

RECORD VERSION

STATEMENT BY

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
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ON THE FISCAL YEAR 2002 BUDGET
MILITARY CONSTRUCTION, ARMY
FAMILY HOUSING, ARMY
HOMEOWNERS ASSISTANCE FUND, DEFENSE
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
BASE REALIGNMENTS AND CLOSURE (BRAC)

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Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's Active and Reserve Components' military construction requests for Fiscal Year 2002. These requests include important initiatives to improve the infrastructure of America's Army. Any dollar amounts beyond Fiscal Year 2002 discussed herein are, of course, dependent upon the results of the Secretary of Defense's Strategic Review, and should be considered in that light.

This budget provides a substantial increase in construction and family housing resources essential to support the Army's role in our National Military Strategy. It supports the Army's Vision and Transformation strategy. Our budget includes the increased funding necessary to improve our installations: infrastructure in keeping with our leadership's commitment to having world class installations.

The program presented herein requests Fiscal Year 2002 appropriations and authorizations of appropriations of \$1,760,541,000 for Military Construction, Army (MCA); \$1,400,533,000 for Army Family Housing (AFH – in two separate accounts); \$267,389,000 for Military Construction, Army National Guard (MCNG); \$111,404,000 for Military Construction, Army Reserve (MCAR) and \$10,119,000 for the Homeowners Assistance Fund, Defense.

The Army is and must remain the most respected Army in the world. Our commitment to meeting the challenges requires a comprehensive transformation of the Army and the Army's installations.

Army Transformation represents a move to forge a more strategically responsive, yet dominant, force for the 21st Century. The new force will be more mobile and sustainable, and able to respond to the full spectrum of operations. Transformation also includes a rigorous training program, full integration of the Active and Reserve Components, comprehensive initiatives to protect the force, and

provides first class installations from which to project our forces. A fully-funded Transformation will keep the Army capable and ready until it has achieved an Objective Force that is more responsive, deployable, versatile, agile, lethal, survivable and sustainable. We are working closely with the Transformation Task Force to ensure installation needs are identified and addressed.

The Army must sustain a force of high quality, well-trained people; acquire and maintain the right mix of weapons and equipment; and maintain effective infrastructure and power projection platforms to generate the capabilities necessary to meet our missions. Taking care of soldiers and families is a readiness issue and will ensure that a trained and qualified soldier and civilian force will be in place to support the Objective Force and the transformed Army.

As the Army transforms, we must ensure that Army installations are transformed to meet the needs of the force. Army installations and reserve component facilities must fully support our war fighting needs, while providing soldiers and their families with a quality of life that equals that of their peers in civilian communities.

FACILITIES STRATEGY

The Army's facilities strategy is the centerpiece of our efforts to fix the deplorable current state of Army facilities. It addresses our long-term need to sustain and modernize Army-funded facilities in both Active and Reserve Components by framing our requirements for both sustainment, restoration and modernization (SRM) and military construction (MILCON) funding. Sustainment, restoration, and modernization (SRM) has replaced the term, "real property maintenance" (RPM). SRM includes funds for annual maintenance and scheduled repair – sustainment; and military construction funding to repair or replace facilities damaged due to failures attributable to inadequate sustainment or emergencies or to implement new or higher standards – restoration and modernization.

The first pillar of the Strategy requires us to halt further deterioration of our facilities. Our programmed sustainment funding, which comes from the SRM accounts has greatly improved. This level of funding may be sufficient to prevent further deterioration of Army facilities. We are funded at 94% of our requirements in Fiscal Year 2002. Our current C-3 conditions are a result of years of underfunding and migration of funds from the SRM accounts. We must have sufficient SRM resources to sustain our facilities and prevent facilities from deteriorating further, or we put our MILCON investments at risk.

The second pillar of the Strategy is to tackle the enormous backlog that has grown over numerous years of underfunding. Since we can't afford a quick fix to the \$17.8 billion SRM backlog, and a significant deficit for construction of Army-funded facilities, we will focus centrally managed resources towards a critical set of facility types. This modernization requirement will primarily require MILCON funding supplemented by SRM project funding. Our goal is to raise Army facilities from current C-3 ratings to C-2 in the long term by bringing our focused set of facilities to C-1 in 10-year increments. Our first 10-year increment includes ARNG Readiness Centers, Army Reserve Centers, fitness facilities, basic training barracks, general instruction facilities, and tactical vehicle maintenance shops and supporting hardstands at a cost of approximately \$10 billion. There are a number of MILCON projects in the Fiscal Year 2002 budget that support this first increment.

We have based the Army Facility Strategy on Commanders' ratings of our facilities in our Installation Status Report. The facilities we have chosen to modernize under this centrally managed program are critical to the Army's mission and to our soldiers. It is essential that both the sustainment (SRM) and the modernization (MILCON and SRM) pieces are funded as a single, integrated program. Only then will we be able to improve the health of Army real property and its ability to successfully support our worldwide missions and our soldiers.

In addition to implementing our facilities strategy, we continue to eliminate excess facilities throughout the entire Army. During Fiscal Years 1988-2003, our facilities reduction program, along with the base realignment and closure process, will result in disposal of over 200 million square feet in the United States. We continue our policy of demolishing at least one square foot for every square foot constructed. 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.

Additionally, we are pursuing innovative ways to modernize our infrastructure and reduce the cost of our facilities. One example is installation utilities systems. Our goal is to privatize all utility systems in CONUS by 2003, where it is economically feasible, except those needed for unique security reasons. We are expanding the privatization of military family housing, in an effort to provide quality residential communities for soldiers and their families.

Executive Order 13123, "Greening The Government Through Efficient Energy Management," sets higher goals for reducing energy consumption. As of June 30, 2001, the Army had awarded 74 task orders on Energy Savings Performance Contracts (ESPCs), with a total private sector investment of \$328 million and an anticipated annual energy savings in excess of two million MBtu's (the equivalent to 16 million gallons of oil). We are also pursuing opportunities to purchase electrical power generated from renewable sources such as wind, solar and geothermal. We have installed hundreds of solar lighting systems that use no energy in our facilities.

Next, I will discuss our budget.

MILITARY CONSTRUCTION, ARMY (MCA)

The MCA program focuses on six major categories of projects: mission facilities, operations facilities, transformation, well being, installation support, and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In Fiscal Year 2002, there are 36 mission facility projects to ensure the Army is deployable, trained, and ready to respond to meet its national security mission. The projects continue the Army's Strategic Mobility Program (ASMP) to ensure deployment within specified timelines, provide enhanced training via live fire ranges and simulators, and maintain equipment readiness by ensuring Army vehicles are repaired and operational.

ARMY STRATEGIC MOBILITY PROGRAM: The 15 mobility projects in our budget facilitate movement of personnel and equipment from CONUS bases for both the Active and Reserve components to meet Army and Defense timelines for mobilization operations. They are part of an important program to upgrade our strategic mobility infrastructure, enabling the Army to maintain the best possible power projection platforms. We are requesting \$128.75 million. The Fiscal Year 2002 projects will complete 93% of the Strategic Mobility program. Although the Strategic Mobility Program is scheduled for completion in Fiscal Year 2003, it is anticipated that there may be a follow-on phase as a result of changes in force structure and stationing.

These include 11 projects totaling \$94.9 million to improve our rail and air deployment capability by expanding an aircraft hardstand at Fort Campbell, extending a runway at Fort Benning, and providing air and rail passenger and materiel staging complexes at Fort Benning, Fort Campbell, Fort Sill, Fort Lewis and

Sunny Point Military Ocean Terminal. To improve our port capability, we are upgrading a pier to support the mission of the 7th Transportation Group at Fort Eustis. Two projects at Sunny Point Military Ocean Terminal will improve the outloading of ammunition by constructing a canopy over the storage area, widening the road and constructing truck pads for safe transport and outloading of cargo and ammunition. An assembly building is programmed to support deployment at Fort Wainwright.

TRAINING: To improve soldier training, we are requesting phase II to complete the Digital Multi-purpose Training Range at Fort Hood. This project was fully authorized by Congress in Fiscal Year 2001. Our request includes a Record Fire Range and Night Fire Range at Fort Leonard Wood and a Modified Record Fire Range at Fort Riley. These ranges will provide our soldiers with M16 rifle qualification and training and also will provide for the integration of the Next Generation Targetry System for single and multiple targets. General Instruction Buildings are included in our program for Camp Jackson, Korea and Fort Sam Houston. These buildings will enable the Army to provide much needed classrooms for training of our soldiers. We are also requesting phase II of the Battle Simulation Center at Fort Drum that was also authorized in Fiscal Year 2001. A Comanche simulator training facility at Fort Rucker to train pilots on the Army's new helicopter is also requested. An Airborne Training Facility at Fort Lee will support training for our Enlisted Parachute Rigger and Aerial Delivery and Material Officers courses.

READINESS: We are requesting 9 projects that will provide vehicle maintenance facilities and tactical equipment shops to ensure unit equipment readiness: Baumholder, Mannheim, Fort Stewart, Fort Drum, Camp Casey, Fort Bragg, Fort Gordon, and two projects at Fort Hood, a vehicle maintenance facility and a tactical equipment shop. The request also includes two projects at Anniston Army Depot: a project to improve the safety conditions in the main combat vehicle disassembly and rebuild facility and a repair and demilitarization of combat armor. An Ammunition Surveillance Facility at Aberdeen Proving Ground is requested to

maintain control and accountability of foreign munitions.

OPERATIONS FACILITIES

The Fiscal Year 2002 budget request includes command and control facilities, laboratories, operations facilities, and a physical development center which began construction in Fiscal Year 1999.

Two Command and Control Facilities are in the request for Pohakuloa Training Area, Hawaii, and Phase 2 of the Command and Control facility at Fort Hood where we are completing a project that began in Fiscal Year 2001. Three laboratory projects include a Criminal Investigation Forensic Laboratory at Fort Gillem which will provide forensic support and expert testimony in judicial cases for all DoD investigative agencies; a Chemistry Laboratory at Edgewood (Aberdeen Proving Ground - APG) for life cycle chemical agent research, development, and evaluation; and a Climatic Test Facility at APG to provide controlled temperature and humidity test environment for critical weapons testing.

We are requesting a Military Entrance Processing Facility at Fort Lee for processing applicants from 77 counties in the State of Virginia and reducing the high cost of leased facilities. This project has a payback period of less than three years.

Field Operations Facilities at Fort Drum and Fort Eustis will provide criminal investigative support for the Army. The budget request also includes a Shipping Operations Building at Pearl Harbor; a Readiness and Operations Facility at Fort Polk; an Explosive Ordinance Detachment Operations Building at Fort Gillem; an Operations Facility at the Humphreys Engineer Center for the Information Security Command; and a Parachute Team General Purpose Building at Fort Bragg. This

request also includes Phase 3 for the United States Military Academy Cadet Physical Development Center, which was fully authorized in Fiscal Year 1999.

TRANSFORMATION

Our budget contains five projects at Fort Lewis that support the deployment, training and equipment maintenance of the new transformed force. These projects include two maintenance facilities for new vehicles, an expanded ammunition supply storage facility to support training and deployment of the increased force, a combat vehicle trail and a pallet handling facility to support the logistic deployment of equipment and supplies. As new transformation installations are identified, we will continue to identify and validate additional requirements associated with transformation and will include these projects in future budgets.

WELL BEING PROJECTS

The well being of our soldiers, their families and civilians has a significant impact on readiness. Therefore, 40% of our MCA budget is dedicated to providing these types of facilities. Although our first priority is to get soldiers out of gang-latrines type barracks, we are also requesting two basic combat trainee barracks, child development centers, physical fitness training centers, a dining facility, two education centers, a Soldier Service center, and a chapel. These projects will improve not only the well being of our soldiers and families, but also the readiness of the Army. We are requesting appropriations and authorization of appropriations of \$701.2 million for well being projects this year.

BARRACKS MODERNIZATION PROGRAM: Modernization of barracks for enlisted permanent party soldiers continues to be the Army's number one facilities priority for military construction. It provides single soldiers with a quality living environment that approximates conditions off the installation, or enjoyed by our married soldiers. New or renovated barracks provide increased personal privacy and larger rooms, closets, new furnishings, adequate parking, and landscaping. In addition, administrative offices are separated from the barracks. With the approval of our budget, as requested, 73% of our barracks requirement will be funded at the new standard for our permanent party soldiers. Our plan is to invest an additional \$4.2 billion in MCA and host nation funds between Fiscal Years 2003 and 2008, supplemented by \$0.6 billion in sustainment, restoration and modernization (SRM) to fix barracks worldwide to meet our goal of providing improved living conditions for all of our single soldiers by Fiscal Year 2008. While we are making considerable progress at installations in the United States, we will request increased funding for Germany and Korea in future budgets to compensate for these areas being funded at lower levels than the CONUS installations. A large portion of the remaining modernization effort, 44%, is in these overseas areas.

In Fiscal Year 2002, we are planning 20 barracks projects. This includes 6 projects in Europe and 3 projects in Korea. Our budget completes the Schofield Barracks and Fort Bragg barracks complexes that were authorized in Fiscal Year 2000 and incrementally funded in Fiscal Year 2000 and Fiscal Year 2001. Fort Bragg's large soldier population and poor barracks conditions require sustained high investment through Fiscal Year 2008 to provide quality housing. We are continuing with the second phase of two additional barracks complexes at Fort Bragg that were authorized in Fiscal Year 2001. At Fort Richardson, Fort Lewis, and Fort Carson, we are requesting authorization for all phases of the barracks complex which extends over several fiscal years; however, we are only requesting the funding needed for the Fiscal Year 2002 phase. Our plan is to award each complex, subject to subsequent

appropriations, as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

BASIC COMBAT TRAINING COMPLEXES: We have included Phase 2 to complete the basic combat training complex at Fort Leonard Wood that was authorized and begun in Fiscal Year 2001. This project provides a modern, initial entry basic training complex that includes separate and secure housing to support gender-integrated training, and provides for the administrative and training functions that are organic to the mission of the basic training battalion. We also are requesting full authorization for a basic combat training complex at Fort Jackson. However, we are only requesting the funding necessary to execute the first phase in Fiscal Year 2002.

COMMUNITY FACILITIES: Our budget request includes three new child development centers to replace failing or inadequate facilities in Wiesbaden, Fort Riley, and Fort Meade. To improve soldier physical fitness and community wellness, our budget includes physical fitness training centers at Camp Carroll, Bamberg, Wiesbaden, and Fort McNair. A new dining facility to provide for the soldiers at Redstone Arsenal, two education centers at Fort Polk and Fort Stewart, and a Soldier Service Center also at Fort Stewart are included in our request. With this budget request we will implement the Chapel of the Year program with a chapel at Fort Belvoir to improve the quality and availability of religious facilities for the well being of our soldiers and their families.

INSTALLATION SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. We have requested nine projects with an appropriations and authorization of appropriations request of \$79.3 million.

Projects in the budget request include a Cold Storage Warehouse at Kwajalein Atoll; an Effluent Reuse System at Fort Huachuca; a Power Plant Cooling Tower at Fort Wainwright; a Sanitary Sewer system at Camp Hovey; Electrical Distribution system at Camp Carroll; an Electrical Substation at Fort Campbell; a Hazardous Materials Storage facility at Fort Drum; an Information Systems Facility at Fort Gordon; and a Fire Station at Sunny Point Military Ocean Terminal.

A classified project is also included in our budget request.

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 has consistently authorized and appropriated funding for the Chemical Demilitarization construction program to the Department of Defense, the overall responsibility for the program remains with the Army and we have included it in this year's Army budget.

We are requesting appropriations and authorization of appropriations for \$172.5 million in the Army's Fiscal Year 2002 budget to continue the Chemical Demilitarization projects previously authorized. Table 1 summarizes our request:

Table 1

FISCAL YEAR 2002

<u>Installation</u>	<u>Type</u>	<u>Amount</u>
Aberdeen Proving Ground, MD	Ammun Demil Facility, Ph III	\$66,500,000
Blue Grass Army Depot, KY	Ammun Demil Facility, Ph II	\$ 3,000,000
Newport Army Depot, IN	Ammun Demil Facility, Ph IV	\$66,000,000
Pine Bluff Army Depot, AR	Ammun Demil Facility, Ph VI	\$26,000,000
Pueblo Army Depot, CO	Ammun Demil Facility, Ph III	<u>\$11,000,000</u>
Total		\$172,500,000

The destruction of the U.S. stockpile of chemical weapons by the 2007 deadline in the Chemical Weapons Convention is a major priority of the Army, DoD and the Administration. The MILCON funding for the chemical weapons destruction facilities is essential to achieving that goal.

PLANNING AND DESIGN

The Fiscal Year 2002 MCA budget includes \$134.098 million for planning and design. The Fiscal Year 2002 request is a function of the construction programs for three Fiscal Years: 2002, 2003, and 2004. The requested amount will be used to design-build a portion of the Fiscal Year 2002 program, complete design in Fiscal Year 2003, and initiate design of Fiscal Year 2004 projects.

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 U.S. 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 \$1 of United States funding gains \$60 worth of Host Nation Construction. The Fiscal Year 2002 budget request for \$23.1 million will provide oversight for approximately \$850 million of construction in Japan, \$50 million in Korea, and \$50 million in Europe.

BUDGET REQUEST ANALYSIS

SUMMARY: The Fiscal Year 2002 MCA budget includes a request for appropriations and authorization of appropriations of \$1,760,541,000.

AUTHORIZATION REQUEST: Request for authorization is \$1,558,673,000. The authorization request is adjusted for those projects previously authorized in prior Fiscal Years. These projects include the chemical demilitarization projects, Phase 3 of the West Point Cadet Physical Development Center, Phase 2 of the Fort Hood Digital Multi-purpose Training Range, Phase 2 of the Fort Drum Battle Simulation Center, Phase 2 of the Basic Training Complex at Fort Leonard Wood, and the phases of the Whole Barracks Renewal Complexes at Fort Bragg and Schofield Barracks. Additionally, it is modified to provide full authorization of \$375 million for the barracks complex at Fort Carson, Fort Lewis, Fort Richardson, and Fort Jackson. Only \$144 million in appropriations is required for the first phase of these projects. Table 2 displays the projects which are phased over several fiscal years.

Table 2

PHASED PROJECTS

Location	Authorization (\$M)				APPROPRIATION (\$M)			
	FY1999	FY2000	FY2001	FY2002	FY1999	FY2000	FY2001	FY2002
Cadet Physical Dev Ctr	85.0				12.0	14.0	13.6	37.9
Schofield Barracks-Brks		95.0				25.0	46.4	23.0
Fort Bragg (Tagaytay Rd)-Brks		74.0				16.5	38.6	17.5
Fort Bragg (Butner Rd) - Brks			130.0				26.0	49.0
Fort Bragg (Longstreet Rd) - Brks			79.6				45.6	27.0
Fort Carson- Barracks				66.0				25.0
Fort Richardson - Barracks				97.0				45.0
Fort Lewis - Barracks				150.0				48.0
Fort L Wood - Trainee Complex			61.2	4.4			38.6	27.0
Fort Jackson - Basic Trainee Cmplx				62.0				26.0
Fort Drum - Battle Sim Ctr			18.0	3.0			12.0	9.0
Fort Hood - Digital Range			26.0	3.0			16.0	13.0

Chem Demil Projects	Authorization (\$M)				APPROPRIATION (\$M)			
	FY 1999 & Prior	FY2000	FY2001	FY2002	FY1999 & Prior	FY2000	FY2001	FY2002
Aberdeen - Ammo Demil Fac	184.5			37.6	26.5	53.5	45.7	66.5
Blue Grass - Ammo Demil Fac		195.8		47.2				3.0
Newport - Ammo Demil Fac	189.6				11.5	35.9	34.4	66.0
Pine Bluff - Ammo Demil Fac	154.4			23.0	58.0	49.8	43.6	26.0
Pueblo - Ammo Demil Fac	179.0	24.5					10.7	11.0

The Fiscal Year 2002 request for appropriations and authorization for Fiscal Year 2002, by investment focus, is shown in Table 3:

Table 3
INVESTMENT FOCUS
Appropriations

Fiscal Year 2002

<u>CATEGORY</u>	<u>AUTHORIZATION</u> <u>(\$000)</u>	<u>APPROPRIATIONS</u> <u>(\$000)</u>	<u>PERCENT</u> <u>APPROP'N</u>
Well Being	\$ 793,143	\$ 701,243	39.8%
Mission (Mobilization, Training and Readiness)	\$ 344,300	\$ 360,300	20.5%
Operations and Labs	\$ 173,900	\$ 211,800	12.0%
Transformation	\$ 56,200	\$ 56,200	3.2%
Installation Support	\$ 79,300	\$ 79,300	4.5%
Planning and Design/ Minor Construction	\$ -	\$ 175,198	10.0%
Subtotal Army MILCON	\$ 1,446,843	\$ 1,584,041	90.0%
Chemical Demilitarization	\$ 107,830	\$ 172,500	9.8%
Classified Project	\$ 4,000	\$ 4,000	0.2%
Total Program	\$ 1,558,673	\$ 1,760,541	100.0%

Table 4 shows the Fiscal Year 2002 distribution of the appropriations request among the Army's major commands:

Table 4

COMMAND SUMMARY

Military Construction, Army

Fiscal Year 2002

COMMAND	APPROPRIATIONS \$000	PERCENT OF TOTAL
<u>INSIDE THE UNITED STATES</u>		
Army Materiel Command	\$ 248,850	14.1%
Army Test and Evaluation Command	\$ 9,000	0.5%
Criminal Investigations Command	\$ 32,900	1.9%
Forces Command	\$ 630,600	35.8%
Information Security Command	\$ 36,300	2.1%
Medical Command	\$ 2,250	0.1%
Military District of Washington	\$ 22,350	1.3%
Military Entrance Processing Command	\$ 6,400	0.4%
Military Traffic Management Command	\$ 11,400	0.6%
Training & Doctrine Command	\$ 129,850	7.4%
United States Army Recruiting Command	\$ 7,700	0.4%
United States Army, Pacific	\$ 162,100	9.2%
United States Military Academy	\$ 37,900	2.2%
Classified Project	\$ 4,000	0.2%
SUB-TOTAL	\$ 1,341,600	76.2%
<u>OUTSIDE THE UNITED STATES</u>		
Eight, United States Army	\$ 109,443	6.2%
Space and Missile Defense Command	\$ 11,000	0.6%
United States Army, Europe	\$ 123,300	7.0%
SUB-TOTAL	\$ 243,743	13.8%
TOTAL MAJOR CONSTRUCTION	\$ 1,585,343	90.0%
WORLDWIDE		
Planning and Design	\$ 157,198	8.9%
Minor Construction	\$ 18,000	1.0%
SUB-TOTAL	\$ 175,198	10.0%
TOTAL		

APPROPRIATIONS REQUESTED

\$ 1,760,541

100.0%

ARMY FAMILY HOUSING

The family housing program provides a major incentive that is necessary for recruiting and retaining dedicated individuals to serve in the Army. Adequate and affordable housing continues to be a major concern to soldiers when asked about their quality of life. We have waiting lists at nearly all of our major posts and out-of-pocket expenses for soldiers living off post are approximately 15% of the total cost of their housing. The Army supports the initiative to increase the Basic Allowance for Housing (BAH) to eliminate the out-of-pocket costs being paid by Service members for off-post housing in the United States. Maintaining and sustaining safe, attractive, and convenient housing for our soldiers and families is one of our continuing challenges. This budget represents an increase in the family housing program for additional family housing construction and expanded privatization. This increase will assist us in providing improved housing quicker and to more of our military families. Our current plan ensures we meet the Secretary of Defense's goal of 2010 to provide adequate housing to all military families. I would like to thank the President for his support and extra funding to improve quality of housing for Army personnel and their families.

Privatization is an essential element in solving our acute family housing problem. The Army's privatization program, Residential Communities Initiative (RCI), utilizes the authorities granted by the Congress in 1996 and extended to December 31, 2004, and includes the initial pilot privatization projects at Fort Carson, Colorado; Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland, plus 24 additional privatization sites.

We are especially pleased with the progress being made with our first privatization project at Fort Carson. The first new homes were occupied by Army families in November 2000. A total of 840 new units are being built and the rest

(1,823) are being fully renovated. This project will provide our soldiers a quantum leap in quantity and dramatic improvement in the quality of our on post housing in a short period of time.

For the remaining government owned units in the United States and overseas, the Army has programmed sufficient MILCON and Major Maintenance and Repair funds to eliminate all inadequate units in Europe, Korea and the United States by 2010.

Our Fiscal Year 2002 request for appropriations and authorization of appropriations request is \$1,400,533,000. Table 5 summarizes each of the categories of the Army Family Housing program.

Table 5

**ARMY FAMILY HOUSING
Fiscal Year 2002**

<u>FACILITY CATEGORY</u>	<u>AUTHORIZATION OF APPROPRIATIONS</u>		<u>APPROPRIATIONS</u>	
	<u>(\$000)</u>	<u>PERCENT</u>	<u>(\$000)</u>	<u>PERCENT</u>
New Construction	59,200	4%	59,200	4%
Post Acquisition Const	220,750	16%	220,750	16%
Planning and Design	11,592	1%	11,592	1%
Operations	178,520	13%	178,520	13%
Utilities	258,790	18%	258,790	18%
Maintenance	446,806	32%	446,806	32%
Leasing	196,956	14%	196,956	14%
Privatization	27,918	2%	27,918	2%
Debt	1	<1%	1	<1%
TOTAL	1,400,533		1,400,533	

FAMILY HOUSING CONSTRUCTION

The total Fiscal Year 2002 request for construction is \$291,542,000. It continues the Whole Neighborhood Revitalization (WNR) initiative approved by Congress in Fiscal Year 1992 and supported consistently since that time. This successful approach addresses the entire living environment of the military family. The projects are based on life-cycle economic analyses and support the Department

of Defense's 2010 goal by providing units that meet current construction and adequacy standards.

NEW CONSTRUCTION: The Fiscal Year 2002 new construction program provides WNR projects that replace 220 units at four locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. Some existing housing, 278 units, will be demolished, in order to reduce the housing density. New construction projects are requested at Camp Humphreys, Korea, for 54 units, where adequate off post family housing is not available and no on post family housing exists. These units serve command sponsored personnel living in substandard, off post quarters and those personnel who are unaccompanied due to a lack of adequate family housing on or off post. All of these projects are supported by housing surveys which show that adequate and affordable units are not available in the local community.

POST ACQUISITION CONSTRUCTION (RENOVATION): The Post Acquisition Construction Program is an integral part of our housing revitalization program. In Fiscal Year 2002, we are requesting funds for improvements to 14,404 existing units at 10 locations in the United States, including privatization at 7 installations: 6 locations in Europe, and 1 site in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure, energy conservation and elimination of environmental hazards.

FAMILY HOUSING OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance, and leasing programs comprise the majority of the Fiscal Year 2002 request. The requested amount of \$1,108,991,000 for Fiscal Year 2002 is approximately 79% of the total family housing budget. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, and funds supporting the Military Housing Privatization Initiative. With current funding,

housing units can be kept habitable and open; however, their condition will continue to deteriorate.

FAMILY HOUSING LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$196,956,000 in Fiscal Year 2002 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and approximately 8,700 units overseas.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

The military construction request, \$267,389,000 for the Army National Guard, focuses on readiness centers, maintenance support shops, and training facilities. These projects are mission focused and are centered on the well being of our soldiers.

MISSION FACILITIES

Fiscal Year 2002 contains 26 mission facility projects.

READINESS CENTERS: In support of the Army Facility Strategy, the Army National Guard is requesting \$56,228,000 million for 11 projects. Our Fiscal Year 2002 budget request is for readiness centers in Iowa, Idaho, Mississippi, New Hampshire, Ohio, Tennessee, Alabama and two 60 year old readiness centers in Louisiana. Also, in support of Army National Guard Division Redesign Study (ADRS), we are requesting funding for the addition/alteration to readiness centers in California and Montana. The California project is particularly significant, because it eliminates smaller facilities on land desperately needed by the local community in the Los Angeles Basin.

MAINTENANCE SUPPORT SHOPS: There are 10 maintenance shops planned as part of our revitalization plan: a unit training equipment site in Alabama, a maneuver and training equipment site in California and New York, a combined support maintenance shop in South Dakota and Michigan (Phase II), and 4 organizational maintenance shops located in Massachusetts, Maryland, Tennessee and Wisconsin. The majority of these facilities were built in the 1950s. Also, as part of the ADRS initiative, we have included one organization maintenance shop for addition/alteration in Kansas for this fiscal year. Sites in California, Indiana, Kansas, Michigan, Montana, and Nebraska were selected to begin the conversion process, which started this year. These projects are essential for the units to successfully maintain the additional heavy equipment they will receive during ADRS Phase I. A total of \$85,080,000 million is being requested for these Army National Guard Maintenance Support Shops.

TRAINING FACILITIES: The Army National Guard is requesting \$90,264,000 for 5 training facilities: Army aviation facilities in Arizona, Maine, New Hampshire, Texas, and Phase II of the military education facility in Mississippi. Two illustrations of this need are in Texas and New Hampshire. Since Austin, Texas, closed the airport the Aviation facility in Texas is spread between 7 temporary facilities. New road construction by the city at our New Hampshire aviation facility will cut off all access to the runway.

BUDGET REQUEST ANALYSIS

SUMMARY: The MCNG budget request includes a request for appropriations and authorization of appropriations of \$267,389,000 for Fiscal Year 2002. The Fiscal Year 2002 request for appropriations and authorization for Fiscal Year 2002, by investment focus, is show in Table 6:

TABLE 6

**INVESTMENT FOCUS
ARMY NATIONAL GUARD
Appropriations
Fiscal Year 2002**

<u>CATEGORY</u>	<u>AUTHORIZATION (\$000)</u>	<u>APPROPRIATIONS (\$000)</u>	<u>PERCENT APPROP'N</u>
Major Construction	\$236,924	\$236,924	89%
Unspecified Minor Construction	4,671	4,671	2%
Planning and Design	25,794	25,794	9%
TOTAL	\$267,389	\$267,389	100%

Table 7 shows Fiscal Year 2002 distribution of the appropriations request among the 54 States and Territories supporting the Army National Guard:

TABLE 7

**PROJECT SUMMARY
Military Construction Army National Guard
Fiscal Year 2002**

<u>LOCATION</u>	<u>PROJECT TITLE</u>	<u>APPROPRIATIONS (\$000)</u>	<u>PERCENT OF TOTAL</u>
Huntsville, AL	Unit Training Equip Site	\$ 7,498	3%
Mobile, AL	Readiness Center add/alt	\$ 5,333	2%
Marana, AZ	Aviation Maintenance Hanger	\$14,358	5%
Fort Irwin, CA	Maneuver & Training Equip Site	\$21,953	8%
Lancaster, CA	Readiness Center (ADRS)	\$ 4,530	2%
Gowen Field, ID	Readiness Center PHI	\$ 8,117	3%
Estherville, IA	Readiness Center	\$ 2,713	1%
Fort Riley, KS	Organ Maint Shop (ADRS) add/alt	\$ 645	-
Carville, LA	Readiness Center	\$ 5,677	2%
Camp Beauregard, LA	Readiness Center	\$ 5,392	2%
Bangor, ME	Army Aviation Support Fac. PHI	\$11,618	4%
Framingham, MA	Organizational Maintenance Shop	\$ 8,347	3%
Salisbury, MD	Organizational Maint Shop add/alt	\$ 2,314	1%
Lansing, MI	Combined Support Maint Shop PHII	\$ 5,809	2%
Gulfport, MS	Readiness Center	\$ 9,145	4%
Camp Shelby, MS	Mil Education Center PHII	\$11,444	4%
Kalispell, MT	Readiness Center add/alt (ADRS)	\$ 822	-
Concord, NH	Army Aviation Support Facility	\$27,185	10%
Concord, NH	Readiness Center	\$ 1,868	1%
Fort Drum, NY	Maneuver Area Trng & Equip Shop	\$17,000	6%
Cincinnati, OH	Readiness Center	\$ 9,780	4%
Mitchell, SD	Combined Support Maint Shop	\$14,228	5%
Alcoa, TN	Readiness Center	\$ 8,203	3%
Henderson, TN	Organizational Maint Shop	\$ 2,012	1%
Austin, TX	Army Aviation Support Facility	\$25,659	10%
Oshkosh, WI	Organizational Maintenance Shop	\$ 5,274	2%
Various	Planning and Design	\$25,794	10%
Various	Unspecified Minor Construction	\$ 4,671	2%

TOTAL APPROPRIATION AND AUTHORIZATION OF APPROPRIATIONS REQUESTED:	\$267,389	100.0%
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MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

The MCAR program focuses on mission facilities projects. In Fiscal Year 2002, there are nine Army Reserve projects to assist the USAR with its mission requirement of providing trained and ready forces to support the missions of the United States Army. The USAR's program continues to emphasize Readiness, Quality of Life, Modernization, and Installation and Base Support.

MISSION FACILITIES

Fiscal Year 2002 contains eight mission facilities projects and one land acquisition project.

UNITED STATES ARMY RESERVE CENTERS: Our Fiscal Year 2002 USAR budget request is for the construction of five U.S. Army Reserve Centers in Arizona, Kentucky, Washington, New Hampshire, and American Samoa, and one Armed Forces Reserve Center in Colorado. The Reserve Centers in American Samoa, New Hampshire, and Kentucky are to replace severely overcrowded facilities that were constructed in the 1950s. The Army Reserve Center in Tafuna, American Samoa, also represents the sole presence of the Department of Defense on the island. The current center's utilization rate is 293%. This facility will also serve as a command and control facility for the local authorities, as well as a safe haven for the local populace. The project in Washington also includes an Aviation Support Facility needed to maintain the Army Reserves' new aviation assets assigned to Fort Lewis. The projects in Arizona and Colorado are to improve facilities transferred to the USAR as a result of the 1995 Base Realignment and Closure (BRAC). These facilities are overcrowded and in need of renovation and new construction. A land

acquisition project is required in Cleveland, Ohio to support future construction of an Army Reserve Center.

MAINTENANCE FACILITIES: There are six Organizational Maintenance Shops (OMS) included as part of our construction plan. The OMS in American Samoa is required for use by a vehicle repair platoon and an engineer detachment, and the OMS in Arizona will support the routine maintenance requirements for the units assigned to that Reserve Center. Currently, there is no maintenance facility at the Reserve Center in Mesa, Arizona. The OMS in New Hampshire and Washington are part of the replacement plan for out-dated facilities. The OMS in Texas will replace an existing 1958 facility. Also included is an Aviation Support Facility at Fort Lewis, Washington. These new maintenance facilities will improve the equipment readiness of the units assigned and provide a modernized workplace for the mechanics to train.

BARRACKS RENOVATION: There is a project to renovate the Officer Education School barracks at Fort Dix, New Jersey. The current barracks were constructed in 1970 and do not currently meet the requirements for training soldiers. The renovation of these barracks will provide the students an environment that is both safe and conducive to learning.

The Fiscal Year 2002 request is for appropriations and authorization of appropriations of \$111,404 million for Military Construction, Army Reserve, as shown on Table 8:

TABLE 8

**COMMAND SUMMARY
Military Construction Army Reserve**

Fiscal Year 2002

<u>LOCATION</u>	<u>APPROPRIATIONS (\$000)</u>	<u>PERCENT OF TOTAL</u>
Arizona, Mesa (USARC/OMS)	\$10,900	9.8%
American Samoa, Tafuna (USARC/OMS)	\$19,703	17.7%
Colorado, Fort Carson (USARC)	\$ 9,394	8.4%
Kentucky, Fort Knox (USARC)	\$14,846	13.3%
New Hampshire (USARC/OMS)	\$ 9,122	8.2%
New Jersey, Fort Dix (OES Barracks Upgrade)	\$12,000	11.0%
Ohio, Cleveland (Land Acquisition)	\$ 1,200	1.1%
Texas, Texarkana (OMS)	\$ 1,862	1.7%
Washington, Fort Lewis (USARC/OMS/ASF)	\$ 21,978	19.7%
TOTAL MAJOR CONSTRUCTION	\$101,005	90.7%
WORLDWIDE		
Planning and Design	\$ 8,024	7.2%
Minor Construction	\$ 2,375	2.1%
SUBTOTAL	\$ 10,399	9.3%
TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED:	\$111,404	100.0%

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. The Fiscal Year 2002 request is for \$10.119 million appropriations, along with a companion request for authorization and authorization of appropriations for the same amount. Fiscal Year 2002 will be funded with appropriations, carryover, and anticipated authority to transfer monies from the BRAC account to the Homeowners Assistance Fund.

The request will provide assistance to personnel at approximately 14 locations that have been impacted with either a base closure or a realignment of personnel

resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)

In addition to Military Construction and Family Housing, the third area in the facilities arena is the SRM program. SRM is the primary account in base support funding area responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations and Reserve Component facilities are the platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

SRM consists of two major functional areas: (1) facilities sustainment of real property and (2) restoration and modernization. Facilities sustainment provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. It also includes major repairs or replacement of facility components, usually accomplished by contract, that are expected to occur periodically throughout the life cycle of facilities. Restoration and modernization provides resources for improving facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident or other causes. Modernization includes alteration 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.

Within the SRM 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 2002 program, as requested, we will have funded adequate housing to meet or approximate the DoD 1+1 barracks standard for 73% of our soldiers. The Fiscal Year 2003-2008 Military Construction program will provide barracks for another 20% of eligible soldiers. We will use SRM resources to renovate barracks to an approximate DoD 1+1 standard for the remaining 7% of barracks residents. The Army is grateful for Congressional support for well being programs. We allocated \$86 million of appropriated Quality of Life Enhancements, Defense (QOLE,D) funds to bring more of our permanent party barracks in the United States, Europe and Korea to an approximate 1+1 standard and to renovate Advance Individual Training (AIT) and Reception barracks in the United States. The Army is committing an average of about \$120 million per year in SRM to continue the efforts to upgrade housing for our single soldiers. This substantial funding keeps our barracks program on track to build new or renovate all barracks to an approximate 1+1 or equivalent standard worldwide by 2008.

The second area to highlight within the SRM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. Privatization or outsourcing of utilities is the first part of our strategy. All Army-owned electrical, natural gas, water, and wastewater systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. We continue to successfully privatize utility systems on Army installations. Recent successes include privatization of the electrical distribution system at Fort Knox, the gas system at Fort Sill, the water system at Fort Lee, and the waste water system at Presidio of Monterey. Of the 320 Army systems available for privatization since 1998, 19 have been privatized, 28 have been exempted, and the remaining are in various stages of privatization. The second part of the strategy is the utilities modernization program. We are upgrading utility systems that are not viable candidates to be privatized, such

as central heating plants and distribution systems. We have executed approximately \$177 million in utility modernization projects in Fiscal Years 1998 through 2000 and in future years we plan to accomplish \$94 million in additional projects. Together, privatizing and modernizing utility systems will provide reliable and safe systems.

We are making progress in upgrading barracks and improving utility services, and funding for the basic maintenance and repair of Army facilities has improved to 94% of the OMA, OMNG and OMAR requirement in Fiscal Year 2002. However, we still need to strive toward fully funding sustainment to keep facilities from getting worse and to protect the large infrastructure investment requested in this budget. The Installation Status Report shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of Fiscal Year 2000, 26% of the Army's facilities were "red" - unsatisfactory; 44% were "amber" - marginal; and only 30% were "green" - good. The Army National Guard rated 40% red, 54% amber and 6% green and the Army Reserve rated 45% red, 27% amber, and 28% green.

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. For BRAC in Fiscal Year 2002, we are requesting appropriations and authorization of appropriations of \$164.3 million. This budget represents the Army's first budget required to continue environmental restoration and property management of those facilities not yet disposed from the first four rounds of BRAC. In Fiscal Year 2000, the Army saved \$911 million and will save \$944 million annually upon completion of 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, and infrastructure improvements.

The Army is now in the final year of the 13-year process to implement the first four rounds (112 closures and 27 realignments). We are accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. However, 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. 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; cleaning up contaminated property, disposing of property at closed bases; and assisting communities with reuse.

The Fiscal Year 2002 budget includes the resources required to continue environmental cleanup of BRAC properties. These efforts will make 14,321 acres of property available for reuse in Fiscal Year 2002 and complete restoration activities at 12 additional locations. 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.

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 reducing the number of installations by 70%, roughly equal to the troop reductions of 70%. In Korea, the number of installations is dropping 20%. The total number of Army overseas sites announced

for closure or partial closure is 677. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments.

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS: The Army has completed all realignments and closure actions from the BRAC 88, BRAC 91, BRAC 93, and BRAC 95 rounds. The Army continues with the difficult challenges of environmental cleanup and disposal actions to make the property available to local communities for economic redevelopment. Introduction of economic development conveyances and interim leasing has resulted in increased property reuse and jobs creation. Negotiations and required environmental restoration continue at the closed and realigned installations, and additional conveyances will occur in the near future.

The Army has completed environmental actions at 1,414 of a total of 1,973 environmental cleanup sites through Fiscal Year 2000. Environmental restoration efforts were complete at 77 installations through Fiscal Year 2000, out of a total of 116 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 of the remaining approximate 255,000 acres.

SUMMARY: The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The closing and realigning of bases saves money that otherwise would go 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. We request your support by providing the necessary BRAC funding to continue environmental restoration and property management in Fiscal Year 2002.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through no cost economic

development conveyances as well as the early transfer of properties along with cooperative agreements to accelerate the completion of remaining environmental remediation. The Army is also making use of interim leasing options made possible by Congress and awarding guaranteed fixed price remediation contracts to complete environmental cleanup to make properties available earlier. 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 benefits the Army and ultimately the local community.

As noted, we have had much success in base closures, eliminating excess infrastructure that drained needed funds from other programs. Unfortunately, this has not been sufficient. For this reason, the Army supports additional authority to reduce infrastructure.

FISCAL YEAR 2002 SUMMARY

Mr. Chairman, our Fiscal Year 2002 budget is a greatly improved 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 to initiate privatization at four additional installations. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the well being of our personnel. Our long-term strategy can only be accomplished through sustained 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 2002 request for the Active Army is for appropriations and authorization of appropriations of \$3,161,074,000 for Military Construction, Army and Army Family Housing.

The request for appropriations and authorization of appropriations is \$267,389,000 for Military Construction, Army National Guard and \$111,404,000 million for the Military Construction, Army Reserve.

For the Homeowners Assistance Fund, Defense, the request is for \$10,119,000 appropriations and authorization of appropriations.

Thank you for your continued support for Army facilities funding.