseas. The Air Force overseas base structure has stabilized after years of closures and force structure realignments. Now, old and progressively deteriorating infrastructure at these bases requires increased investment. Our FY02 MILCON program for our European and Pacific installations totals \$273 million totaling 27 projects. The program consists of a variety of quality of life and infrastructure projects in Korea, the United Kingdom, Germany, Italy, and Turkey as well as critical facilities on Guam, Wake Island, and Greenland. We ask for your support of these operational and quality of life projects.

Rounding out the MILCON FY02 request are the planning & design

and unspecified minor construction requirements. Our request for FY02 planning and design is \$87 million. These funds are required to accomplish the design for current mission projects added as a result of the amended budget for the FY02 program, complete design of the FY03 construction program, and to start design of our FY04 projects. We have requested \$21 million in FY02 for our total force unspecified minor construction program, which is our primary means of funding small, unforeseen projects that cannot wait for normal MILCON.

Continue Environmental Leadership

The Air Force continues to enhance mission capability and sustain the public trust through prudent environmental stewardship. We are meeting our environmental cleanup commitments and planning guidance for policy goals through effective outreach and partnering with federal and state regulators and team building with stakeholders and communities. Meeting our legal obligations remains a primary objective of the Air Force Environmental Quality program. Our record of environmental stewardship illustrates our environmental ethic, both here in the United States and overseas. In addition to ensuring our operations comply with all environmental regulations and laws, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We continue to seek partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of better understanding and trust. By focusing on our principles of enhancing operational readiness, being a good neighbor, and leveraging our

resources, we remain a leader in environmental compliance, cleanup, and pollution prevention. We have reduced our open enforcement actions from 263 in FY92 to just 10 at the end of FY00.

Our environmental compliance MILCON program in FY02 includes three projects totaling \$10.2 million in support of the Clean Water Act. Our program includes restoring the environment, and constructing or modifying two fire-training facilities to meet environmental requirements. These fire-training facilities are located at Robins AFB, Georgia and Andrews AFB, Maryland. In addition, we are upgrading the wastewater system at Eareckson AS, Alaska. All of these projects satisfy DoD Class-1 requirements, which either refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement, or refer to projects and activities which, if not corrected, will result in an out of compliance situation in the current program year

Sustain, Restore and Modernize our Infrastructure

To sustain, restore and modernize what we own we need to achieve a balance between our military construction and operation and maintenance programs. Military construction allows us to restore and recapitalize our antiquated facilities while operation and maintenance (O&M) funding allows us to perform needed sustainment, restoration and modernization throughout the life cycle of a facility. Since the early nineties, constrained defense budgets resulted in reduced MILCON funding. For a few years adequate O&M funding partially offset this MILCON decline. However, since FY97, competing priorities have forced

the Air Force to cut sharply into both MILCON and O&M funding. Our effort to sustain and operate what we own is further strained by minimally funded O&M, which forces us to defer much-needed sustainment and restoration requirements. Currently, our sustainment, restoration and modernization (SRM) share of the Air Force O&M funding is only at \$1.6 billion. This is short of the \$1.7 billion sustainment level, which is the minimum funding required to provide only the day-to-day maintenance and life cycle repairs necessary during the planned life of a facility. There is no funding for any Restoration and Modernization work, to fix things such as deteriorated water lines or failed airfield pavements. Our O&M funded restoration and modernization backlog now exceeds \$5.6 billion. We appreciate Congressional support in this area which has recently been successful in improving many of those facilities where we eat, sleep, play, and pray - fixing numerous dining halls, dormitories, fitness centers, and chapels. Without that congressional support, those facility enhancements could not have occurred.

Optimize Use of Public and Private Resources

In order for the Air Force to accelerate the rate at which we revitalize our inadequate housing inventory, we have taken a measured approach to housing privatization. We started with a few select projects, looking for some successes and “lessons learned” to guide our follow-on initiatives. Since awarding our first housing privatization project, at Lackland AFB, Texas in August of 1998, 321 of the 420 housing units are now constructed and occupied by military families. The remaining 99 units

are scheduled for completion this November. We have awarded three more projects that will result in 670 privatized housing units at Robins AFB, Georgia, 402 units at Dyess AFB, Texas and 828 units at Elmendorf AFB, Alaska. We are working with the City of San Angelo on an unsolicited proposal to privatize 298 housing units at Goodfellow AFB, Texas. Kirtland AFB, New Mexico, is in the middle of its housing privatization solicitation process, which potentially will privatize 1,164 housing units. Additionally, we have two more projects that will be out for solicitation shortly at Wright-Patterson AFB, Ohio and Patrick AFB, Florida. Our FY02 program includes 12 privatization projects for over 10,000 units at a cost of \$135M vice \$868M had we relied on traditional housing MILCON. This year's privatization projects are at Beale (1,444 units), Nellis (1,313), Andrews (115), McGuire (1,882), Lackland (564), Altus (978), Hickam (1,356), Hurlburt (330), Buckley (201), Langley (1,268), Elmendorf (624), and Barksdale (432). We're realizing, on average, a five to one leverage on our MILCON investment for housing privatization and we see this kind of favorable ratio holding steady or perhaps even increasing on other projects in the out-years.

Our housing privatization initiatives are making great strides in the right direction. We firmly believe that through housing privatization we can provide improved housing to more airmen in less time than using the standard military construction process.

We continue to aggressively pursue privatization of utility systems at Air Force installations. Our goal is to privatize utility systems where it makes economic sense and does not unduly impact national security.

The Air Force has identified 434 of our 645 systems as potential privatization candidates. We have released requests for proposals for 178 systems and have completed the process on 75 systems. The Air Force is working diligently towards the goal established by the Department of Defense to privatize eligible utility systems by 2003.

Continue Demolition Programs

In an effort to reduce infrastructure, the Air Force plans to demolish or dispose of, non-housing building space that is no longer economical to sustain or restore. From FY96 through FY00, we demolished 14 million-square feet of non-housing building space. This is equivalent to demolishing six Air Force bases equal to the combined square footage of Whiteman, Goodfellow, Moody, Brooks, Vance, and Pope Air Force Bases. Air Force demolition efforts continue to be a success story enabling us to reduce the strain on our infrastructure funding by getting rid of facilities we don't need. We support OSD's request for authority to conduct additional rounds of base closures, which would allow us to realign our forces for better efficiency and accelerate the disposal of unneeded infrastructure and facilities.

In conclusion, Mr. Chairman, I thank the committee for its strong support of Air Force military construction and family housing. With your help, we will ensure we meet the most urgent needs of commanders in the field while providing quality facilities for the men and women who serve in, and are the backbone of, the most respected aerospace force in the world. I will be happy to address any questions.