

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

**SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT  
COMMITTEE ON ARMED SERVICES  
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**ON THE FISCAL YEAR 2008  
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**

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2008. We have a robust budget that is crucial to the success of the Army's new initiatives and sustains vital, ongoing programs of critical importance to the Army. We appreciate the opportunity to report on them to you. We would like to start by thanking you for your unwavering support to our Soldiers and their families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and they could not perform their missions so successfully without your steadfast support.

## **OVERVIEW**

### **TRANSFORMING INSTALLATIONS WHILE THE ARMY IS AT WAR**

Installations are the home of combat power – a critical component of the Nation's force capabilities. Your Army is working hard to ensure that we deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring that we can successfully carry out our assigned roles, missions, and tasks that safeguard our security at home and abroad.

Army infrastructure must enable the force to fulfill its strategic roles and missions to generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure to ensure this combat power remains relevant and ready. We will accomplish these efforts by the combined stationing efforts of Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, and the President's "Grow the Force" initiative.

### **Stationing**

The stationing initiative is a massive undertaking, requiring the synchronization of base realignments and closures, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. Our decisions to synchronize activities associated with stationing and realigning our global basing posture continue to be guided by the following key criteria:

- Meeting operational requirements
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws
- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities

Completion of this combined set of initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st Century security environment, with our Soldiers and families living at installations that are truly "Flagships of Army Readiness."

### **Infrastructure Quality**

In addition to mission support, our installations provide the base of support for Soldiers and their families. The environment in which our Soldiers train, our civilians work, and our families live plays a key role in

recruiting and retaining the high quality people the Army needs. Through efforts such as Barracks Modernization and Residential Communities Initiative (RCI) housing privatization, the Army has made tremendous progress in improving the quality of life for Soldiers and their families. These efforts will combine with the Army's stabilization of the force to forge greater bonds between units, Soldiers, families, and the communities in which they live.

The quality of our installations is critical to support the Army's mission, its Soldiers, and their families. Installations serve as the platforms we use to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

### **Global Defense Posture Realignment (GDPR)**

The United States' global defense posture defines the size, location, types, and roles of military forces and capabilities. It represents our ability to project power and undertake military actions beyond our border. Together with our overall military force structure, our global defense posture enables the United States to assure allies, dissuade potential challengers, deter enemies, and, if necessary, defeat aggression. The new global defense posture will be adjusted to the new security environment in several key ways: 1) expand allied roles, build new partnerships, and encourage transformation, 2) create greater operational flexibility to contend with uncertainty 3) focus and act both within and across various regions of the world, 4) develop rapidly deployable capabilities, and lastly, the United States and its allies and partners will work from a different paradigm than in the past: GDPR will relocate approximately 45,500 Soldiers and their families from Europe and Korea

to the United States over the next five to six years. These moves are critical to ensure Army forces are properly positioned worldwide to support our National Military Strategy. The new posture will yield significant gains in military effectiveness and efficiency in future conflicts and crises and will enable the U.S. military to fulfill its many global roles. The new posture will also have a positive effect on our military forces and families. While we will be moving toward a more rotational and unaccompanied forward presence, these rotations will be balanced by more stability at home with fewer overseas moves and less disruption in the lives of spouses and dependents.

### **Army Modular Force**

The Army Modular Force initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of 3,500 to 4,000 Soldiers. BCTs increase the Army's combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands. The main effort of Army transformation is the Army Modular Force, which reorganizes the Total Army: the Active Component, Army National Guard, and Army Reserve into modular theater armies, theater support structure, corps and division headquarters, BCTs, and multi-functional and functional support brigades. The Army is reorganizing from a division-based to a modular brigade-based force to achieve three primary goals:

First, increase the number of available BCTs to meet operational requirements while maintaining combat effectiveness equal to or better than previous divisional brigades. Second, create brigade-size combat support and combat service support formations of common organizational designs that can be easily tailored to meet the varied demands of the

geographic combatant commanders and reduce the complexities of joint planning and execution. Third, redesign organizations to perform as integral parts of the joint force, making them more effective across the range of military operations and enhancing their ability to contribute to joint, interagency, and multinational efforts. By implementing the Army Modular Force, the Army is transforming to be better prepared to meet the challenges of the new security environment characterized by continuous full-spectrum operations against adaptive enemies in complex environments.

The fiscal year 2008 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of fiscal year 2006, we have funded 93 percent of the military construction requirements for the Stryker Brigade Combat Teams, including Army National Guard requirements in Pennsylvania. Remaining construction funding for both the Active Army and Army National Guard will be requested in future budget requests.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support Soldiers where they live and work. The Army is requesting \$414 million for fiscal year 2008 to provide permanent facilities in support of the BCTs. The remaining Army Modular Force requirements will be addressed in future budget requests.

### **Grow the Army**

The President's recent Grow the Force initiative announced on January 10, 2007, will increase the Army by 74,000 Soldiers over the next five years. Part of this year's request, \$2.363 billion, supports this initiative. Grow the Army projects include essential facilities required to support the increase in end strength such as brigade complexes and

associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is requested for planning and design and military construction projects in the active Army, Army National Guard, and for Army Family Housing. Details for these projects will be provided separately.

## **THE WAY AHEAD**

To improve the Army's facilities posture, we have undertaken specific initiatives or budget strategies to focus our resources on the most important areas – Range and Training Lands, Barracks, Family Housing, and Workplaces.

*Range and Training Lands.* Ranges and training lands enable our Army to train and develop its full capabilities to ensure our Soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

*Barracks.* Providing safe, quality housing is a crucial commitment the Army has made to its Soldiers. We owe single Soldiers the same quality housing that is provided to married Soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 15th year of its campaign to modernize barracks to provide 134,500 single enlisted permanent party Soldiers with quality living environments. The new complexes meet DoD "1+1" or equivalent standard by providing two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

*Family Housing.* This year's budget continues our significant investment in our Soldiers and their families by supporting our goal to have contracts and funding in place to eliminate remaining inadequate housing at enduring overseas installations by the end of fiscal year 2009. The U.S. inadequate inventory was funded for elimination by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units and reliance on off-post housing. For families living off post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

*Workplaces.* Building on the successes of our family housing and barracks programs, we are moving to improve the overall condition of Army infrastructure by focusing on revitalization of our workplaces. Projects in this year's budget will address requirements for operational, administration, instructional, and maintenance facilities. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet its national security mission.

### **Leveraging Resources**

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as RCI, utilities privatization, and build-to-lease family housing in Europe and Korea represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing



program and to exchange facilities in high-cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce un-financed facilities requirements.

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage non-traditional builders to compete. Small business opportunities and set-aside programs will be addressed, as well as incentives for good performance. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

## MILITARY CONSTRUCTION

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$3,385,329,000	\$4,039,197,000	\$4,039,197,000
Military Construction Army National Guard (MCNG)	N/A	\$404,291,000	\$404,291,000
Military Construction Army Reserve (MCAR)	N/A	\$119,684,000	\$119,684,000
Army Family Housing Construction (AFHC)	\$419,400,000	\$419,400,000	\$419,400,000
Army Family Housing Operations (AFHO)	\$742,920,000	\$742,920,000	\$742,920,000
BRAC 95 (BCA)	\$73,716,000	\$73,716,000	\$73,716,000
BRAC 2005 (BCA)	\$4,015,746,000	\$4,015,746,000	\$4,015,746,000
GWOT MCA	\$738,850,000	\$738,850,000	\$738,850,000
<b>TOTAL</b>	<b>\$9,375,961,000</b>	<b>\$10,553,804,000</b>	<b>\$10,553,804,000</b>

The Army's fiscal year 2008 budget request includes \$10.6 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and BRAC.

### MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army fiscal year 2008 Military Construction budget request is \$3,385,329,000 for authorization and \$4,039,197,000 for authorization of appropriations and appropriation, including \$1,608,129,000 for Grow the Army. This year's projects support the infrastructure necessary to ensure continued Soldier readiness and family well-being.

*Soldiers as our Centerpiece Projects.* The well-being of our Soldiers, civilians, and families is inextricably linked to the Army's readiness. We are requesting \$590 million of our MCA budget for projects to improve Soldier well-being in significant ways.

The Army continues to modernize and construct barracks to provide enlisted single Soldiers with quality living environments. This year's budget request includes 14 barracks projects to provide improved housing for 3,703 Soldiers and new barracks in support of major stationing

moves as we recast the footprint of the Army. With the approval of \$1,392 million for new barracks in this budget, 82 percent of our requirement will be funded at the “1+1” or equivalent standard.

We are requesting the third increment of funding, \$47.4 million, for the previously approved, incrementally funded, multiple-phased barracks complex at Fort Bragg, North Carolina. In addition, we are requesting the second increment of funding, \$102 million, for the brigade complex at Fort Lewis, Washington. We will award the complex as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in like facility types. The budget also includes a \$175 million for two training barracks complexes at Fort Benning, Georgia, and another at Fort Bragg, North Carolina, which will house 2,580 training Soldiers.

*Overseas Construction.* Included in this budget request is \$382 million in support of high-priority overseas projects. In Germany, we continue our consolidation of units to Grafenwoehr as part of our Efficient Basing – Grafenwoehr initiative. This allows us to close numerous installations as forces relocate to the U.S. and within Europe reducing base support requirements and enhancing Soldier training. In Korea, we are again requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the U.S. and Republic of Korea Ministry of Defense. Our request for funds in Italy is GDPR related and relocates forces from Germany to Vicenza to create a full Airborne BCT as part of the Army’s transformation to a modular force. The Airborne BCT complex also includes new barracks to house 513 Soldiers. Additional locations in Germany will close as construction is completed.

*Mission and Training Projects.* Projects in our fiscal year 2008 budget will provide maintenance facilities, brigade complexes and headquarters, operational and administration facilities, and training

ranges. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our National Security mission. The budget request also includes two overseas Forward Operating Site base camps for \$74 million that will provide a brigade (minus)-sized operational facility to support rotational training, allow for increased U.S. partnership training, and promote new military to military relationships.

We will also construct a battle command training center and simulations training facility, urban operations terrain, urban assault course, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our Soldiers realistic, state-of-the-art live-fire training. We are requesting a total of \$177 million for these high-priority projects. We are also requesting funding of \$22.3 million for two defense access roads.

*Army Modular Force Projects.* Our budget continues support of the transformation of the Army to a modern, strategically responsive force and contains \$315 million for three brigade complexes and other facilities. The new barracks will house 1,156 Soldiers in support of the Army Modular Force.

*SOUTHCOM Headquarters Project.* Our budget supports a new consolidated headquarters building with other support facilities. Our budget request contains \$237 million for the new facilities that will replace multiple leased facilities scattered throughout the Miami, Florida, metropolitan area. The new consolidated building will support over 2,800 Active, Reserve and civilian personnel whose mission is to achieve U.S. strategic objectives within their area of responsibility which spans 32 countries.

*Global War on Terrorism Projects.* The budget request also includes \$738.8 million for 33 critical construction projects in Iraq and Afghanistan to support Operations Iraqi Freedom and Enduring Freedom including \$19.4 million for planning and design. These funds will provide force protection, airfield facilities, operational facilities, support facilities, fuel handling and storage, and roads.

*Other Support Programs.* The fiscal year 2008 budget includes \$481 million for planning and design of future projects, including \$383 million to Grow the Army. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The fiscal year 2008 budget requests \$23 million for oversight of approximately \$800 million of host nation funded construction for all Services in Japan, Korea, and Europe.

The budget request also contains \$23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

### **MILITARY CONSTRUCTION, ARMY NATIONAL GUARD**

The Army National Guard's fiscal year 2008 Military Construction request for \$404,291,000 for appropriation and authorization of appropriations, including \$77 million for Grow the Army, is focused on Current Readiness, Transformation, other support, and unspecified programs.

*Current Readiness.* In fiscal year 2008, the Army National Guard is requesting \$36.9 million for four projects to support current readiness. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are one logistics building and three Readiness Centers.

*Army Modular Force.* The Army National Guard is also requesting \$237.8 million for 28 projects in support of new missions. There are 13 projects for the Stryker Brigade Combat Team initiative, four for the Army Division Redesign Study, eight range projects to support the Army Range and Training Land Strategy, and three Aviation Transformation projects to provide facilities for modernized aircraft and change unit structure.

*Other Support Programs.* The fiscal year 2008 Army National Guard budget also contains \$43.8 million for planning and design (including \$17 million for Grow the Army) of future projects and \$8.7 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

### **MILITARY CONSTRUCTION, ARMY RESERVE**

The Army Reserve fiscal year 2008 Military Construction request for \$119,684,000 (for appropriation and authorization of appropriations) is for Current Readiness, other support, and unspecified programs.

*Current Readiness.* In fiscal year 2008, the Army Reserve will invest \$73.2 million to build five new Army Reserve Centers, \$17 million for a combined maintenance facility, and \$8.5 million to construct a regional medical training facility – for a total facility investment of \$98.7 million. Construction of the five Reserve Centers will support over 1,700 Army Reserve Soldiers and civilian personnel. In addition, the Army Reserve will invest \$7.0 million to construct a training range and a training range support facility, which will be available for joint use by all Army components and military services.

*Other Unspecified Programs.* The fiscal year 2008 Army Reserve budget request includes \$10.9 million for planning and design for future year projects and \$3.0 million for unspecified minor military construction to

address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

### **ARMY FAMILY HOUSING CONSTRUCTION (AFHC)**

The Army's fiscal year 2008 family housing request is \$419,400,000 for authorization, authorization of appropriation, and appropriation, including \$266 million for Grow the Army. It continues the successful Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and our RCI program.

The fiscal year 2008 new construction program provides a Whole Neighborhood replacement project at Ansbach, Germany, in support of 138 families for \$52.0 million using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2008, we are requesting \$266.0 million in support of Grow the Army, as well as \$99.4 million for direct equity investment in support of the privatization of 3,998 homes at Fort Wainwright, Alaska, Fort Sill, Oklahoma, and Fort Jackson, South Carolina.

In fiscal year 2008, we are also requesting \$2.0 million for planning and design for future family housing construction projects critically needed for our Soldiers.

*Privatization.* RCI, the Army's housing privatization program, is providing quality housing that Soldiers and their families can proudly call home. The Army is leveraging 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 program will include 45 locations, with a projected end state of over 86,000 homes - 99 percent of the on-post family housing inventory in the U.S. To date, the Army has privatized 35 locations, with almost 75,000 homes. Initial construction and renovation at these 35 installations is estimated at \$9.8 billion over a 3 to 10 year development period, of which the Army has contributed about \$0.8 billion. Although most projects are in the early phases of their initial development, since 2001 our partners have constructed 8,613 new homes, and renovated 8,415 homes. The fiscal year 2008 budget request of \$99.4 million will allow the Army to expand the portfolio of privatized family housing to three additional installations.

### **ARMY FAMILY HOUSING OPERATIONS (AFHO)**

The Army's fiscal year 2008 Family Housing Operations request is \$742,920,000 (for appropriation and authorization of appropriations), which is approximately 64 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

*Operations (\$139 million).* 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 family housing.

*Utilities (\$145 million).* The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel.



*Maintenance and Repair (\$216 million).* The maintenance and repair account supports annual recurring projects to maintain and revitalize family housing 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 (\$206 million).* The leasing program provides another way of adequately housing our military families. The fiscal year 2008 budget includes funding for 11,836 housing units, including 3,680 existing Section 2835 (“build-to-lease” – formerly known as 801 leases) project requirements, 1,907 temporary domestic leases in the United States, and 6,249 foreign units.

*Privatization (\$37 million).* The privatization account provides operating funds for implementation and oversight of privatized military family housing in the RCI program. RCI costs include selection of private sector partners, environmental studies, real estate surveys, and consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

### **BASE REALIGNMENT AND CLOSURE (BRAC)**

The Army is requesting \$4,015,746,000 for BRAC 2005 which is critical to the success of the Army’s new initiatives, and \$73,716,000 for legacy BRAC to sustain vital, ongoing programs. All BRAC activity takes place within the context of achieving the Army’s goals of winning the Global War on Terrorism, transforming from a division-structured, forward-deployed force to one comprised of agile BCTs stationed on U.S. soil and Growing the Army in a manner that maintains the Army’s ability to win decisively any time, any where.

BRAC 2005 is carefully integrated with the Defense and Army programs of GDPR, Army Modular Force, and Grow the Army. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units. The elimination of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources to allow the Army to better focus on its core war fighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to efficiently and effectively respond to the needs of the Nation.

As an essential component of Army transformation, BRAC 2005 decisions optimize infrastructure to support the Army's current and future force requirements. Under BRAC 2005, the Army will close 13 Active Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future. BRAC 2005 better postures the Army for an increase in end strength by facilitating the Army's transformation to a

modular force and revitalizing and modernizing the institutional Army through consolidation of schools and centers.

In total, over 150,000 Soldiers and civilian employees will relocate as BRAC is implemented over the next five years. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our Soldiers, civilians, and family members living, working, and training on our installations.

### **BRAC 2005 Implementation Strategy**

The Army has an aggressive, carefully synchronized, fully resourced, BRAC fiscal year 2006 – 2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. National Environmental Policy Act (NEPA) requirements necessary to support our implementation plan were initiated in fiscal year 2006 to enable the early award of essential construction projects. Our BRAC construction plan is fully coordinated and carefully synchronized to support our overall strategy for re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation initiatives. This construction plan identifies requirements, defines scope, and considers existing installation capacity and infrastructure needs. It is an extremely complex plan that manages numerous construction projects, re-stationing actions, BRAC moves, and deployment timelines to allow the Army to implement the BRAC statute while supporting critical missions worldwide.

Seventy-five percent of all required construction projects are planned for award by the end of fiscal year 2009, and 100 percent by the

end of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

In fiscal year 2006 the Army awarded 11 BRAC military construction projects to support re-stationing and realignments, including: three projects to support GDPR; two incremental projects for BCTs, and five Armed Forces Reserve Centers, totaling over \$788 million. In fiscal year 2007, the Army plans to award and start construction on 75 projects: 23 projects to support GDPR; 27 Reserve Component projects in 14 states, and 25 other Active Component projects estimated to cost over \$3.3 billion, including planning and design for fiscal year 2008 and 2009 projects. This will lay the foundation for follow-on projects, and in earnest, start the implementation of our synchronized construction program.

As signed into law, the Revised Continuing Appropriations Resolution, 2007 (Public Law 110-5) does not allow us to accomplish our fiscal year 2007 BRAC construction and threatens to derail our carefully integrated implementation plan. The Appropriation provides less than half of the total BRAC funds requested, creating a shortfall of approximately \$2 billion for the Army. If the Army program is not fully funded, we will be significantly challenged to execute BRAC as intended. Construction of required facilities will be delayed, and the resulting impact will cascade through our re-stationing, transformation, and growth plans for years to come.

### **BRAC 2005 Fiscal Year 2008 Budget**

The Army's fiscal year 2008 budget request of \$4,015,746,000 will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 89 military construction projects, plus planning and design for fiscal year 2009 and 2010 projects. This is estimated to cost \$3,241,521,000 and includes:

16 additional GDPR projects, 31 Army National Guard and Army Reserve projects, and an additional 42 Active Component projects.

A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC military construction projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The fiscal year 2008 budget request also funds projects supporting Reserve Component transformation in 19 states. This is a healthy start to addressing BRAC 2005 recommendations impacting the Army Reserve and Army National Guard.

The BRAC budget request will also fund furnishings for 86 BRAC projects awarded in fiscal years 2006 and 2007 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with 25 BRAC Commission Recommendations.

The Army will continue to procure investment type equipment in fiscal year 2008 in support of our BRAC military construction program as part of the "other procurement" budget line. This equipment exceeds the investment and expense unit cost threshold of \$250,000 each and includes information technology infrastructure and equipment for the 86 previously awarded BRAC projects, which will be impacted if fiscal year 2007 funding is not fully restored.

In fiscal year 2008, the Army will initiate environmental closure and cleanup actions at 14 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 \$86,756,000, which includes

Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

### **Prior BRAC**

Since Congress established the Defense Base Closure and Realignment Commission in 1990, the Department of Defense has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately \$11.7 billion in savings through 2007 – nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting \$73.7 million in fiscal year 2008 for prior BRAC rounds (\$3.4 million to fund caretaking operations of remaining properties and \$70.3 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$2.7 billion on BRAC environmental restoration for installations impacted by the previous four BRAC rounds. We disposed of 235,361 acres (89 percent of the total acreage disposal requirement of 258,607 acres), with 23,246 acres remaining.

### **OPERATION AND MAINTENANCE**

The Army's fiscal year 2008 Operation and Maintenance budget includes \$2.740 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and \$8.133 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding.

*Sustainment, Restoration, and Modernization (S/RM).* S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for the Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America's Army and must be properly maintained to be ready to support current missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

*Base Operations Support.* This account funds programs to operate the bases, installations, camps, posts, and stations for the Army worldwide. The program includes municipal services, government civilian employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services, and installation support contracts. Army Community Service and Reserve Component family programs include a network of integrated support services that directly impact Soldier readiness, retention, and spouse adaptability to

military life during peacetime and through all phases of mobilization, deployment, and demobilization.

## **SUMMARY**

Mr. Chairman, our fiscal year 2008 Military Construction and BRAC budget requests are balanced programs that support our Soldiers and their families, the Global War on Terrorism, Army transformation, readiness, and DoD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

- 138 homes replaced or renovated
- 3,998 additional homes privatized
- Approximately 42,600 government-owned and leased homes operated and sustained at the end of fiscal year 2008
- Portfolio management of 78,426 privatized homes
- 33 projects in support of Operations Iraqi Freedom and Enduring Freedom
- 9,461 Soldiers get new barracks
- \$254 million in Training Ranges
- \$6.1 billion invested in Soldier/Family Readiness
- \$2,363 million to Grow the Army

### Base Realignment and Closure:

- Statutory compliance by 2011 for BRAC
- 89 Military Construction projects
- Planning & Design for FY09 – FY10 Projects
- Remaining NEPA for BRAC 2005 actions
- Continued Environmental Restoration of 23,246 acres

### Army National Guard:

- Improved Readiness Centers and an Armed Forces Reserve Center
- Completion of eight range projects
- Continued support of our Stryker Brigade Combat Team
- Three Aviation Transformation projects
- Three maintenance facilities



Army Reserve:

- Medical personnel get new training facility
- New combined maintenance facility
- New live fire training range facility
- 1,743 Soldiers get new Reserve Centers
- Center of gravity for Army Reserve families

Base Operations Support:

- Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.

Sustainment/Restoration and Modernization:

- Funds Sustainment at 86 percent of the OSD requirement, with plans to achieve 90 percent of the requirement through efficiencies.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.