

RECORD VERSION

STATEMENT BY

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

**MAJOR GENERAL ROBERT L. VAN ANTWERP, JR.
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
DEPARTMENT OF THE ARMY**

BEFORE THE

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

FIRST SESSION, 106TH CONGRESS

**ON THE FISCAL YEAR 2000 BUDGET
MILITARY CONSTRUCTION, ARMY
FAMILY HOUSING, ARMY
HOMEOWNERS ASSISTANCE FUND, DEFENSE
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
BASE REALIGNMENT AND CLOSURE (BRAC)**

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THE HONORABLE MAHLON APGAR, IV
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)
ON THE FISCAL YEAR 2000 BUDGET FOR
MILITARY CONSTRUCTION, ARMY; FAMILY HOUSING, ARMY;
HOMEOWNERS ASSISTANCE FUND, DEFENSE;
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD;
MILITARY CONSTRUCTION, ARMY RESERVE; AND
BASE REALIGNMENT AND CLOSURE (BRAC)

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

Our statement is in four parts:

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BASE REALIGNMENT AND CLOSURE
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PART I
MILITARY CONSTRUCTION, ARMY
FAMILY HOUSING, ARMY
HOMEOWNERS ASSISTANCE FUND, DEFENSE

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

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

America's Army is the most capable Army in the world today. The soldiers of the active component, the National Guard, and the Army Reserve, are joined by the civilian employees and family members to form the "Total Army." The Army stands ready today, as our predecessors have for over 223 years, to fight and win our Nation's wars. We are currently conducting operations throughout the world to shape the international environment and to promote peace and prosperity. On any given day in Fiscal Year 1998, over 28,000 of our soldiers were deployed

away from their home stations to more than 70 countries around the world, conducting operations in support of the National Military Strategy.

We must be ready to respond wherever our interests are threatened around the world. To do this, we must maintain sufficient forces, sufficient strategic air and sealift to project power rapidly, sufficient prepositioned assets to cut down deployment times for initial response forces, and sufficient installations from which to project our forces.

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

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

FACILITIES STRATEGY

A world-class Army deserves world-class facilities. The Army's vision is to provide comprehensive, adaptable power projection platforms with the quality facilities, infrastructure and services that are integral to the

readiness of the force and the quality of life of our soldiers and their families.

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

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

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

We are looking for innovative ways to reduce the cost of our facilities, including privatization or outsourcing of certain functions. One example

is installation utilities systems. Our goal is to privatize all utility systems, where it is economically feasible, by 2003, including those supporting reserve components and overseas, except those needed for unique security reasons. Privatization is also being considered to provide better housing for soldiers and their families while reducing the Army's inventory. Partnering with civilian communities around an installation to provide some facilities is also a viable alternative to Army owned facilities.

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

Next, I will discuss the highlights of the budget.

ADVANCE APPROPRIATIONS

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

We are requesting full authorization for all new Fiscal Year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, the percentage is based on historical, first-year outlay rates and

includes an additional percentage for risk and flexibility. We are also requesting Fiscal Year 2001 advance appropriations for the balance of the funding requirement.

MILITARY CONSTRUCTION, ARMY (MCA)

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

MISSION FACILITIES

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

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

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

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

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

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

QUALITY OF LIFE PROJECTS

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

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

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

In Fiscal Year 2000, we are planning seventeen projects. This includes five projects in Europe and one project in Korea. Our budget also expands and funds the Fort Campbell barracks complex that was

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

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

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

CHAPEL: Our Fiscal Year 2000 budget includes a small chapel at Fort McNair, to serve the spiritual needs of the residents, employees, staff and

students. This project also must be designed with the unique requirements of one of the Army's most important historic posts. Full authorization of \$1,250,000 is requested with authorization of appropriations and appropriations for \$380,000. Advance appropriations for the balance of the project are requested for Fiscal Year 2001.

SUPPORT PROGRAMS

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

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

We are also revitalizing our infrastructure by budgeting eleven projects that affect the efficient and safe operations of our installations. These projects include a tank trail upgrade for erosion mitigation at Fort Lewis, Yakima Training Center, a heat plant upgrade at Fort Wainwright, a water treatment plant at Fort Leavenworth, a water system upgrade and

an electrical system upgrade in Korea. We also included a military police station and a fire station at Fort Belvoir, a fire station at McAlester Army Ammunition Plant, and an emergency service center at both Fort Myer and Fort Jackson. In addition, we are completing the power plant for Roi Namur on Kwajalein Atoll that was fully authorized in Fiscal Year 1999.

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

The budget also includes projects at Westover Air Force Base and Fort Meade for the construction of military entrance processing centers that will permit us to vacate costly leased facilities and move onto a military installation. The United States Army Space Command Headquarters will be constructed at Peterson Air Force Base, with the approval of this budget, which also permits us to vacate leased facilities and to co-locate with other similar commands, thus providing an additional economic advantage. Also included is a request for a classified project.

AMMUNITION DEMILITARIZATION

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

associated with the continued storage of chemical warfare materiel.

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

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

Table 1
Fiscal Year 2000

| <u>Installation</u> | <u>Type</u> | <u>Amount</u> |
|-----------------------------|------------------------------|-----------------|
| Aberdeen Proving Ground, MD | Ammun Demil Facility | \$66,600,000 |
| Anniston Army Depot, AL | Ammun Demil Facility | \$ 7,000,000 |
| Blue Grass Army Depot, KY | Ammun Demil Facility | \$11,800,000 ** |
| Blue Grass Army Depot, KY | Ammun Demil Support Facility | \$11,000,000 |
| Newport Army Depot, IN | Ammun Demil Facility | \$61,200,000 |
| Pine Bluff Army Depot, AR | Ammun Demil Facility | \$61,800,000 |
| Pueblo Army Depot, CO | Ammun Demil Facility | \$11,800,000 |
| Umatilla Army Depot, OR | Ammun Demil Facility | \$35,900,000 |

** Authorization request of \$195,800,000.

PLANNING AND DESIGN

The Fiscal Year 2000 MCA budget includes \$60,705,000 for planning and design. This request is based on the size of the two succeeding fiscal years' military construction programs. The requested amount will be used to complete design on Fiscal Years 2000 and 2001 and initiate design of Fiscal Year 2002 projects. The size of the Fiscal Year 2000 request is, therefore, a function of the construction programs for three Fiscal Years: 2000, 2001 and 2002.

Host Nation Support (HNS) Planning and Design (P&D): The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The United States Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of United States funding gains \$60 worth of Host Nation Construction. The Fiscal Year 2000 budget request for \$21,300,000 will provide oversight for approximately \$1 billion of construction in Japan, \$50 million in Korea and \$50 million in Europe. The budget includes \$2,800,000, which is dedicated to the oversight of facilities associated with the Government of Japan (GOJ) funded initiative to consolidate and relocate United States Forces on Okinawa.

Let me show you the analysis of our Fiscal Year 2000 MCA request.

BUDGET REQUEST ANALYSIS

SUMMARY: The Fiscal Year 2000 MCA budget includes a request for authorization of appropriations of \$656,003,000 and companion appropriations request of \$656,003,000 and advance appropriations of \$659,536,000.

Authorization Request: The request for authorization is \$1,117,505,000. The authorization request is adjusted for those projects previously authorized in Fiscal Years 1998 and 1999. These projects include the third phase of the U.S. Disciplinary Barracks, the second phase of the Railhead Facility and the Force XXI Soldier Support Center at Fort Hood, phase two of the West Point Cadet Physical Development Center, the Multi-purpose Digital Training Range at Fort Knox, the Power Plant at Roi Namur, and the remainder of the Whole Barracks Renewal Complex at Fort Campbell and Fort Stewart. Additionally, it is modified to provide full authorization of \$195,800,000 for the Bluegrass Army Depot Ammunition Demilitarization project. Only \$11,800,000 in appropriations is required for the first phase of this project.

The Fiscal Year 2000 request for authorization and authorization of appropriations for Fiscal Year 2000, by investment focus, is shown in Table 2:

Table 2

**INVESTMENT FOCUS
Authorization of Appropriations**

Fiscal Year 2000

| <u>CATEGORY</u> | <u>AUTHORIZATION</u> | <u>AUTHORIZATION OF APPROPRIATIONS</u> | <u>PERCENT APPROP'N</u> |
|---|----------------------|--|-----------------------------|
| Quality of Life / Barracks | 454,550,000 | 85,423,000 | 13.0% |
| Mission / Strategic Mobility | 171,650,000 | 42,510,000 | 6.5% |
| Support | 193,000,000 | 169,465,000 | 25.8% |
| Planning & Design / Minor Construction | 91,505,000 | 91,505,000 | 14.0% |
| Subtotal Army MILCON | 910,705,000 | 388,903,000 | 59.3% |
| Chemical Demilitarization | 206,800,000 | 267,100,000 | 40.7% |
| TOTAL PROGRAM | 1,117,505,000 | \$656,003,000 | 100.0 |

Table 3 shows the Fiscal Year 2000 distribution of the authorization of appropriations request among the Army's major commands:

Table 3

**COMMAND SUMMARY
Military Construction Army**

Fiscal Year 2000

| <u>COMMAND</u> | <u>AUTHORIZATION OF APPROPRIATIONS (\$000)</u> | <u>PERCENT OF TOTAL</u> |
|-------------------------------------|--|-----------------------------|
| INSIDE THE UNITED STATES | | |
| Forces Command | 103,463 | 15.8 |
| Training & Doctrine Command | 45,200 | 6.9 |
| Army Materiel Command | 272,490 | 41.5 |
| Military District of Washington | 6,110 | 0.9 |
| Military Traffic Management Command | 550 | 0.1 |
| United States Military Academy | 28,500 | 4.3 |
| Space & Missile Defense Command | 3,700 | 0.6 |
| United States Army, Pacific | 18,700 | 2.9 |
| Classified Project | 36,400 | 5.5 |
| SUB-TOTAL | 515,113 | 78.5 |

OUTSIDE THE UNITED STATES

| | | |
|---------------------------------|------------------|-------------|
| Space & Missile Defense Command | 35,400 | 5.4 |
| Eighth, United States Army | 6,670 | 1.0 |
| United States Army, Europe | 7,315 | 1.1 |
| SUB-TOTAL | 49,385 | 7.5 |
| TOTAL MAJOR CONSTRUCTION | \$564,498 | 86.1 |

WORLDWIDE

| | | |
|---------------------|------------------|-------------|
| Planning and Design | 82,005 | 12.5 |
| Minor Construction | 9,500 | 1.4 |
| SUB-TOTAL | \$ 91,505 | 13.9 |

| | | |
|--|------------------|--------------|
| TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED | \$656,003 | 100.0 |
|--|------------------|--------------|

Advance appropriations: With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimizes any impact to the contractor due to incremental funding. With advance appropriations, the contract will not define the work to be performed by the contractor, but only limit the work by the amount appropriated in a given year. Advance appropriations of \$659,536,000 are requested for the balance of the incrementally funded Fiscal Year 2000 projects.

Now, I will explain our Army Family Housing request.

ARMY FAMILY HOUSING

No single quality of life measure is more important than adequate housing for soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier concern when we ask them about their quality of life. Out-of-pocket expenses for soldiers living off post in the United States are approximately 20 percent of the total cost of their housing.

Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges.

DoD has set a goal to eliminate inadequate family housing by 2010. Currently, 76 percent of Army's housing does not meet the standard. Not taking action would leave our program underfunded by about \$400 million per year, or \$6 billion by 2010. Therefore, we intend to privatize Army Family Housing (AFH) in the United States, provide adequate revitalization resources to overseas locations and divest or demolish unneeded houses.

In the United States, the Army plans to use the 1996 Military Housing Privatization Initiative (MHPI) authorities in a program we are calling the Residential Communities Initiative (RCI) to privatize AFH. MHPI allows the Services to leverage the housing and AFH dollars to obtain private sector interest, expertise and capital to improve military housing. We plan to privatize 85,000 units at 43 installations in the United States by Fiscal Year 2005. Fort Carson, solicited under the Request for Proposals (RFP) process, is the first to be privatized, with an award expected in July 1999. Future projects will be solicited under the Request for Qualifications (RFQ) process, wherein the government selects a private housing and community developer based on the firm's qualifications and experience; jointly develops a Community Development and Management Plan with that developer; and negotiates a development agreement with the developer to implement that plan. The RFQ process is faster, less costly to the developer, and provides more flexibility to develop projects that meet the needs of all parties concerned. The emphasis is on partnering with the private entity to develop residential communities. The first RCI project to be executed under the RFQ process will be Fort Hood, and is scheduled for award in February 2000. Forts Lewis, Stewart, Meade, and other installations will follow. Minimal maintenance and repair (M&R)

funds will be used to sustain housing in a safe and habitable condition in the United States until privatized. Thirty-eight million dollars has been transferred from the Army Family Housing program in Fiscal Year 2000 to the Military Pay Account to cover the cost of the first RCI projects. An additional \$9 million of Fiscal Year 2000 AFH has been transferred to the OSD Family Housing Improvement Fund (FHIF) for OMB "scoring." The majority, but not all, of AFH construction requirements in the Continental United States (CONUS) will be accomplished through the privatization program. Only in unique instances where privatization is not feasible is it expected that traditional MILCON will be necessary for AFH in CONUS.

Because the Services do not own the houses or the land in foreign areas, they are unable to "leverage" Military Construction funds or attract new capital as they do in the United States. Moreover, the MHPI authorities do not apply in foreign areas, so we will increase the funds for the revitalization of our family housing in foreign areas to meet the DoD goal by Fiscal Year 2010.

Our Fiscal Year 2000 request for authorization is \$1,158,980,000, while the authorization of appropriations and appropriations request is \$1,112,083,000. Additionally, we are requesting \$43,991,000 for advance appropriations. Our request includes a modest new construction program to alleviate housing shortages in Korea; a revitalization program for our aging foreign housing inventory, which is 92 percent inadequate; and planning and design programs for future construction projects. Like the Military Construction, Army program, we are requesting full authorization for all new Fiscal Year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, this percentage is based on historical, first-year outlay rates and includes an additional percentage for

risk and flexibility. We are also requesting Fiscal Year 2001 advance appropriations for the balance of the funding requirement. Funding for the annual costs of operating, maintaining and leasing family housing for Fiscal Year 2000 is \$1,098,080,000. Table 4 summarizes each of the categories of the Army Family Housing program.

Table 4

**ARMY FAMILY HOUSING
FISCAL YEAR 2000**

| <u>FACILITY CATEGORY</u> | <u>AUTHORIZATION</u> | | <u>AUTHORIZATION OF APPROPRIATIONS</u> | |
|--------------------------|----------------------|----------------|--|----------------|
| | <u>(\$000)</u> | <u>PERCENT</u> | <u>(\$000)</u> | <u>PERCENT</u> |
| New Construction | 24,000 | 2% | 4,400 | <1% |
| Post Acquisition Const | 32,600 | 3% | 5,303 | 1% |
| Planning and Design | 4,300 | <1% | 4,300 | <1% |
| Operations | 185,620 | 16% | 185,620 | 17% |
| Utilities | 220,952 | 19% | 220,952 | 20% |
| Maintenance | 469,211 | 40% | 469,211 | 42% |
| Leasing | 222,294 | 19% | 222,294 | <1% |
| Debt | 3 | <1% | 3 | <1% |
| TOTAL | 1,158,980 | | 1,112,083 | |

Advance appropriations: With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimize any impact to the contractor due to incremental funding. With advance appropriations, the contract will not define the work to be performed by the contractor, but only limit the work by the amount appropriated in a given year. Advance appropriations of \$43,991,000 are requested for the balance of the incrementally funded Fiscal Year 2000 projects.

FAMILY HOUSING CONSTRUCTION

The Fiscal Year 2000 request continues the Whole Neighborhood Revitalization (WNR) initiative to revitalize the housing units, while concurrently improving neighborhood amenities. This successful

approach addresses the entire living environment of the military, and we appreciate the support that has been provided by the Congress in past years. The projects recommended for this program, all in foreign areas, are based on life-cycle economic analyses and will provide units that meet adequacy standards. Foreign area funding requests, where RCI does not apply, are being increased in order to bring all inadequate units up to current adequacy standards by Fiscal Year 2010. We are requesting full authorization of \$60,900,000, with an authorization of appropriations and appropriations of \$14,003,000. Advance appropriations for the balance of the projects is requested for Fiscal Year 2001

NEW CONSTRUCTION: The Fiscal Year 2000 new construction program provides a project to construct 60 units at Camp Humphreys, Korea, where there is a continuing requirement for new housing, including the supporting infrastructure. The new construction project is requested to provide family housing in Korea where adequate off-post family housing is not available and no on-post family housing exists. These units are for command sponsored personnel currently living in substandard, off-post quarters and for those personnel who are unaccompanied due solely to a lack of adequate family housing.

POST ACQUISITION CONSTRUCTION: The Post Acquisition Construction program is an integral part of our housing revitalization program, and is limited to foreign areas. In Fiscal Year 2000, we are requesting funds for improvements to 424 units at three locations in Europe. Also included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance and leasing programs comprise the majority of the Fiscal Year 2000 request. The requested amount of \$1,098,080,000 for Fiscal Year 2000 is almost 95 percent of the family housing authorization request and nearly 99 percent of the authorization of appropriations request. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, and utilities. Because of the privatization program in the United States, maintenance and repair funds for units scheduled to be privatized will be reduced to a level that sustains the houses in a habitable condition, but defers major repair projects until the RCI program is implemented at our installations.

The family housing utilities' request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one-half percent reduction in overall facility energy requirements. This request is the minimum necessary to operate and maintain our family housing throughout the world.

LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$222,294,000 in Fiscal Year 2000 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and over 10,000 units overseas. As part of its role as executive agent for SOUTHCOM, the Army submitted a legislative proposal to raise the congressional cap for eight leased family housing units in Miami from \$280,000 to \$400,000, due to rising costs.

REAL PROPERTY MAINTENANCE

In addition to MCA and AFH, the third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

RPM consists of two major functional areas: (1) Maintenance and Repair of Real Property and (2) Minor Construction. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under \$500,000 for the erection, installation or assembly of a new facility, and for the addition, expansion or alteration of an existing facility. It also funds projects under \$1 million which are intended solely to correct a life, health or safety deficiency. This year we have requested funds for our RPM program in the Operation and Maintenance, Army (OMA) account, as well as a portion of the funds being requested in the Quality of Life Enhancement, Defense (QOLE,D) account. When the OMA RPM funding of \$828 million is combined with the QOLE,D funding of \$626 million, the resulting total funding will be \$1,454,000 in Fiscal Year 2000.

Within the RPM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. At the completion of the Fiscal Year 1998 program, 48 percent of our requirement for permanent party barracks will meet or approximate the new DoD 1+1 barracks standard. Our Whole Barracks Renewal

Program, using Military Construction funding, will revitalize or replace 27 percent of the barracks. The remaining 25 percent of the barracks can be modified to an approximate 1+1 standard using RPM resources. In Fiscal Year 1999, Congress provided Army an additional \$137 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the quality of life of our soldiers in CONUS. We allocated these funds to bring more of our VOLAR-era barracks inventory to the 1+1 standard within the Barracks Upgrade Program. Starting in Fiscal Year 1999, and through the completion of the program, the Army committed approximately \$150 million per year to continue the efforts to upgrade our single soldier's quality of life. The Barracks Upgrade Program, when combined with the Military Construction, Army Whole Barracks Renewal program, is reducing significantly the amount of time required to improve the living conditions of our single soldiers to the current DoD standard. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2008.

The second area to highlight within the RPM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. As discussed earlier, privatization or outsourcing of utilities is the first part of our strategy. We are maximizing our efforts to partner with the local communities' utility departments and private utility companies to provide utility services that are more efficient and reliable. The second part of the strategy is the utilities modernization program to help upgrade those utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have programmed \$60,000,000 per year for utility modernization projects in Fiscal Years 1998 through 2002. Utility systems at unique or remote installations are particularly reliant on these modernization projects.

While we are able to make progress in upgrading barracks and improving utility services, the basic maintenance and repair of Army facilities is funded at only 78 percent of the requirement, including those funds in the Quality of Life, Defense, appropriation. At the current funding levels, Army commanders will only be able to fix what breaks. The Installation Status Report (ISR) shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of the last rating period, 24 percent of the Army's facilities were "red" - unsatisfactory, 47 percent were "amber" - marginal, and only 29 percent were "green" - good.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For Fiscal Year 2000, there is no request for authorization of appropriations and appropriations. Requirements for the program will be funded from prior year carryover, revenue from sale of homes, and anticipated authority to transfer monies from the Base Realignment and Closure Account. Assistance will be provided to personnel at approximately 25 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

SUMMARY

Mr. Chairman, our Fiscal Year 2000 budget marks a change from our normal budget. It is a balanced program that permits us to execute our

construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and privatization of approximately 14,100 owned units through FY 2000. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the quality of life of our personnel. Our long-term strategy can only be accomplished through balanced funding, divestiture of excess capacity and improvements in management. We will continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The Fiscal Year 2000 request is for authorization of \$2,276,485,000 and authorization of appropriations of \$1,768,086,000 for Military Construction, Army and Army Family Housing. Further, the program allows us to rely on the RCI program for the U.S. and redistribute scarce resources to Europe and Korea to meet the departmental guidance to eliminate inadequate family housing Army-wide by Fiscal Year 2010. Thank you for your continued support for Army facilities funding.

PART II

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction Program for Fiscal Year 2000.

The program presented requests Fiscal Year 2000 authorization of \$57,402,000 for military construction, Army National Guard. The Fiscal Year 2000 request for authorization of appropriations is \$16,045,000. The companion request for appropriations in Fiscal Year 2000 includes \$16,045,000. Also requested is an advance appropriation of \$41,357,000 in Fiscal Year 2001.

The Army National Guard is America's community based, dual use reserve force. They are missioned across the spectrum of contingencies, and structured and resourced to accomplish State and Federal missions when called. Army National Guardsmen are trained citizen-soldiers committed to preserving the timeless traditions and values of service to our Nation and communities, and, by statute, an integral part of the first line defense of the United States. The National Guard is balanced and ready. It is manned with over 361,000 quality soldiers in over 2,700 communities nationwide.

Greater reliance has been placed on this community based component of America's Army. We are fully engaged in joint operational support, host nation support, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. We have been an active participant in every major

American conflict around the world. Last year we provided close to 400,000 emergency response State missions and provided over one million Federal man-days in support of global missions.

FACILITIES STRATEGY

The goal of the Army National Guard is to provide state-of-the-art, community based facilities that facilitate communications, operations, training and equipment maintenance in which to station, sustain and prepare the force for deployment. Our objective is to have the maximum number of units that are manned, trained, equipped, resourced and missioned for Federal as well as State and/or domestic requirements.

In order for the Army National Guard to ensure that it will continue to be able to provide the forces needed to meet the needs of the community, the Army and the nation, it is a necessity that we have quality facilities. To do this, we intend to design, implement, operate and maintain our facilities using private sector business practices, 21st century technologies, and commercial off-the-shelf facilities software. Some examples that demonstrate this comprehensive program are:

EDUCATION: An extensive real property management and real estate training program for our facilities' managers continues to progress. Energy training at the manager and executive level has been a beneficial addition to the program.

MASTER PLANNING: A new State-wide development planning initiative was adopted by an additional twelve States in Fiscal Year 1999, bringing the total to thirty. Master Planning establishes the foundation for the management and development of installations; provides the

framework for analyzing and justifying maintenance and repair resource allocations; helps justify all peacetime and mobilization construction and development activities; forms an important management tool to ensure the efficient assignment, utilization, and disposal of real property assets; and provides a decision-making tool to identify requirements and alternatives for resolving real property deficiencies and excesses. This system will provide the user with a spatial decision support system which uses geographic information and computer automated design technology. An additional twelve States are planned to be on-line each year until 2001 when all fifty-four States and Territories will have completed their Development Plans.

ENERGY MANAGEMENT: State-of-the-art energy efficient facilities are being constructed. We are also upgrading existing facilities to current energy efficient standards by funding energy projects from current operating funds, using Energy Savings Performance contracts, developing military construction Energy Conservation Investment Program projects, and implementing energy improvement projects funded by utility companies. We manage an active energy audit program performing audits in seven to eight States per year. The State energy managers are empowered to execute an aggressive energy management program.

DATA ANALYSIS: In Fiscal Year 1999, we continued to refine the computerized systems that allowed cost analysis of budget projections. The Army National Guard installations program focuses on the future, investing to provide efficiencies and not just to repair past mistakes. An example is the Infrastructure Requirements Plan that has allowed the Army National Guard to better prioritize its future construction requirements.

BUILDING MANAGEMENT SYSTEM: We are currently in the implementation phase of the Smart Building Demonstration Project. This undertaking links several independent Direct Digital Controls for the operation of heating, ventilating, and air conditioning systems within a facility.

DEMAND LIGHTING TECHNOLOGIES: The Demand Lighting Technologies (DeLiTe) system consists of intrusion detection sensors, working in conjunction with exterior lighting, CCTV and existing alarm systems. The system was developed to enhance security, reduce security guards and decrease energy costs. At this time, we have facilities in Ohio and Maryland that are operational.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)
Within our military construction request, we focus on five investment areas: training site modernization, maintenance support shops, readiness centers, minor construction, and planning and design. These projects are mission focused and are centered on the quality of life of our soldiers.

MISSION FACILITIES

In Fiscal Year 2000, there are five mission facility projects. The amount of \$11,145,000 will be used to begin their construction. Essential mission facilities include several initiatives such as maintenance support shops, a readiness center and a training site complex.

TRAINING SITE MODERNIZATION: Fiscal Year 2000 continues the slow process of adapting existing State operated training sites to training strategies for the 21st century. We have included the Marseilles Training Complex, at Marseilles, Illinois, to our training site modernization program. Current training is being conducted in field tents that provide

limited temporary supply, administrative, housing and hygiene facilities. This training complex will greatly enhance readiness, as well as quality of life for the soldier.

MAINTENANCE SUPPORT SHOPS: In Fiscal Year 2000, we have included three replacement projects. We will replace a Maneuver Area Training Equipment Site at Yakima, Washington; a Maneuver Area Training Equipment Site/Combined Support Maintenance Shop at Anchorage, Alaska; and one Organizational Maintenance Shop at Charlotte, North Carolina. These facilities are over two decades old and cannot support the mission of maintaining the larger and more sophisticated vehicles and equipment. The construction of these facilities will greatly enhance the readiness posture of equipment in the State, increase crew proficiency, and will provide a safe working environment for our soldiers.

READINESS CENTERS: A critical focal point for quality of life is the soldiers' Readiness Center, of which there are about 3,200 nationwide. This is where America may have its first and only exposure to the military. The Readiness Center of yesterday, today, and tomorrow is a place where the public can meet for community events and find refuge in times of need. Therefore, in Fiscal Year 2000, we have included in our budget request a readiness center at Charlotte, North Carolina. This project will permit the community to demolish a facility built in 1956, and allow for an expansion to the local airport. The community, in return, has plans to provide the site for construction of this readiness center.

BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for appropriation of \$16,045,000 and authorization of \$57,402,000 in Fiscal Year 2000.

Table 5 shows the Fiscal Year 2000 request, by investment focus.

Table 5
INVESTMENT FOCUS APPROPRIATIONS
AUTHORIZATION OF APPROPRIATIONS

| <u>CATEGORY</u> | <u>AUTHORIZATIONS</u> | <u>AUTHORIZATION OF APPROPRIATIONS</u> | <u>PERCENT APPROP'N</u> |
|---------------------------|-----------------------|--|-------------------------|
| Maintenance Support Shops | \$34,463,000 | \$ 7,316,000 | 45.6% |
| Readiness Center | 7,087,000 | 1,504,000 | 9.4% |
| Training Site Facilities | 10,952,000 | 2,325,000 | 14.5% |
| Minor Construction | 771,000 | 771,000 | 4.8% |
| Planning and Design | 4,129,000 | 4,129,000 | 25.7% |
| TOTAL | \$57,402,000 | \$16,045,000 | 100% |

Table 6 shows the Fiscal Year 2000 distribution of the authorization request among the fifty-four States and Territories:

Table 6
FISCAL YEAR 2000 FUNDED PROGRAM

| <u>LOCATION</u> | <u>PROJECT TITLE</u> | <u>AUTH OF APPROP REQUEST (\$000)</u> | <u>PERCENT OF TOTAL</u> |
|--|---|---------------------------------------|-------------------------|
| Charlotte, NC | Readiness Center | \$ 1,504 | 9.4% |
| Marseilles, IL | Tng Site, Battalion Complex | \$ 2,325 | 14.5% |
| Anchorage, AK | Combined Support Maintenance Shop/Manvr Area Tng Equip Site | \$ 2,940 | 18.3% |
| Yakima, WA | Maneuver Area Trng Equip Site | \$ 3,464 | 21.6% |
| Charlotte, NC | Operational Maintenance Shop | \$ 912 | 5.7% |
| Various | Planning and Design | \$ 4,129 | 25.7% |
| Various | Minor Construction | \$ 771 | 4.8% |
| TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED | | \$ 16,045 | 100.0% |

REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier quality of life.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities is almost \$19 billion. Their average age is over thirty-four years. States take care of these facilities, using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States and Territories perform these functions. The National Guard Bureau transfers to the States money that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For almost half of these facilities, the States and Territories must contribute at least 25 percent of operations and repair costs.

The States and Territories then pay the utility bills, hire those reimbursed employees necessary to operate and maintain these facilities, buy the supplies necessary for operations and maintenance, and contract for renovation and construction projects. They also lease facilities when

required. The Construction and Facilities Management Offices are making a herculean effort to operate and maintain all National Guard facilities.

SUMMARY

The Fiscal Year 2000 request is for authorization of \$57,402,000 and authorization of appropriation of \$16,045,000 for military construction.

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. As we look forward to another successful year in Army National Guard Military Construction, we must thank you for your continual support of our program.

PART III

MILITARY CONSTRUCTION, ARMY RESERVE

It is now my privilege to present the Army Reserve's military construction budget request for Fiscal Year 2000. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource-constrained environment. Like all of America's Army Reserve programs, the military construction will focus *Resources to Readiness*.

The program presented requests Fiscal Year 2000 authorization of \$81,215,000 for Military Construction, Army Reserve (MCAR). The Fiscal Year 2000 request for authorization of appropriations is \$23,120,000 for MCAR. The companion request for appropriations in Fiscal Year 2000 includes \$23,120,000 and a request for advance appropriations of \$54,506,000 for MCAR.

The Army Reserve, which is on duty in 76 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the Army Reserve units and personnel who comprise 65 percent of the Reserve Component forces and 71 percent of the Army Reserve Component Forces serving in Operation Joint Forge. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime. This includes an expanding role in commanding and controlling Army installations and providing regional base operations support. Those missions include the provision of trained and ready combat support / combat

service support units to rapidly mobilize and deploy; providing trained and ready individual soldiers to augment the Army; and projecting the Army anytime, anyplace to achieve victory. Army Reserve units and soldiers will continue to respond to national security needs and domestic missions into the 21st century. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

FACILITIES STRATEGY

The organization, roles and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It provides a military linkage in 1,315 communities throughout America, its territories, and overseas locations. Those facilities have an average age of about 37 years. The six Army Reserve operated installations have an average age of facilities of about 48 years. The Army Reserve military construction strategy relies on its demonstrated capability to convert the precious resources authorized and appropriated by Congress into quality facilities that support the readiness of soldiers and units. Since 1981, the Army Reserve has executed more than 300 military construction projects that represent a \$1.3 billion investment by the Nation.

To effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources focused on readiness. The essence of our program is straightforward: provide essential facilities to improve readiness and quality of life, preserve and enhance the Army's image across America, and conserve and protect the facilities resources for which we are responsible. Our priorities are: (1) provide critical mission needs of Force Support Package units; (2) address the worst

cases of facilities deterioration and overcrowding; (3) pursue modernization of the total facilities inventory; and (4) carefully manage Reserve-operated installations. Our strategy for managing the Army Reserve infrastructure in a resource-constrained environment rests on six fundamentals: eliminate leases when economical; dispose of excess facilities; consolidate units into the best available facilities; use Base Realignment and Closure (BRAC) enclaves where practical; use the new Modular Design System (MDS) to achieve long term cost savings in construction and design costs; and, finally, to pursue economies and efficiencies in installation management, base operations support, and facilities engineering.

Significant benefits have been realized from BRAC. The Army Reserve acquired facilities from all Services, as well as the Active Army, which offset military construction requirements. The facilities acquired through BRAC provided a military construction cost avoidance of \$123.3 million. Other facilities acquired through the BRAC process permitted the Army Reserve to relocate units from leased property to quality, Government-owned centers. That effort allowed the Army Reserve to reduce its lease costs by \$6.07 million.

PROGRAM HIGHLIGHTS

READINESS: Army Reserve construction program requirements are quite different from those of the Active Army. Army Reserve forces are community based, not installation based, requiring that forces and facilities be dispersed in hundreds of cities and towns across the Nation. This dispersion of forces and facilities reduces the opportunities for regional consolidation and wholesale reductions in facilities inventory. Facilities must be located in the communities where soldiers live and where their

units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as locally based extensions of the Army's power projection platforms by providing essential and cost-effective places to conduct training, maintenance, storage of contingency equipment and supplies, and preparation for mobilization and deployment that simply cannot be accomplished elsewhere. The Reserve operated installations support mission essential training for thousands of soldiers each year.

QUALITY OF LIFE: Quality, well maintained facilities provide Army Reserve units with the means to conduct necessary individual and collective training; to perform operator and unit maintenance on vehicles and equipment; and to secure, store, and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well-maintained training centers have a positive impact on recruiting and retention, unit morale and the readiness of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the quality of life of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

MODERNIZATION: The plant replacement value (PRV) of Army Reserve facilities and installations is approximately \$10.6 billion. The budget request for Fiscal Year 2000 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

INSTALLATIONS AND BASE SUPPORT: The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st century. One of these changes is the growing

mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization and quality of life requirements at the installations. Our military construction program for both Fiscal Years 1999 and 2000 includes one project at Fort Dix, New Jersey, one of the Army's fifteen power projection platforms. That project directly supports training and readiness of the force and environmental stewardship. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

BUDGET REQUEST ANALYSIS

The Fiscal Year 2000 Military Construction, Army (MCAR) budget includes a request for authorization of appropriations of \$23,120,000 and a companion appropriation request of \$23,120,000 and advance appropriations of \$54,506,000. This budget request for Fiscal Year 2000 provides essential funds for our highest priority requirements, while it is in line with our commitment to operate successfully in an environment of constrained resources. It also reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Minor Construction, and Planning and Design.

(1) Major Construction: Our Fiscal Year 2000 requests funding for the construction of three new Army Reserve centers in Georgia, Guam and Puerto Rico to accomplish essential facility replacements; a Regional Maintenance Training facility at Fort Hood, Texas; a Tactical Vehicle Wash Facility at Fort Dix, New Jersey, that supports training and environmental requirements; revitalization of existing facilities in New York; and land acquisition to support a future joint services project in Florida.

(2) Unspecified Minor Construction: These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than \$1,500,000. Unspecified minor construction may include construction, alteration or conversion of permanent or temporary facilities. The program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year, and that must be accomplished to satisfy critical, unforeseen mission requirements. The Fiscal Year 2000 budget includes \$1,416,000 for Unspecified Minor Construction.

(3) Planning and Design: These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications, and solicitation documents necessary to execute major and unspecified minor construction projects. Planning and design funds are also required to support the Army Reserve's share of the costs of the continued development of the Modular Design System as an effective and cost and time saving facility design tool. Our budget request for planning and design is \$8.5 million for Fiscal Year 2000.

Real Property Maintenance (RPM): Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. We are applying available resources to only the most critical maintenance and repair needs. We solicit your support of real property maintenance as an essential adjunct of construction.

SUMMARY

In summary, as the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection, while serving as highly visible links between America's Army and America itself.

The Fiscal Year 2000 request is for authorization of \$81,215,000 and authorization of appropriations of \$23,120,000 for Military Construction, Army Reserve. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

PART IV
BASE REALIGNMENT AND CLOSURE
(BRAC)

Our facilities strategy strives to meet the needs of today's soldiers, while also focusing on the changes required to support the Army of the 21st century. This budget represents the Army's final two-year budget required to implement the first four rounds of BRAC. In Fiscal Year 1999, the Army is saving \$839 million and will save \$953 million annually upon completing these first four rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, infrastructure and quality of life improvements. Therefore, we support the Secretary of Defense's request for two additional rounds of BRAC in 2001 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 27 as a result of the first four rounds of BRAC. We are now in the final three years of the 13-year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse by local communities and the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of

property. The resulting savings are not as substantial as originally anticipated because potential land, facilities and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final round, BRAC 95, ahead of schedule, disposing of property at closed bases, cleaning up contaminated property and assisting communities with reuse.

In Fiscal Year 2000, we remain focused almost exclusively on BRAC 1995, the last of the four rounds, along with the conveyance of properties to local communities for conversion to non-military reuse. The Fiscal Year 2000 budget is important because it contains the resources needed to fully fund the final six major construction actions. These projects are scheduled for award early in Fiscal Year 2000, and are required to complete the BRAC 95 actions. This budget also supports unit movements that will allow us to complete the closure and realignments as scheduled. Additionally, the Army remains committed to environmental cleanup of BRAC properties. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment. The Army will employ incrementally funded contracts during Fiscal Year 2000 for all new start projects. This will provide the mechanism to stretch the Fiscal Year 2000 funds and execute the Fiscal Year 2001 program early in the fiscal year. Therefore, we request that the Congress authorize and appropriate \$155,400,000 in support of the Army's Fiscal Year 2000 BRAC program.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. In Fiscal Year 1998, we closed Fort Ritchie, Maryland and Fort

Indiantown Gap, Pennsylvania. We completed the disestablishment and realignment of the Aviation and Troop Command from St. Louis, Missouri, to four other locations in December 1997. In Fiscal Year 1999, we are on schedule to complete the movement of the military police and chemical schools to Fort Leonard Wood, Missouri, and close Fort McClellan, Alabama. The Army also plans to close East Fort Baker, California, and move the Concepts Analysis Agency from leased space in Bethesda, Maryland, to a new facility at Fort Belvoir, Virginia. These actions will nearly complete all planned closure actions, except for the three that are scheduled for Fiscal Years 2000 and 2001.

The President's Five Part Community Reinvestment Program, announced on 2 July 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have. During Fiscal Year 1998, the Army conveyed properties at Detroit Arsenal and the Materials Technology Lab in Watertown, Massachusetts, and leased property at Letterkenny Army Depot. These actions helped local communities create new private sector jobs that lessened the impact of the base closure actions.

BASE REALIGNMENT AND CLOSURE – OVERSEAS

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about seven of ten overseas sites in Europe, where we are reducing the number of installations by 68 percent.

Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations is dropping from 104 to 83, or 20 percent.

On 18 September 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 22 announcements. On 14 January 1993, DoD announced it will withdraw all United States military forces from the Republic of Panama and transfer all facilities by 31 December, 1999. Of the 13 sites in Panama announced for closure, twelve have been returned. Table 7 shows the total number of overseas sites announced for closure or partial closure is 667:

Table 7

**TOTAL OVERSEAS SITES ANNOUNCED FOR CLOSURE
OR PARTIAL CLOSURE**

| <u>Country</u> | <u>Installations</u> |
|-----------------------|-----------------------------|
| Germany | 575 |
| Korea | 30 |
| France | 21 |
| Panama | 13 |
| Netherlands | 6 |
| Turkey | 6 |
| United Kingdom | 5 |
| Greece | 4 |
| Italy | 4 |
| Belgium | 3 |
| Total | 667 |

Additional announcements will occur until the base structure matches the force identified to meet United States commitments. At this time, we do not see the need for many more overseas closures.

Most of the 188 million square feet (MSF) of overseas reductions are in Europe, where we are returning over 600 sites. This is equivalent to closing 12 of our biggest installations in the United States - Forts Hood, Bragg, Benning, Stewart, Leonard Wood, Lewis, Bliss, Carson, Gordon, Meade, Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

The process for closing overseas bases is much different than in the United States. First, unified commanders nominate overseas sites for return or partial return to host nations. Next, the Joint Staff, various DoD components, National Security Council and State Department review these nominations. After the Secretary of Defense approves them, DoD notifies Congress, host governments and the media. The Army ends operations by vacating the entire installation and returning it to the host nation. If we only reduce operations, we retain a portion of the facilities.

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignment and closure actions from the BRAC 88 and BRAC 91 rounds. The work of property disposal and environmental remediation at eighteen installations will continue for several years. The Army continues to work with local communities to make properties available for economic redevelopment. Introduction of economic development conveyances and interim leasing have resulted in accelerating property reuse and jobs creation at installations that were previously unavailable, pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 93 and BRAC 95 rounds. BRAC 93 is complete, with the exception of the

realignment of Fort Monmouth, which is scheduled for Fiscal Year 1999. The Army is in the fourth year of the implementation of BRAC 95, after which twenty-six of the twenty-nine closures and four of eighteen realignment actions will be complete. Interim leases and economic development conveyances are making properties at these installations available to the local communities earlier in the process. The Army completed interim leases with local communities at Letterkenny Army Depot and Detroit Arsenal to make industrial facilities available for reuse in 1998. The former Fitzsimons Army Medical Center is now being converted to a University Medical Center. Negotiations and required environmental restoration continue at other installations, and additional conveyances are likely in the near future.

For the period 1989 through 1998, the Army has spent \$3,991,976,000 to implement the first four rounds of BRAC. The Army has realized a total of \$3,337,200,000 in savings during the implementation period through the end of Fiscal Year 1998, and will realize an additional \$838,900,000 in annual recurring savings in Fiscal Year 1999. Upon implementation of all actions from the first four BRAC rounds, the Army will achieve annual savings of \$953,000,000 beginning in Fiscal Year 2002.

The Army has completed environmental actions at 1,032 of a total of 1,944 BRAC environmental cleanup sites through Fiscal Year 1998. Environmental restoration efforts were complete at 68 BRAC installations through Fiscal Year 1998, out of a total of 122 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse.

SUMMARY

Closing and realigning bases saves money which otherwise goes to unneeded overhead, and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the Fiscal Year 2000 program as planned and budgeted. We request your support by providing the necessary BRAC funding for Fiscal Year 2000.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud.

Mr. Chairman, this concludes my statement. Thank you.