

HEARING TO RECEIVE TESTIMONY ON MILITARY CONSTRUCTION, ENVIRONMENTAL, AND BASE CLOSURE PROGRAMS IN REVIEW OF THE DEFENSE AUTHORIZATION REQUEST FOR FISCAL YEAR 2013 AND THE FUTURE YEARS DEFENSE PROGRAM

WEDNESDAY, MARCH 21, 2012

U.S. SENATE,
SUBCOMMITTEE ON READINESS AND
MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:09 a.m. in Room SR-232A, Russell Senate Office Building, Senator Claire McCaskill (chairman of the subcommittee) presiding.

Committee members present: Senators McCaskill, Nelson, Shaheen, and Ayotte.

Majority staff members present: Peter K. Levine, general counsel; Jason W. Maroney, counsel; John H. Quirk V, professional staff member; and Russell L. Shaffer, counsel.

Minority staff members present: Paul C. Hutton IV, professional staff member; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Mariah K. McNamara and Brian F. Sebold.

Committee members' assistants present: Ryan Ehly, assistant to Senator Nelson; Jason Rauch, assistant to Senator McCaskill; Patrick Day and Chad Kreikemeier, assistants to Senator Shaheen; and Brad Bowman, assistant to Senator Ayotte.

**OPENING STATEMENT OF SENATOR CLAIRE McCASKILL,
CHAIRMAN**

Senator McCASKILL. I think it is always a good sign to have a hearing on military readiness and for me to look up from my notebook and see three women. That is great.

This hearing will come to order.

You are outnumbered, sir.

Mr. YONKERS. I am honored to be here.

Senator McCASKILL. In good company.

We will begin the hearing on readiness management and support that we will have today. I will give a brief opening statement, give Senator Ayotte a chance for an opening statement, and then we will look forward to your testimony.

The Subcommittee on Readiness and Management Support meets this afternoon—it is not this afternoon. It is actually this morning—to hear testimony on the fiscal year 2013 budget request for the Department of Defense installations and environment. At today's hearing, we will hear from our witnesses on their request for military construction and environmental programs for fiscal year 2013.

I would like to begin by welcoming the members and say how much I look forward to working with you on this year's National Defense Authorization Act. It has been a pleasure working with Senator Ayotte. Her sharp focus and dedication to readiness and management issues have been exceptional, and I really enjoyed our partnership on this subcommittee.

I would also like to thank our witnesses for rearranging their schedules to appear today. It is important for us to have this hearing as early in the congressional budget process as possible so we can have a full and frank discussion of the President's request that inform this year's defense authorization bill, and we appreciate your help in enabling us to do that.

Last year, this subcommittee identified approximately \$1.7 billion in programs that could be eliminated or deferred in the military construction and environment accounts, approximately 10 percent of the President's budget request. While I cannot promise we will find similar savings in this fiscal year, I do not believe there is anything the Department is doing that we cannot do better, and I do not believe that there is any part of the budget that can be off limits as we look for savings. I will be looking at every area of this subcommittee's jurisdiction again this year as we attempt to cut duplicative projects and programs, increase management efficiencies, and reduce waste.

Overall, the President's budget request for military construction and family housing is \$11.2 billion in fiscal year 2013 as compared to \$13 billion authorized in last year's national defense authorization bill based on the President's budget request of \$14.7 billion.

The Department is certainly getting the message that the fiscal environment is extremely tight and we were pleased to see a renewed focus on tip-of-the-spear projects that directly support the warfighter. However, there are a number of projects and decisions reflected in the budget request that raise questions and we look forward to a discussion about them.

Accompanying the budget is a request by the Secretary of Defense for two additional rounds of base realignment and closure authority in fiscal years 2013 and 2015. In making this request, the Secretary noted that while the BRAC process is controversial, it is the only effective way to achieve needed infrastructure savings made available by Department force structure reductions.

While I applaud the Department's desire to find responsible places to achieve savings, there is one area where there is absolutely no room for compromise this year and that is BRAC. I will not support the request for a BRAC process to be carried out in 2013. Government auditors have not yet completed a final analysis of the recently completed 2005 BRAC round. Congress needs to understand completely our planned force structure, including our overseas force posture, before we consider a new round of BRAC.

The impact BRAC has on communities around the country and some in my home State is extraordinary. I will not support a process that is casual or one that is rushed before we fully comprehend whether or not this task is clearly in the best interests of the American taxpayer and our National security.

The Department has a long way to go before it proves to me that these initial criteria have been met.

The Government Accountability Office has an ongoing mandate to study and report on BRAC. Their most recent analysis shows that the one-time implementation cost for BRAC 2005 grew from \$21 billion as originally estimated by the BRAC commission to approximately \$35 billion, an increase of 53 percent.

The news is even worse when we look at estimated savings. The original estimation of net annual recurring savings of \$4.2 billion with 20-year net present value savings of \$36 billion are now, according to a review of the fiscal year 2011 BRAC 2005 budget submission, the most recent study by GAO, shows that BRAC 2005 now will have a net annual recurring savings of \$3.8 billion, a 9.5 percent decrease and a 20-year net present value savings of \$9.9 billion, a 73 percent reduction over previously estimated savings.

In short, what we have here is increased up-front costs and reduced savings. This is unacceptable. We must learn from BRAC 2005. The up-front costs were much higher than anticipated and the net savings were too much lower than anticipated.

Current GAO analysis shows that we will not even recoup our up-front costs until 2018, 5 years later than originally estimated. Even more galling is the fact that 77 out of 182 commission recommendations, or 42 percent, will not pay back at all in the 20-year period.

We cannot afford to do this again. Given all the downward pressures on the defense budget, the amount of top line eaten up by the up-front costs of a BRAC would be catastrophic to other accounts. There is nothing that has been shown to me or I believe the Armed Services Committee that would indicate that we can avoid the catastrophic up-front costs in a new BRAC, and until there is some demonstration of that, I cannot support a BRAC.

The 2005 BRAC round was unlike previous rounds of BRAC, and I believe some of those differences contributed to its reduced efficiency and I fear we have not learned our lesson. The 2005 round had three overarching goals: transform the military, foster jointness, and reduce excess inventory. Previous rounds were primarily focused on achieving savings by reducing excess inventory. I support the concept of revising and updating our force structure and force lay-down to meet current challenges. However, I have grave concerns about using the 2005 BRAC model as a means to do so, especially since we do not yet have a clear vision of our force posture as we draw down in the Middle East.

At this time, the Department is continuing to study and deliberate on its preferred force posture in Europe and the Pacific. Force posture decisions like these come with associated costs, and those costs are often first apparent in military construction accounts. Too often, when we look back on failed projects and programs, we see that the analysis and decision-making on the front end were defi-

cient, and I do not believe we have completed the requisite analysis to support future rounds of BRAC.

There are other areas in which we can do better and should do better. For example, the budget request includes funding for a new cadet dormitory at West Point as a cost to the taxpayers of almost \$200 million. I understand the unique attributes of West Point but fail to understand why the academy has not done a better job managing its student population to avoid the overcrowding cited as a reason for this very expansive project.

The budget request includes funding for the second increment of a project associated with the Guam realignment valued at \$25.9 million despite the Department's failure to satisfy requirements contained in last year's defense authorization bill. This committee has been clear that no further funding will be provided until the Department meets those requirements.

The Air Force has instituted a deliberate pause in their military construction program and has reduced its request from \$1.36 billion last year to \$388 million in fiscal year 2013. At first glance, this is a cause for celebration. I applaud the Air Force's fiscal restraint. However, I have become very concerned that this realignment of budget top line to other accounts will have significant consequences for future year military construction requests. The money was not saved. The money was just shifted.

The President's budget request also includes just under \$4 billion for defense environmental programs, down slightly from last year's request but still representing a solid commitment to important environmental programs which ensure compliance with environmental rules, management of natural resources on installations, protection of our bases and training ranges, and cleanup of legacy contamination.

The biggest piece of the environmental budget is, as with past years, the environmental restoration program to clean up contamination at bases, current and former, including unexploded ordnance and discarded military munitions. These environmental hazards must be addressed and resolved aggressively and we will be interested in hearing from our witnesses on how they plan to keep pressing towards meeting these cleanup challenges.

The Department must also continue to look for ways to trim costs associated with environmental protection while not sacrificing environmental stewardship. Ultimately, it must remain the goal of the military departments to work to maintain the balance between environmental protection on one hand and military readiness on the other and to do so in an era of increasing fiscal constraints.

I would like to applaud the witnesses for their various commitments to energy efficiency at our installations. Using energy from reliable and renewable sources ensures that missions are accomplished, strategic risk to our military is reduced, the cost to our taxpayers is lessened, and our National security is ultimately improved.

I would also like to commend the Army for working with this subcommittee to recalibrate their long-range plan for all Army ammunition plants and arsenals, not just for Lake City Ammunition Plant. By following a comprehensive investment strategy that enhances the work environment, improves safety, and modernizes

these critical installations, we can do a better job of enabling the dedicated men and women who support our warfighters.

We have a great deal to discuss today. I look forward to your testimony and a lively discussion that will follow not only today, but throughout the year.

I now turn to Senator Ayotte for any opening remarks she may have.

STATEMENT OF SENATOR KELLY AYOTTE

Senator AYOTTE. Thank you, Madam Chairman, and thank you, Senator Nelson. I thank you for calling this hearing, Madam Chairman, for the 2013 budget request for military installations and environmental programs.

It has been a real pleasure to work with Senator McCaskill and I look forward to working with you again this year. Thank you for your leadership and I think we have been a really strong team in dealing with our Nation's military readiness in this committee and also strong stewards of taxpayer dollars.

I want to thank our witnesses for continuing to manage a full range of installation, environment, and energy programs for your respective departments through difficult times. Many of these programs are facing declining budgets with difficult choices that require an honest assessment of the risk for our military members and their families. You all deserve our gratitude and appreciation for your dedication.

As we consider the budget request for this year for installation and energy programs, as well as the administration's request for authority to conduct two more rounds of base closure and realignments, we must ensure that the critical missions and core responsibilities of the Department of Defense are preserved in a very difficult budget environment. We must continue to ensure that every taxpayer dollar provided to the Department is used to meet a valid military need or shortfall.

The Department of Defense has proposed a budget for 2013 that includes \$11.2 billion for installation programs, which is \$3.5 billion, or 25 percent, less than last year's request. The investments proposed for facility recapitalization are 41 percent lower than last year. The Air Force request for military construction and family housing this year is the lowest since the 1970s. An accompanying \$7.3 billion request for the sustainment of facilities is 6 percent less than the Department's annual goal and the lowest year to date. Accounts for base operating support are also down.

In addition, the services have proposed deferrals of military construction and facility maintenance over the next 5 years under the guise of efficiency to save billions of dollars. I am not sure how putting off bills is going to be counted as an efficiency if eventually we have to pay those bills.

On the topic of facility sustainment, I would like the witnesses to describe how the models used to determine the minimal level of funding for each installation accounts for the unique features of that installation. Locations like the service academies, hospitals, and historic forts are in some cases over 170 years old and have an estimated 150 to 180 percent higher cost to sustain each facility on the installation because of their age. These bases must account

for requirements imposed by the local historical preservation offices for repairs to facilities that are listed or eligible for the National Registry of Historical Places. I would like to know how the services account for these additional requirements in the estimates that you have provided us.

In total, this year's budget request for installations increases risks. Risks at our installations and ranges continue to support the operational and training needs for our military members. The risk is greater for our members of the Guard and Reserve. The military construction request for the Army National Guard is 30 percent lower than 2011. The MILCON request for the Air National Guard is even worse, 78 percent lower than 2011.

While the administration proposes to cut at least eight Army brigades, 20,000 marines, and numerous Air Force squadrons, the budget's proposed investments in renewable energy projects and non-DOD items in my view are at an all-time high. There are \$51 million to be transferred to local school districts to pay for repairs that have historically been paid for by local communities. \$119 million is requested for water lines, regional public health laboratories, and mental health facilities to serve local civilian beneficiaries with no military association at a time when the need for mental health services for our active duty members and veterans and their families is greater than ever. This is on top of hundreds of millions of dollars invested in biofuel refineries, net zero installations, and synthetic fuels purchased at \$26 a gallon.

We are faced with \$487 billion in defense cuts, and I know that this is a number that was handed to you by the Congress and not one that you came up with yourselves.

We are also facing the potential of another \$492 billion in defense cuts. It is \$600 billion if you include interest savings if sequestration is allowed to occur in 2013. And the Secretary of Defense, Secretary Panetta, has said that if sequestration occurs, it would inflict severe damage to our National defense for generations.

Let me just say up front that I am deeply concerned about this. I want to hear from our witnesses what will be the impact if sequestration goes forward, and I am cosponsoring a bill to stop this from happening to the Department of Defense.

We need to get a better understanding of how the Department of Defense has assessed its risk to meet its core mission of national security in light of the budget numbers that you have been handed.

The President's budget also includes a request for Congress to authorize two base closure rounds in 2013 and 2015 which the chairman has discussed. Having just completed the 2005 BRAC round, I share the views expressed by Senator McCaskill. I do not believe that Congress should authorize additional BRAC rounds at this time for the following reasons.

First, the Department is reviewing military force posture overseas in Europe and in Asia and developing plans that will not be finalized in the near future, and we need to know what those plans are. These plans will have a direct impact on bases in the United States. Initiating another BRAC round before these overseas plans are finalized would be premature.

Second, the budget request is proposed to slash 125,000 of our forces. It does not make sense to initiate a BRAC round before these end strength reductions have been implemented especially when the pace and perhaps even the size of these reductions may change. The Pentagon asserts that this is important to retain the ability to reverse these end strength reductions in the future. We have heard that from each of our military leaders, reversibility. But we cannot reverse a BRAC decision. Preserving the option of reversibility must include preserving the bases already in place for these troops.

Third, it is clear that a BRAC round, as Senator McCaskill outlined in detail, may not be sound fiscal decision at this point. We have already seen from the 2005 BRAC round, as Senator McCaskill has laid out already before the committee, costs so much more than was estimated. The total cost of BRAC decisions were estimated in 2005 to be \$21 billion, and according to GAO, the actual round of BRAC cost taxpayers \$14 billion more, \$35 billion. And the unfortunate part is we are not going to see savings from the 2005 BRAC round until around 2018 or 2019, 13 or 14 years down the line.

In short, I do not believe we can justify spending tens of billions of dollars within the Pentagon budget in the short term to fund more BRAC rounds for returns that may be decades to materialize and when we are not even sure that we are going to be able to have the money to pay in the short term, as Senator McCaskill outlined and that the Department of Defense can absorb these costs. I am very, very concerned about where we are.

I also would like to hear details regarding defense sequestration, overseas force posture, and the size of our forces. All of these are unknowns and yet we are asking for a BRAC round right now.

We have many issues to cover in this hearing. We need to know how the Department plans to determine domestic bases for the basing of new weapons systems, including the F-35 and the KC-46 tanker. It would be very important for us to know those decisions, and those decisions would have a significant impact on BRAC decisions as well.

Finally, we need to hear the Department's revised plan for realignment of the U.S. marines on Okinawa and the relocation of 8,700 marines and their families on other locations including Guam. The way forward on this complex issue is as uncertain as ever with negotiations currently taking place between our Government and Japan. Before we spend another dollar of either U.S. taxpayer funds or those already provided by the Government of Japan, the Department needs to comply with the provisions of the National Defense Authorization Act for the fiscal year 2012 to include a review of an independent study on our U.S. military force posture in the Pacific region.

I thank you, Senator McCaskill, for this hearing. Thank you for your leadership, and I look forward to hearing the testimony of our witnesses today. Thank you.

Senator McCASKILL. Thank you.

Senator Nelson, would you like to say anything briefly before we begin?

Senator NELSON. No. I will defer to the questions. Thank you.

Senator MCCASKILL. Thank you.

We will begin. Our witnesses today are Dr. Dorothy Robyn, the Deputy Under Secretary of Defense; the Honorable Katherine Hammack, assistant Secretary of the Army; the Honorable Jackalyne—say your last name for me.

Ms. PFANNENSTIEL. Pfannenstiel.

Senator MCCASKILL. Pfannenstiel. Jackalyne Pfannenstiel, assistant Secretary of the Navy; and the Honorable Terry Yonkers, assistant Secretary of the Air Force.

We will begin our testimony this morning with Dr. Robyn.

STATEMENT OF DR. DOROTHY ROBYN, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT

Dr. ROBYN. Thank you, Chairman McCaskill, Ranking Member Ayotte, Senator Nelson. Thank you for the opportunity to testify on the President's budget for military construction and environmental programs.

Let me touch on three issues: MILCON and family housing, our request for two new BRAC rounds, and environment and energy.

So as to say more about BRAC in response to your opening statements, let me say less in my opening statement about our MILCON budget. And you summarized the key numbers. Let me just point out what we are not asking money for.

We are not asking money for family housing here in the United States. That is because we have now privatized nearly all of our 200,000 units of military family housing. Using the power of the commercial market, we leveraged a \$3 billion investment by DOD to generate \$27 billion worth of high-quality, well-maintained homes which have done an enormous amount to improve the quality of life for military families. It is an extraordinary success story, the most successful reform my office has carried out, and it is something we should be looking to do much more broadly.

Let me turn to BRAC. We need another BRAC round, ideally two. The math is straightforward. Force reductions produce excess capacity. Excess capacity is a drain on resources. BRAC is the only way that we can realign our infrastructure with our strategy.

For the record, let me summarize the savings from BRAC. If you had Bob Hale sitting here, he would tell you that BRAC is probably the most single effective thing the Department has ever done in terms of producing greater efficiency and savings. It is enormously important.

The first four BRAC rounds generated a total of \$8 billion in annual recurring savings. The total savings to date from the first four rounds is \$100 billion. For the BRAC 2005 round, the annual recurring savings are \$4 billion although because, as you point out, the payback period is 9 years, we will not see net savings until 2018. The total of \$8 billion and \$4 billion represents the additional costs the Department would incur each year for base operating support personnel and leasing costs had we not had BRAC. This is the equivalent to what the Department would spend to buy 300 Apache Attack helicopters, 124 Super Hornets, or 4 Virginia class submarines.

Now, let me respond on the 2005 round in particular. It is not the right comparison. It is not the right comparison. Unlike the

first four BRAC rounds, which paid off in a relatively short period of time, the 2005 round was not about savings and eliminating excess capacity. Carried out in a post-9/11 environment when the Department was at war, it was about transforming installations to better support the warfighter. The Army in particular used BRAC 2005 to carry out major transformational initiatives such as the modularization of brigade combat teams. Let me quote Dr. Craig College, the Deputy assistant Chief of Staff for Army Installation Management. "The urgency of war drove the Army to leverage BRAC '05 as the tool to integrate several critical transformational initiatives which, if implemented separately, might have taken decades to complete." The initial estimated cost did go up, and in the Q&A, I can speak to that.

In short, the 2005 round took place during a period of growth in the military and it reflected the goals and needs of that time. The focus was on transforming installations to better support forces as opposed to saving money and space. So it is a poor gauge of the savings the Department can achieve through another BRAC round. The prior BRAC rounds represent a better gauge of such savings.

Finally, let me talk about energy and the environment. We are requesting, as you said, \$4 billion for environmental programs, and my statement details our progress and our goals with respect to cleanup and pollution prevention. Separately I describe our four-part installation energy strategy which is designed to reduce our \$4 billion a year facility energy bill and at the same time make our installations more resilient to the prospect of grid disruption. You will hear from my colleagues about the wonderful strides we are making.

Let me highlight one common theme: technology. Technology has been the Department of Defense's comparative advantage for 200 years going back to Eli Whitney and interchangeable machine-made parts for musket production. It is what we do. Although we tend to talk about technology and DOD's technological innovation in the context of weapons systems and combat operations, it is every bit as important to harness that advantage for what we are trying to do with respect to both the environment and energy. Let me give you an example.

A decade ago, the two environmental technology programs I oversee took on a challenge, developing technologies that could discriminate between scrap metal and hazardous UXO, unexploded ordnance; in other words, distinguishing between beer cans and bombs. Current cleanup technologies lack that ability. They have a 99.99 percent false positive rate. So you have to dig up everything. As a result, our estimated cost for UXO cleanup is \$14 billion.

Remarkably, 10 years of investment by these two organizations has yielded technology that can distinguish bombs from beer cans with a very high degree of reliability, and in the year since I first told you about this, last year, we have accelerated our live-site demonstrations of the technology, and no less important, we are working with the UXO cleanup firms, with State regulators, and with the DOD contracting community to make them comfortable with what is a fundamentally new approach to UXO cleanup. We think this can save billions of dollars in UXO cleanup costs.

Similarly, our facility energy strategy should, above all, exploit DOD's extraordinary strength as a technological innovator. To illustrate, 3 years ago my office created the Installation Energy Test Bed, run by the same folks who addressed the UXO problem. The rationale is similar. In the energy area, as in the environmental area, emerging technologies offer a way to significantly reduce DOD's cost and improve its performance. But because of fundamental market failures, these technologies are very slow to get to the market. The valley of death is very wide, if you will, when it comes to energy technologies, particularly those for retrofit of buildings.

As the owner of 300,000 buildings, it is in the Department's direct self-interest to help overcome the barriers that inhibit innovative technologies from being commercialized and deployed on our installations. We do this by using our installations as a distributed test bed to demonstrate and validate the technologies in a real-world, integrated building environment. By centralizing the risk and distributing the benefits of new technology to all DOD installations, the test bed can provide a significant return on DOD's investment. And there are a number of other ways in which we can leverage and are leveraging advanced technology to further our facility energy strategy.

In sum, the two themes I want to hit. The management of installations and related energy and environmental issues is one of the most business-like activities the Department of Defense carries out. We should be taking full advantage of market mechanisms and competition, and we should be leveraging our extraordinary talent for driving technological change.

Thank you, and I look forward to your questions.

[The prepared statement of Dr. Robyn follows:]

Senator MCCASKILL. Thank you, Dr. Robyn.

Ms. Hammack?

STATEMENT OF HON. KATHERINE G. HAMMACK, ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS AND ENVIRONMENT

Ms. HAMMACK. Thank you very much, Chairman McCaskill, Ranking Ayotte, and Senator Nelson. On behalf of soldiers, families, civilians of the U.S. Army, I want to thank you for the opportunity to present to you the Army's military construction budget request for fiscal year 2013.

The budget request supports an Army in transition, yet we are still at war. We know the fiscal challenges that the Nation faces and are planning accordingly to implement what was asked of us by the Budget Control Act. The committee's continued support will ensure that the Army remains manned, ready, trained, and equipped to face the challenges of protecting this Nation's interests both at home and abroad.

The Army's MILCON budget request reflects the Nation's current fiscal reality and is a 32 percent reduction from prior year. Pending strategic decisions on the Army's end strength reductions, force structure, and stationing has required the Army to prioritize our facility investments and to defer some of those investments that could be impacted by force structure changes. The active Army

MILCON budget has absorbed most of these reductions, although we have taken some cuts in the National Guard and Reserve based upon budget requirements. Once a total Army analysis has been completed, the Army will then rebalance the fiscal year 2014 military construction budget to meet the needs of a realigned force.

The Army has implemented a facility strategy to focus our strategic choices on cost-effectiveness and efficiency, reducing unneeded footprints, saving energy by preserving the most efficient facilities, and consolidating functions for better space utilization. It also demolishes failing buildings and uses appropriate excess facilities as lease alternatives.

For fiscal year 2013, the Army's budget request is \$3.6 billion, 103 construction projects, of which \$1.9 billion is active Army; \$614 million, National Guard; and \$306 million for the Reserves.

I do want to talk about base realignment and closure, echoing a bit what Dr. Robyn said. The Army met our BRAC 2005 obligations within the 6-year implementation window, but it was a very different BRAC for the Army in that it was a transformational BRAC. It transformed how the Army trains, deploys, supplies, equips, and cares for its soldiers and its garrisons. We shut down 11 installations, 387 Reserve component sites, realigned 53 installations and their functions at an investment cost of almost \$18 billion which included 329 major construction projects.

I want to highlight that the realignment has enabled our troops to train the way we fight. This may not have resulted in cost savings, but it has impacted training effectiveness, as highlighted by a recent trip I took to Fort Benning where that is what the guys on the ground were saying, that we do not encounter the other types of fighting in the battlefield. We are training together side by side and we are more efficient and effective when we meet the enemy.

BRAC 2005 also greatly benefitted the Army Guard and Reserve in that they consolidated on a 3 to 1 basis out of failing facilities into newer facilities, returning land to communities for greater economic use and taxpaying use.

As of January 2012, the Army has conveyed an unprecedented 47 percent of our BRAC 2005 excess acreage, over 35,000 acres, which is more than we have in any other BRAC round. Other BRAC rounds waited until the BRAC date of closure and then transfers started, but we were able to, in this BRAC round, transfer land during the BRAC process.

For fiscal year 2013, the Army is requesting \$106 million for BRAC 2005, and of that, it is a 50-50 split to handle both environmental cleanup activities and caretaker requirements. We also are requesting \$79 million for prior BRAC rounds. In the prior BRAC rounds, a more significant portion is for environmental cleanup, whereas \$4 million remains for caretaker status.

The Army does support the administration's request for BRAC authority in 2013 and 2015. Changes in force structure will necessitate evaluation of our facilities to optimize usage, capability, and costs.

We have listened to Congress and have followed your guidance to reduce costs and footprint in Korea and Europe.

In Europe, over the last 6 years, we have closed 97 sites and returned 23,000 acres. In the next 4 years, we plan to close another 23 sites and return 6,400 acres, primarily in Germany.

In Korea, over the last 6 years, we have closed 34 sites with over 7,000 acres returned, and in the next 4 years, we plan another 20 sites and over 9,000 acres.

And so we have been implementing a BRAC-like base realignment and closure overseas for many years similar to what has been done in the United States.

On energy, the Army has a comprehensive energy and sustainability program. Energy at Army facilities is mission critical to us and we have seen energy challenges due to recent weather events. The tornadoes that we have seen over the last 12 months have had an impact on some of our installations, reducing access to energy as power lines go down and causing us to rely on generators. So we recognize that energy is mission critical.

Since 2003, the Army has reduced our installation energy consumption by 13 percent while at the same time our number of active soldiers and civilians on installations has increased 20 percent.

We have implemented in the last 12 months a net zero initiative which focuses on reducing energy, water, and waste on our Army installations. We identified 17 installations that are striving to reach net zero by 2020. In the fiscal year 2013 budget, we only ask for \$2 million to assist in funding the management, oversight, and direction of this program. The initiative is to encourage and to provide direction to our installations as to how to improve their energy and water consumption, leveraging existing authorities and existing funding.

We have implemented an energy initiatives task force that is focusing on large scale alternative energy production on Army installations. Again, leveraging private sector investment, we are not asking for money to fund that renewable investment.

At the same time, we have accelerated the use of energy-saving performance contracts. These are contracts where the private sector invests in energy security projects and puts the capital up to install it on an Army installation. We pay them back out of energy savings. In the first quarter of fiscal year 2012, we implemented \$93 million of contracts for energy-saving performance contracts, and that was more than we did in all of fiscal year 2011, which was \$74 million. So the Army is on track, if not ahead of schedule, to meet the goal set by the President of energy-saving performance contracting in the military sector.

Each of these energy initiatives is leveraging private sector capital, not appropriated funds, utilizing authorities that you, Members of Congress, have given us. This enables us to enhance energy security, promote job growth in local communities, and leverage the cost effectiveness of the private sector.

In closing, I want to thank you for the opportunity to appear before you today and for your continued support for our Army's soldiers, families, and civilians. The Army's fiscal year 2013 budget request is a balanced program that reflects the current fiscal environment. It supports an Army in transition while at war.

I look forward to your questions.

[The prepared statement of Ms. Hammack follows:]

Senator MCCASKILL. I hate to do this, but they have just called a vote. So what we are going to do is we are going to pause so the three of us can run over very quickly and vote and come right back, and then we will hear the remaining testimony and take questions. I apologize for the interruption. [Recess.]

We will now move to the testimony of Ms. Pfannenstiel.

STATEMENT OF HON. JACKALYNE PFANNENSTIEL, ASSISTANT SECRETARY OF THE NAVY, ENERGY, INSTALLATIONS AND ENVIRONMENT

Ms. PFANNENSTIEL. Thank you, Madam Chairman.

Madam Chairman, Senator Ayotte, Senator Nelson, I am pleased to appear before you today to provide an overview of the Department of the Navy's investment in shore infrastructure.

The department's fiscal year 2013 budget request includes \$13 billion for investment in military construction, facilities sustainment, and restoration and modernization, previous rounds of BRAC, family housing, environmental restoration, and base operating support.

The military construction request of \$1.8 billion supports our combatant commanders, new warfighting platforms and missions, facility recapitalization, and service member quality-of-life initiatives for the U.S. Navy and Marine Corps.

Military construction projects in Bahrain and Djibouti support high priority missions in the region, enhance our forward presence and provide stability for U.S. interests. Two projects in Spain support the forward-deployed naval forces, and a project in Romania supports the European Phased Adaptive Approach infrastructure.

Equally important, our military construction programs invest in support facilities for the Joint Strike Fighter and MV-22B, infrastructure improvements, training and education facilities, and the safety and security of nuclear weapons in the United States.

I would specifically like to emphasize that we remain committed to establishing an operational Marine Corps presence on Guam. We know Congress has concerns regarding execution of the Guam military alignment, and we are taking the necessary steps to address them and move the program forward. The U.S. Government is currently meeting with the Government of Japan to discuss adjustments to the 2006 realignment road map agreement. As Secretary Panetta has testified, Guam is an important part of the U.S. effort to reposition our forces in the Pacific. We believe the adjustments being discussed will address execution concerns, increase our flexibility, and strengthen our presence in the region. This is an important year for the Guam realignment. We will continue to work with you and our partners on Guam and in Japan as more information becomes available.

As for the 2005 round of BRAC, the department met our legal obligations by the statutory deadline of September 15, 2001 and successfully implemented all required realignment and closure actions, as has been previously specified in our business plans. For BRAC 2005 installations, our fiscal year 2013 budget request of \$18 million enables ongoing environmental restoration, caretaker, and property disposal efforts.

For the prior BRAC rounds, our fiscal year 2013 budget request of \$147 million will enable us to continue disposal actions for the remaining 7 percent of real property and meet the legal requirements for environmental cleanup.

The department fully supports the Secretary's proposal for additional rounds of BRAC to assess and improve the alignment of our shore infrastructure with our force structure.

Finally, we intend to meet the energy goals set forth by Congress and the Secretary of the Navy. We recognize that energy is a critical resource for maritime, aviation, expeditionary, and shore missions. We must strengthen our energy security and reduce our vulnerability to price escalations and volatility. With this in mind, the Navy and Marine Corps continue to reform how we produce, procure, and use energy. Our budget request includes \$1 billion in fiscal year 2013 and \$4 billion across the fiscal yearDP that will not only increase our combat effectiveness, but also improve our security.

Under the direction of Congress and our commander-in-chief and in partnership with other Federal agencies, we have two major initiatives underway.

The first is symbolized by our demonstration of what we call the Great Green Fleet, that name being a tribute to the Great White Fleet that President Roosevelt sent around the world in 1906 to demonstrate America's technological achievements. This summer, we will mix biofuels in a 50-50 blend with standard fuel to power ships and planes during the international rim of the Pacific exercise. We are testing and certifying our ships and planes on advanced biofuels to reduce our service's dependence on conventional sources of fuel.

Our second major initiative is advancing the production and consumption of renewable energy generation on our installations. While we are a seagoing service, we own more than 3 million acres of land and over 72,000 buildings. We will facilitate the production of a gigawatt of large-scale renewable power projects on Navy installations. By using existing third-party financing mechanisms, power purchase agreements, joint ventures, and enhanced use leases, we will avoid adding costs to taxpayers.

Currently our bases support about 300 megawatts of renewable energy, 270 megawatts of which is produced by a geothermal power plant at China Lake. We have awarded contracts for three solar projects in the Southwest and are finalizing a similar contract for Hawaii. The three awarded purchase power agreements at China Lake, Twenty-Nine Palms, and Barstow will save the department \$20 million over 20 years. In all three locations, we will be paying less per kilowatt hour than we would for conventional power.

In closing, your support of the department's fiscal year 2013 budget request will ensure that we can build and maintain the facilities that our Navy and Marine Corps need to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have.

[The prepared statement of Ms. Pfannenstiel follows:]

Senator McCASKILL. Thank you very much.

Mr. Yonkers?

STATEMENT OF HON. TERRY A. YONKERS, ASSISTANT SECRETARY OF THE AIR FORCE, INSTALLATIONS, ENVIRONMENT AND LOGISTICS

Mr. YONKERS. Thank you, Madam Chairman, Ranking Member Ayotte.

It is a pleasure to be here today and have the opportunity to talk to you about the Air Force's installation, environment, and energy programs and again to say thank you to this committee for the strong, unwaivering support that you give to our airmen in our Air Force every day.

Our fiscal year 2013 budget request responds to two main drivers. The first is the Budget Control Act that the Congress put into place last year. The second is the new strategic policy that the President and Secretary Panetta announced in January.

As the Air Force prepared our fiscal year 2013 budget, we looked across the entire enterprise—nothing was left off the table—and made the difficult decisions to achieve the Air Force's share of the \$487 billion mandated by the Budget Control Act.

In our installations, military construction, and environmental portfolios, we are focusing investments in critical infrastructure needed to sustain our air bases and quality-of-life improvements for our airmen and their families. We are requesting funding to meet the COCOM's most critical facility requirements and most urgent facility modifications to bed down and sustain new weapons such as the Joint Strike Fighter, the MQ-9 remotely piloted aircraft, and the accommodation of a B-52 squadron at Minot Air Force Base in North Dakota.

We are ever cognizant of the smart investments that will drive down our cost of doing business, and we are requesting \$215 million this budget year to reduce our energy footprint by demolishing old, energy-inefficient buildings, and upgrading HVAC systems and other high energy use systems, investments that will have tangible payback across the fiscal yearDP.

Across our energy program, we are requesting \$530 million in fiscal year 2013, the \$215 million I already mentioned, as well as \$315 million in science and technology to develop more energy-efficient engines and to do things as practical as reengining KC-135s and looking at drag coefficients on KC-10s.

Last year, this committee challenged us to find ways to lower our military construction costs. We are currently reevaluating our policies and contracting mechanisms in this area and believe that we can reduce as much as 5 to 10 percent of our MILCON program.

Additionally, last year we put into place new goals and contracting methods that are helping us avoid nearly 20 percent in our environmental cleanup programs.

Our fiscal year 2013 budget request contains \$3.9 billion for military construction, family housing, facility sustainment, restoration, and modernization. For military construction, Madam Chairwoman, as you mentioned, \$442 million is the budget request for 2013, which is down \$900 million from fiscal year 2012.

We are channeling our limited resources to fund the most urgent combat commander needs, our most pressing new mission work, and continuing our efforts to take care of our airmen. The deliberate pause in our program is prudent in light of the force struc-

ture decisions stemming from the new defense strategy, and for this year we have made a deliberate effort to build only where existing capacity is not available or where the cost/benefit analysis validates demolishing aging facilities and construction of more efficient and functional replacements.

Also in our fiscal year 2013 budget request, we continue to emphasize first-class housing and strive to improve the overall quality of life for our airmen and their families. The 2012 to 2016 DOR master plan will guide our future investments for sustaining existing facilities and recapitalizing those which are inadequate.

As we progress through 2012, we are nearing the completion of our privatized family housing in the continental United States and renovating family housing overseas, especially in Japan. Our fiscal year 2013 budget request for military family housing is \$580 million. The funding will improve more than 400 units and infrastructure, utilities, electrical, water, sewer systems, et cetera for Japanese bases, as well as here in the CONUS United States.

On September the 15th, 2011, the Air Force successfully completed its 2005 base realignment and closure program on time and within the original \$3.89 billion budget. The up-front BRAC investment is now resulting in savings of \$1.4 billion on an annual basis.

With that being said, we are still in need of a new base realignment and closure. The BRAC 2005 did not meet our expectations of reducing that footprint. The SECDEF report that was provided to the Congress in 2004 highlighted 24 percent excess capacity for the Air Force, and I dare say if we were to look at that analysis today, we would find a similar outcome, particularly based on the reduction of almost 500 aircraft, 250 from the combat Air Force several years ago, as well as the almost 300 that are in the budget request for 2013.

Lastly, let me close by touching briefly on our environmental efforts. This budget year, we are asking for \$1.1 billion to meet our environmental compliance commitments and the cleanup of past hazardous waste disposal sites. Specifically, we are requesting \$484 million to meet our ongoing compliance commitments and natural resource management efforts. We are requesting \$46 million for pollution prevention, up from last year's request, that will deliver efficiencies, reduce hazardous waste streams, and reduce our environmental liability and future costs. We are requesting \$642 million to continue our environmental cleanups at both BRAC and non-BRAC bases.

Last year, we implemented a new cleanup policy that relies on firm fixed-price, performance-based contracts to achieve closure of sites. While this year's request appears relatively the same as last year's request, by employing this new method, we are seeing about a 20 percent cost avoidance and getting sites to closure three times faster.

Madam Chairwoman, Senator Ayotte, Senator Nelson, we heard you loud and clear. We have got some challenging times in front of us and we need to be looking across the entire enterprise. We realize we can do things better and we look forward to the continued support of this committee to do exactly that.

And I look forward to your questions.

[The prepared statement of Mr. Yonkers follows:]

Senator McCASKILL. Thank you very much.

Let us start with touching on the BRAC issue. We have over 78,000 authorized active duty military assigned to the European Command right now. Recently the Department announced that this force posture will be reduced from three to two brigade combat teams, an additional drawdown of one over last year's announcement of four to three. So that means we have announced we are going from four to two.

I believe that the Department has contended that we do not need any additional MILCON required for the four BCT's in European Command, but it would make sense if we are going from four to two, plus the additional drawdown resulting from fewer enablers required to support the BCT's, coupled with theater-wide service and civilian reduction, we would have excess capacity in the European Command. To date, the Department has indicated it will close two bases in Germany.

Chairman Levin has stated—and I agree with him—that we should not consider a new round of BRAC until we have addressed the excess capacity overseas.

What other locations is the Department considering closing in the European Command and what are the projected savings from those closures? Is the Department considering closing Baumholder? Dr. Robyn?

Dr. ROBYN. I do not want to talk about specific locations, but let me just describe the process.

And let me start by saying that in the last 20 years, U.S. force presence in Europe, both as measured by number of personnel and installation sites, has gone down by about 80 percent. And in the last 10 years, the Department has returned more than 100 sites in Europe to their respective host nations and reduced our personnel by one-third. As Katherine said, in the next 3 years, Army alone will close 23 additional sites. Those have already been announced. In terms of more to be done, we definitely believe, with the recently announced force structure changes, we can do more to consolidate in Europe.

The goal? Reduce long-term costs while still supporting our operational requirements and our strategic commitments.

My office is working with the EUCOM theater commander, his component commanders, and the service leadership here in Washington. It is a BRAC-like process but without a commission looking at measuring the capacity of all of our European installations. We have 300 sites still in Europe. 'site' does not mean something like Anacostia or Bowling Air Force Base. Sites can be quite small, but we have 300 left. Most of our activity is on 200 of them. We are working with the EUCOM folks to measure the capacity of all of our European installations, and then we can analyze how much capacity we can shed and wear. And then with the goal of long-term cost reduction, we will prioritize or will assess the costs and savings of each proposed action and identify those with the highest payback. We anticipate giving the Secretary options this fall.

Senator McCASKILL. Do you understand that for many of us that would be something that should be the first step before consideration of a BRAC?

Dr. ROBYN. Yes. No, I think we hear that. Let me just say that ideally we would like to do the two in tandem. In 2004, we did our overseas analysis at the same time that we were doing our analysis for the 2005 BRAC round. There is an advantage in doing that because it allows us to think more creatively about where the troops that are returning from Europe can be placed. Rather than putting them wherever we have excess capacity, we can think about where they should be. So ideally we would do the two processes in tandem.

Senator MCCASKILL. I know that Senator Ayotte will also cover some of this on BRAC, and I may return to it in the second round.

But let me talk about the Navy's budget request for a waterfront development in Bahrain. The project was not authorized last year, but it was appropriated. One of the things that really irritates all of us authorizers is when we say no and the appropriators say yes. The funds cannot be spent without an authorization, and the committee has not received any request this fiscal year to authorize this project. It is my understanding that there are a number of very important unfunded projects in Bahrain such as the repair and replacement of the existing failing pier at the waterfront area. Has the Navy decided whether to request the authorization for the recreation center or—hint, hint—maybe looking for other priorities like the pier replacement with this money? Hint, hint?

Ms. PFANNENSTIEL. Senator, we are looking at everything you have just recommended, and we will get back to you with where we want to go on this. I understand that there has been concern expressed, and we understood what was not authorized last year. So we need to continue to look at what our needs are and what we consider to be our highest priority needs in Bahrain.

Senator MCCASKILL. I think all of us, if we look at force posture issues and developing trouble spots around the world, understand that having a pier that is not falling down in Bahrain, in light of everything that is going on in the world right now, ought to work its way towards the top of the list. It is obviously very important in terms of national security considerations at this juncture.

Ms. PFANNENSTIEL. I understand your concern.

Senator MCCASKILL. Let us talk about the dorm at West Point. I am confused about the dorm at West Point because I think, since I was in college, the West Point population has not changed, 4,400 cadets. And I am confused as to why we need 650 new beds at a cost of almost \$300,000 per bed and why we are not utilizing money—if we need to update or we need to refurbish, I think that would be obviously much less expensive than \$200 million for 650 beds for a population that has not increased.

Ms. HAMMACK. It is true that the population has not increased at West Point, but what has increased is that women are at West Point and there have been no modifications made to any of the existing barracks to accommodate it and that has caused some problems.

We have also brought in—you might consider them like RA's in a dorm into the barracks where they were not collocated in the past. And that has caused more of the overcrowding issues.

So because of that, right now we are at 40 percent of the corps live with three cadets to a room in rooms that were designed for two cadets.

Senator MCCASKILL. I just do not understand. 4,400 is 4,400 is 4,400. I do not understand why we cannot refurbish to accommodate women and why we cannot—I mean, it looks like to me that somebody is not managing the population. I mean, you are adding 650 beds to a population that has not increased. The math does not work.

Ms. HAMMACK. What we have done is we have changed the use of some of the rooms, and so by using some of the rooms for computer servers rooms, for study rooms, for an RA-like, resident assistant-like, use, it has caused overcrowding. And in order to better manage the population, we have changed the usage, and that has caused us to need the additional barracks.

Senator MCCASKILL. Well, how many beds are you short?

Ms. HAMMACK. 650.

Senator MCCASKILL. You are telling me that 650 beds were moved over to other uses besides putting people in beds?

Ms. HAMMACK. Yes.

Senator MCCASKILL. Well, I think we are going to need more information on that. That does not sound right to me. That is a lot of rooms for computers, if we have given up 650 beds out of a total population of 4,400. Something does not make sense here. So if you would try to provide us more information, maybe we can muddle our way through this.

Ms. HAMMACK. We can do that. Thank you.

[The information follows:]

[SUBCOMMITTEE INSERT]

Senator MCCASKILL. Senator Ayotte?

Senator AYOTTE. Thank you, Senator McCaskill. I thank all the witnesses for being here today.

Let me just start with something I am struggling with a little bit, which is this. You know, I know I am new around here, but when I hear BRAC described as we did not do it to save money, but we saved it to be transformative—BRAC is a very difficult process for Congress to sign off on because it could mean that any one of our States are impacted. So I am really struggling and finding it hard to believe that we authorized—meaning ?we? before I was here authorized—BRAC to undertake a transformative process as opposed to achieving cost savings from the 2005 round.

And my guess is—and I am going to do this. I am going to go back to the testimony when the Department requested the BRAC rounds and see if it was presented to us collectively in Congress as for a transformative process as opposed to saving money because it seems to me that we have undertaken this BRAC process in the past to achieve cost savings. So this to me seems at odds with why you would ask Members of Congress to undertake a very difficult decision to authorize you to subject bases in their own States that could potentially be closed. You can understand why I am struggling with this.

Dr. ROBYN. Can I respond?

Senator AYOTTE. Yes, Dr. Robyn.

Dr. ROBYN. In a two-part response, first let me say I think it is a fair question to say should we use the BRAC process, which is a marvelous process for carrying out something very, very difficult and imposing pain on some number of communities and the civilian workers there. It has worked very, very well for that. I think that is an open question as should one use the BRAC process for other things. I think one can debate that.

As for the historical record, I think it depends on when you look. We started asking for another round of BRAC when I was still working in the Clinton White House.

Senator AYOTTE. 1998. Correct?

Dr. ROBYN. Yes. And there was repeated requests for it.

It was shortly after September 11 that—and I think probably in part because of September 11, but I was not here, so I am not sure. But the Senate approved it and the House acquiesced. So I think even at the time, you know, it was post-September 11. I do not know how much of the discussion was about transformation.

I will say that in 2002, 3 years before the round, when Secretary Rumsfeld put out the so-called kick-off memo, November 2002—if you go back and read that—and I will be happy to provide it—it was very much about transformation. I mean he says, of course, we want to reduce capacity, but even more important, we can do something very powerful here which is to transform our infrastructure. So I think it became that between the time that it was approved—and I guess then maybe that gets back then to—but I do not think it was a surprise by the time it happened. A lot happened between 2001 and 2005.

Senator AYOTTE. Well, I do plan—I am going to go back in the record and find what was Congress told and what was our goal because, with all respect, to describe a process as marvelous that cost us 60-plus percent more than was estimated to Congress, where it is a very difficult decision for Congress to make, where there clearly was a substantial investment and costs up front that we are still making—so we do have to look back to the last round and the history of this if we are going to make this important decision.

And one of the concerns that I have is we keep hearing, as I mentioned in my opening testimony, from the Department and the Secretary of Defense that one of the most important things we have here with the significant recommendations in the reductions of our end strength force with our ground forces is that we have to have reversibility. And it is not clear to me how the Department will be able to quickly surge, regenerate and mobilize without the capacity in facilities and infrastructure to absorb additional forces if we have to reverse.

So since the Department is asking for a BRAC round in 2013, will we also get a 20-year force structure plan and a facility inventory in order to define these requirements? Because I do not see authorizing a BRAC process to go forward without how do we know reversibility is going to be possible because it is not just reversibility in terms of having our troops trained and the equipment, but we know these facilities can be very important in terms of reversibility as well.

So I would like us to have that, and I see that as a real concern. If you think that you can answer that question, I would be happy to have you answer it.

Dr. ROBYN. Well, let me just respond to my use of the word “marvelous.” And maybe that is not the right adjective, but I think the BRAC process, the up or down, all or nothing mechanism which was devised by Dick Arme, a Congressman from Texas, is an amazing mechanism. And people come literally from all over the world to talk to us about how it works and there have been many efforts to use the BRAC mechanism for other purposes. OMB is now leading a civilian BRAC-like process. Precisely because it is so painful, the BRAC mechanism, by requiring the vote to be all or nothing, up or down, insulates it from politics to the extent possible. That is what is amazing about it. And I was referring to its use in the way that it was originally envisioned in the first four rounds.

The 2005 round—I will defend that, but it is a different application of BRAC. I think the Army did things that precisely because of the difficulty of getting MILCON funding would have taken them decades to do any other way. And I think it is worth a debate about in the future, is that a good way to use BRAC.

But our need now is savings, getting rid of excess capacity. Terry alluded to a study done in 2004, and I would not fall on my sword over the quality of the statistics, but it was a report we did for Congress on excess capacity. We estimated we had 24 percent excess capacity in 2004. That was before the 2005 round, but the 2005 round only eliminated, by our estimate, using the same statistical techniques, about 3 percent of our capacity. So we think we even now have excess capacity.

Senator AYOTTE. We could spend probably the entire hearing on BRAC because I am not convinced it is insulated from politics. You know, there are a lot of costs that go into just—I can tell you my own personal experience with BRAC. So I am married to an A-10 pilot. What happened in the 2005 round is, just in Massachusetts, they moved the F-15's from the cape to Westfield. They retrained A-10 pilots to be F-15 pilots. Then they transferred the A-10 pilots to another base, and many of them were retrained on other planes. And we all know how much it costs to train a pilot. So the notion that it is insulated from politics I think is not the case. But we could spend a lot of time on BRAC.

I have a lot of additional questions, and I am not convinced until we really know what this concept of reversibility is and the substantial end force reductions that we are going to incur, that we will have the facilities if we suddenly have to engage in another conflict for this country if we undertake a BRAC process without knowing how that is going to work. So I think there is a lot more information that Congress needs before we as a group should undertake a BRAC process again.

My time is up. I have a whole host of additional questions on other topics, and I will obviously continue to ask questions about BRAC and remain concerned that this is not the time to go forward with a BRAC round.

Senator McCASKILL. Thank you, Senator Ayotte.
Senator Nelson.

Senator NELSON. Thank you, Madam Chair, and thank all of you for being here today.

Before I talk about BRAC, I would like to first talk about a MILCON project, and I think as you perhaps all are aware, progress is being made toward constructing a new command and control complex for U.S. Strategic Command with MILCON funds requested by the President and authorized and appropriated by this Congress for the fiscal year 2012.

Obviously, the mission at STRATCOM is at the forefront of our national security. And an aged building inadequate for the mission simply is impossible to support. So the entire project, which requires considerable funds, has been authorized, but because of the nature, the Department of Defense is going to have to have phased funding or incremental funding and Congress will have to annually step forward and be able to do that.

Both General Dempsey and Secretary Panetta have indicated the importance of this project.

Now, originally the project was scheduled to receive incremental funding over a 3-year period, but last year the \$150 million request was cut to \$120 million which now means that the funding has to be spread out over 4 years. We understand that.

So I guess the first question is, is the full \$160 million requested for fiscal year 2013 actionable on the project if authorized and appropriated? I guess we will start with you, Dr. Robyn. Then we will go to Secretary Yonkers.

Dr. ROBYN. I think I will just defer that one to Terry.

Senator NELSON. You want to defer it. Okay. That will work.

Mr. YONKERS. Well, you have characterized it pretty well. It is an absolute necessity requirement for Strategic Command to have this new facility. And we talked about this last year.

\$120 million in 2012, \$161 million in 2013, \$164 million in 2014, and I think about \$119 million in 2015, spread across 4 years.

Right now, the Corps of Engineers is about ready to go through the final throes of awarding this project.

We have laid in what we think is the appropriate funding stream to complete the project. The dollar amount has stayed consistent across the programming years that we have been looking at this. But I do not think we are going to know the actual dollars until we make the award and the contracting entity that is going to actually do the final design and build says if we look at the construction schedule, you know, \$120 million is right for 2012, \$161 million is right for 2013, and so forth.

Senator NELSON. It is our best estimate, given what we know and what we anticipate to happen.

Mr. YONKERS. Yes, sir. And just the executability. I mean, we are pretty confident with the dollars laid in that we will be able to execute according to those numbers.

Senator NELSON. And as each year progresses, of course, we will be faced with the same questions as this year. Will that be enough to take us through the construction for the new fiscal year? So that is why it is phased in.

The second area that I am concerned about equally with my colleagues here is BRAC. I think there is an expectation that you expect savings as a consequence of closing and realignment. The

question is whether you will and if you do, how much. But I do believe that the promise has always been out there that it would be a savings. I see we have sanitized BRAC to realignment and spend less time talking about closing. It is a harsher word, a little harder to accept. And what seems to be the thought of some folks is I will sacrifice until your last base.

So I think we understand why the process is necessary, but if it is going to be about realignment, it ought to be, I think, done internally with expertise without the promise so much of savings and do it on the basis of what the military and the Department of Defense together think is the best way to realign based on current and future needs. And what we have done with this process is injected politics into it in a way that I think is very difficult because who wants to vote to close their own base. That is like voting your town dry and then moving. It has about the same impact in the community.

But in any event, I also believe that there is a greater emphasis that will be required on our overseas installations. And I agree, Dr. Robyn, that that ought to be done at the same time if this is about realignment more than closing to save dollars because you can close a bunch of bases and save money and that would not necessarily constitute realignment. That is why the word ?realignment? I think is included in there. I guess I would ask you to respond to that, any one of you.

Dr. ROBYN. All right. I will just respond briefly and then Katherine would like to as well.

I did not mean to say realignment rather than closure. It is both. It is both. I mean, I think we did a lot of the bigger closures in the 1990s, and it is probably not an accident that there were more realignments later in the process. But certainly I am not using "realignment" to be politically correct. It would be both.

And I think the way BRAC works, the Department does a very extensive analysis to decide where—they look at everything. Everything is on the table and it is judged primarily but not exclusively in terms of military value, and that takes into account costs but other factors as well. So we then give to the commission a list of recommendations, both closures and realignments, and the commission holds hearings and makes visits and evaluates those. So you have the best of our judgment internally tempered by the judgment of outside commissioners, independent commissioners.

Is it completely free of politics? Probably not, but it is, I think, about as close as one could come.

Senator NELSON. Well, it does not have a certain amount of politics in it, it would not be applied just in U.S. facilities and not applied to overseas facilities.

Dr. ROBYN. Well, we do not need legislative authorization.

Senator NELSON. Well, I know. I know. But I mean, if you can realign there without the legislation in place, because it does not affect the same group of constituents that it affects here at home—it is in lieu of politics, in place of politics or because of politics, but it is politics involved.

Ms. HAMMACK. One thing to keep in mind in the BRAC 2005 is several installations in the continental United States absorbed

units that were returning from units from overseas. So it did have an overseas realignment component to it.

And as Dr. Robyn says, the recommendations made sense from a military standpoint. 2005 was really military realignment to realign the way we are fighting the current wars, and so it was a different kind of a BRAC and it was set up and it was communicated that it was going to be a different kind BRAC than prior BRAC rounds because we were at war during the time period that it was occurring.

Senator NELSON. Well, it is very difficult to realign to transition in the midst of war. There is no question about it because it raises all kinds of other questions, but obviously that is where we have been and it may be where we still are.

Thank you, Dr. Robyn, and thank you all for being here. I appreciate it.

Thank you, Madam Chair.

Senator MCCASKILL. Thank you, Senator Nelson.

Senator Shaheen.

Senator SHAHEEN. Thank you very much, Madam Chair.

And thank you all for being here this morning.

I am sure you will not be surprised to know that I share the concerns that have been expressed by my colleagues about proposing another round of BRAC closures as early as 2013.

Dr. Robyn, I know that in your testimony you estimated what the savings from the 2005 BRAC round will be. So I am assuming as we are thinking about—at least in testimony from Secretary Panetta, one of the things he implied was that he did not feel like he could go back to his DOD budget and make the cuts that have been required as the result of the agreement last year without also looking at a BRAC round. So I am assuming that to the extent that another BRAC round is being proposed, it is being proposed in the context of cost savings. And as you point out in your testimony, it will be about 10 years before we get back at \$4 billion a year and the cost of \$35 billion—that would about 10 years to get back the payback.

Dr. ROBYN. A 9-year period.

Senator SHAHEEN. 9 years. I will give you 9 years.

But I wonder if we have any outside expert estimates on what the savings are and whether we have engaged other experts in looking at potential savings from a BRAC round.

Dr. ROBYN. Well, we have not put out any estimates of the savings from a 2013 or 2015 round.

Senator SHAHEEN. Right. I am sorry. I should have been clear. I am talking about the 2005 round.

Dr. ROBYN. Yes. GAO lives with us during BRAC, and Brian Lepore, the head of GAO's infrastructure group, testified with me before the House I guess just last week. And GAO documents our analysis and our estimates very closely, and they are in agreement. We disagree on some minor issues. We disagree on how to calculate savings from military personnel who are moved from one base to another, perhaps like Senator Ayotte's husband. I am not sure if he would fall in that category. But by and large, GAO agrees with us on the magnitude of the savings, and I would be happy to get

your Brian Lepore's testimony from last week. They literally are in the room almost throughout the entire process.

Senator SHAHEEN. And are they also part of the process that looks at potential savings?

Dr. ROBYN. Yes.

Senator SHAHEEN. So if a 2013 round that is proposed, they will be at the table with coming up with the potential estimate for savings that might be accomplished as the result of that?

Dr. ROBYN. Yes. I mean, that comes out of this in-depth, internal process of looking at all the alternatives. Out of that comes an estimate of savings.

This is maybe a footnote, but it is worth saying. The estimated savings from the 2005 round—\$21 billion I think it was, \$22 billion—that comes from a COBRA analysis, cost of base realignment analysis. It is a model that is not designed to be budget-quality. What it is designed to do is allow us to compare different alternatives. So it is good for what it does, namely allowing us to compare the costs and benefits of different closures. It is not and really should not be put out as our budget-quality estimate of what we think the savings from a round will be.

That having been said, the estimated cost of the 2005 round did go up significantly by any measure, and I think it is worth saying why that is the case. And Katherine may want to elaborate. I think the single biggest reason was that the Army made a decision, a very deliberate decision—the Department did but it was primarily Army—to put additional money into various BRAC recommendations because they felt that they needed, rather than renovate, to build new in order to create some new capability. Over and over again, they decided to do more than what they had initially planned to do because they thought the benefits of that were worth it. And they went to Congress and they said we want to move money from this part of our budget, from weapons, into this because this is important to us. And that accounted for probably half of the increase, a significant increase, in the estimated cost of the 2005 round.

The other factor was a decision by the Department to delay the implementation, and this was a decision by Secretary Rumsfeld to delay the implementation of BRAC. We have a 6-year window by law to implement it. In the past rounds, it has always been implemented very early in that window. There was a decision for budget reasons—again, we were at war—to push that out. So we pushed it out as far as we—I was not there then—but as was possible under the law.

That turned out to be a problem for two reasons. One, delay is always expensive because the costs of inflation get factored in, but it pushed us into a period that no one anticipated of very record-high construction costs as a result of all of the activity in the aftermath of Katrina and then global demand for steel and concrete. So we were putting out our bids for competition at the worst possible time in terms of the construction market in 2007 and 2008, and that accounted for most of the rest of the increase.

So the lesson from that is do not delay the implementation of a BRAC round. It eliminates flexibility.

Senator SHAHEEN. Certainly the more information we have, I think, in making a decision, the better, and at least at this point I think there is a lot of information that has not yet been shared with Congress.

Ms. Pfannenstiel, my next questions are for you. But I should begin by thanking you for helping us. As you are aware—I am not sure that the committee is aware—I chaired a hearing on the USS *Kearsarge* last week to look at what the Navy is doing around energy savings, energy efficiency, and moving to alternative energy. And it was fascinating. I applaud the Navy's leadership in this area. I think it is an example that could be set for all of the Federal Government, looking at how we can both be much more energy efficient and also move to alternative sources of energy.

Ms. PFANNENSTIEL. Thank you. I am sorry I was not able to be there. I understand the hearing was very effective and brought a lot of good discussion.

Senator SHAHEEN. It was fascinating.

And I had the opportunity to visit the Portsmouth Naval Shipyard who have been beneficiaries of an award from the Navy for their energy efficiency at the yard in their class. And so I know you are not going to be surprised to hear that I share Senator Ayotte's concerns about what is happening at our four public shipyards and really what I have to say is a troubling lack of support from the Navy for military construction projects at the Portsmouth Naval Shipyard. There has been no support for MILCON projects in the 2013 budget request. There have not been projects that have been supported from the executive branch over the last 5 years, probably a little more.

So despite that, the Portsmouth Naval Shipyard has been delivering ahead of schedule very efficiently. They delivered the USS *San Juan* 8 days ahead of schedule despite some other challenges. They are the first shipyard to work on the *Los Angeles* class sub, the *Virginia* class sub, and that is the weapons system, as you know, that is going to serve as the backbone of our power for decades to come.

So I wonder if you could just talk about why there has been this lack of support from the Navy for military construction at Portsmouth?

Ms. PFANNENSTIEL. Thank you, Senator Shaheen.

We do understand the value of the Portsmouth Naval Shipyard and we share your view of how important that is to the Navy. We know that there are a couple projects upcoming, MILCON projects, that have been delayed and that there have been a couple segments that we have sort of pushed out beyond a time that you are comfortable. But be assured that we are still looking at those and we are looking at those in terms of the needs that we see at the shipyard.

There is still a possibility of combining the two segments into a single project which we would think might be able to be more efficient and have the two segments done together in a future year. So that decision is not final at this point. We are still looking at it.

We have put a fair amount of money into the shipyard in energy projects which have been very effective, and I think they have been

part of the efficiencies that we are looking for and that I think that will make the shipyard that much more effective going forward.

Senator SHAHEEN. Well, thank you. My time is up, but I would just ask if you would also commit to the shipyard modernization plan that is due back in Congress by September the 1st. Is that something that you think that we should count on arriving by September the 1st?

Ms. PFANNENSTIEL. Yes.

Senator SHAHEEN. Thank you.

Senator MCCASKILL. Thank you, Senator Shaheen.

Mr. Yonkers, I was picking in my previous questioning on the Army for the new dorm at West Point.

I might point out that one of the problems, Dr. Robyn, is that when you come to Congress in the last BRAC and you say, you know, rather than refurbish, we want to build new, it would be unusual for Congress to say no because typically what happens is the Members of the Senate that are from the States where the new construction is going to go on become wildly enthusiastic.

And one of the reasons BRAC began in the first place is—you may have noticed—none of us liked the notion of cutting the military especially when you talk about it in terms of readiness and our capability and the excellence that our military represents to the rest of the world.

Now, as somebody who has spent a lot of time in the weeds over the last 6 years looking at the way the military does business, I am confident that we can save a lot of money without impacting our excellence. And part of that is being very careful about asking for new construction when refurbishing will do, when updating will do. Building it new is not always the right answer especially if we are talking about point-of-the-spear readiness and what we have to be doing with our technology to continue to dominate the world's militaries in terms of our capability.

So let me turn now to the Air Force Academy, and let me turn to a project that I have got to tell you that I am not sure that I would have been excited about authorizing when it was authorized. And it is called the Center for Character and Leadership Development. Well, I believe that is the Air Force Academy, the whole thing, that it is in fact a center for character and leadership development. That is why there are so many young men and women in Missouri that are disappointed every year when they cannot receive that appointment to the Air Force Academy. And we always leave dozens and dozens disappointed that are really wanting to attend the Air Force Academy.

The fact that we need to build this building just for that is a head-scratcher for me right now. And what is even more of a head-scratcher is that it was authorized. You could not get it built for the amount that was authorized because a low-profile skylight was included that was going to cost \$12 million just for the skylight.

Now, what I understand now is that the future year defense plan contains four projects for the Air Force Academy, including one for force protection, emergency operations center, with a total value of \$53 million. I understand there is a plan to have the endowment pay for this skylight. I have looked at the skylight. It is fancy, but I do not know that it is necessary. And I am wondering why the

endowment would not look to some of these other needs instead of a \$12 million skylight.

Mr. YONKERS. Well, ma'am, I cannot answer why the endowment would not look at others. They may. Right now they are focused on the Center for Leadership.

The military construction project that you are talking about is for the basic building. The endowment, I believe, is on the order of \$7 million or \$8 million to build the skylight, which the alumni that support the Air Force Academy believe is part of the heart and soul of Air Force Academy, not unlike every other academic institution that is supported by its alumni.

So we have not heard—at least I have not heard as to whether or not the association or the endowment would consider others. They have in the past, and I would presume that they would in the future.

Senator MCCASKILL. I just hope we would reexamine. It is my understanding the justification for the center was that we did not want to bus people for seminars on character and leadership to other locations. It is hard for me to believe that we could not find a location on campus for seminars on character and leadership without building a new building for that purpose. But I will look forward to additional justification for that.

Dr. Robyn, we were notified by the Air Force of their intent to transfer \$28 million from operation and maintenance to construct a student activity center at Sam Houston, Texas in support of a training mission consolidation directed by the 2005 BRAC. This facility is for community and recreational activities and graduation activities.

After extensive meetings and visits by our staffs to Fort Sam Houston, the committee concluded the additional project was not essential to carrying out the BRAC decision. We provided this position formally to the Department of Defense, which is consistent with our intent to take action when DOD's spending may not be essential to military missions.

Unfortunately, in August 2011, the Department of Air Force decided to carry out the project despite our objections. In response, we have acted to rescind all unobligated balances of BRAC that we know about.

Does the Department of Defense have any more remaining BRAC fund balances, and if so, can you provide a record of how much and where they are located?

Dr. ROBYN. Yes, I can for the record. I do not offhand know what the amount is. But, yes.

Senator MCCASKILL. I think it is important that we clean that up at this point. Especially if we are talking about a new BRAC, I think it is incumbent on the military to let us know where there still is money. Obviously, when we have taken a hard look and said we do not think it is a good idea and it is done anyway, it does not make everybody cheerful on this side of the desk.

Dr. ROBYN. I will get you that.

[The information follows:]

[SUBCOMMITTEE INSERT]

Senator MCCASKILL. Let us talk a little bit about Guam. As you all know, the 2012 defense auth contained a number of require-

ments that still must be met before any funds, including funds provided by the Government of Japan, may be obligated or expended. I will not go through all the requirements. I think that you probably know, Secretary Pfannenstiel. I am sure you are familiar with them.

Can you give us an update on where we are on those requirements, and do you think everyone understands that we do not want any money spent until those requirements are met?

Ms. PFANNENSTIEL. We do understand that.

And the requirements are underway. There is an independent study, which I understand the contract for that is about to be signed, and all of the other pieces. But a lot of it has to do with the outcome of the discussions that are underway between the U.S. Government and the Government of Japan on the alternate movement to Guam, how many marines and what time frame and all of those. Those discussions are happening virtually as we speak, and as that gets resolved, that then will allow us to put together the master plan, which I think is one of the primary requirements under the NDAA. So, yes, we understand that that is necessary and we are planning to work with Congress to meet those requirements.

Senator MCCASKILL. Just so that everyone is crystal clear that we do not want to go down the road. We do not want to even begin going down the road until we are sure where the road is going to lead at the end. So that is why we will continue to hold the line on any authorization for funds for any of those purposes until those requirements are met. I think this committee will remain as steadfast in that resolve as they were last year during the defense auth when the decision was made.

Ms. PFANNENSTIEL. Understood.

Senator MCCASKILL. Senator Ayotte?

Senator AYOTTE. Thank you very much, Madam Chair.

I wanted to, Secretary Yonkers, ask you some questions about the Air Force is in the process of developing the criteria for the selection of basing for the KC-46A, and I had the opportunity to discuss that with Secretary Donley, also with General Schwartz and General Johns. And it is my hope that this is a very important decision, that it be done concurrently between our Guard and active duty because, as you know, right now if you look at the refueling capacity of the KC-135, it is about 60 percent in the Guard and Reserve and 40 percent in the active duty. So I think this concurrent basing issue is very, very important.

But I have a few questions for you from the installations perspective because I know you will have feedback on that end in the basing criteria. And that is, when we look at an installation environment, when you have environmental concerns, that can drive up the real costs in the long term in terms of basing. So when you are putting out the criteria, when you are looking at the basing, will you take into account a lack of environmental concerns, for example, for a particular area? In other words, it is a base that does not have issues that will be costly on the environmental. And is that something you will consider?

Mr. YONKERS. By all means. I think it is fair to say that when we look through the basing criterion—and this is evolving. I mean,

we did not get it all right the first time we did a basing decision. So we keep relooking at the criteria and it is weapons systems specific as well. But certainly looking at—one of the primary drivers here is cost and looking at the business case for how and what and how much it is going to cost to do it and just the operational imperative and can we optimize.

Senator AYOTTE. Well, I am glad to hear you say that is one of the considerations that you are going to take into place. Obviously, military readiness, taking the primacy concerns, but costs are very important.

And I know that one of the issues can be whether you already have an existing simulator, for example, for the KC-135 that could be converted to a KC-46A simulator for training. Is that something that would be considered in terms of a cost issue?

Mr. YONKERS. Well, it is a cost issue. So, yes.

Senator AYOTTE. So that would certainly be something important so that you did not have to install a new trainer on a base.

And then also, what about the runway and the capacity in terms of it can be very costly to lengthen runways, expand parking ramps, or build jet fuel storage at some potential bases which would require additional investment at a very difficult fiscal time. To what extent will you look at the issues of length of runway, size of existing aircraft parking ramp, or presence of large existing jet fuel storage as you look at this criteria?

Mr. YONKERS. Ma'am, I think you have hit on a lot of key parameters here in terms of cost drivers, and they will be considered as we look across the entire spectrum of the enterprise to say where do those assets reside now, Guard, Reserve, active duty, and when we look at the cost analysis as we go through the site visits and those kinds of things to determine, from an overall cost point of view, does it make sense to bed that weapons system down at that point, that point, that base, or what have you.

Senator AYOTTE. Okay.

And two other criteria I would say that are important criteria, proximity to deepwater ports, major interstate highways, also proximity to other military installations, and of course, combined with proximity to refueling tracks in key areas and also the capacity of the bases. So I am glad that you are going to look at the cost issue. I am hopeful, as I have told General Schwartz, as I have told Secretary Donley, as I have said to General Johns, that an open, objective, transparent, and concurrent with the Guard and also the active duty at the same time basing criteria will come forward.

I have to say I am very proud of our 157th air refueling unit on all these fronts because we have got one of the longest runways in the Northeast, the largest Air National Guard ramp in the Northeast, the largest fuel storage capability in the Northeast, and existing tanker simulator that could easily be transitioned to a KC-46A simulator, an absence of any environmental issues, close proximity, of course, to our shipyard that Senator Shaheen talked about, and I am very supportive of what she has just said, Secretary Pfannenstiel, about the shipyard, and appreciate that the Navy will continue to look at the modernization efforts at our shipyard. One of the things that we are very proud of is it has the highest utilization rate in the Guard. So I am very confident that in an objective

and transparent process that looks at these factors that the 157th will be one of the top candidates for this.

So I understand this criteria is coming forward. I am looking forward to seeing it. I know Shaheen is as well. We are both very proud of our unit, and I appreciate that you are going to look at these cost issues because on the merits, that is the best way to make these decisions rather than—you know, we talked about politics in BRAC. Well, we want objective, transparent criteria, and on the merits. That is how we hope that these basing decisions will be made.

Mr. YONKERS. Well, if I could just remark as a closer here. We are not veering from our strategic basing process. This will be as transparent as it has been in the past. As we develop the criteria, Kathy Ferguson sitting behind me will come over with a team. We will go through that with Members of Congress and the staff. And as we develop then the candidates again, come down to the preferred yet again, and then we will go through the NEPA analysis once we kind of hone down the preferred.

But it is also of note to consider that, you know, we are going to get—the buy is at 179 and that is the proposed number of aircraft for the KC-46. That is going to be metered out over 20 some odd years as we purchase the aircraft. So I think the going-in position is we will look at a training facility first, along with a first ops facility as well and not try to play out where all 179 aircraft are going to be because we do not want to usurp the authorities of those that will follow us in these decisions.

Senator AYOTTE. Well, I certainly understand that. As we go forward though, I hope that the initial criteria will be concurrent. I know that is a very important decision that you have to make, but if you look at what our Guard and Reserve have done and the experience level of the pilots in the Guard and Reserve, to base all of the initial KC-46As in the active duty in my view would be a mistake and it would not be consistent with what we are doing now in terms of the talent in our Guard and Reserve that is ready to easily take on the new tanker and train on it and be prepared. So I appreciate what you are saying.

A very important question that I would like to make sure—if you can take it for the record because is a very difficult time for the Department of Defense, and I understand it. When I hear about the proposal for another BRAC round, there is no question in my mind that we handed you a number in the Budget Control Act and you are now proposing, for example, on BRAC to undertake that round as soon as 2013. That seems a lot faster than you probably otherwise would have appeared before us to ask of.

In addition to that, you are facing the potential of sequestration. And it is very important for us to understand the risks that are inherent with that. So I would ask each of you to come up with a detailed analysis of how specifically, if sequestration were to go forward, what would happen in terms of our installations, the environment and energy programs, the modernization that we certainly need for public shipyards. All of that is incredibly important so we know as Members of Congress. In my view this is not a risk that we can afford to undertake on behalf of our National security, as the Secretary has articulated so well, Secretary Panetta.

So can you please let us know what type of civilian layoffs would we face, what kind of contract terminations would we face, what kind of repairs would be put off, what type of modernization would be put off? Because as you know, if we do not take action before 2013 in January, you will be facing sequestration. I think we should stop it, but we need the information so that we can understand the risks that are involved with that.

Thank you.

[The information follows:]

[SUBCOMMITTEE INSERT]

Senator McCASKILL. Senator Shaheen, do you have any additional questions?

Senator SHAHEEN. I do. Thank you.

Again, since Senator Ayotte and I both represent New Hampshire, you will not be surprised, Mr. Yonkers, to know that her line of questioning around basing decisions are ones that I support.

And she actually raised a question that I would like to hear your response on talking about the experience that the Guard and Reserve bring to flying and whether or not, as you are looking at the MILCON decisions around basing, you also take into consideration things like training and some of the other personnel questions that, of course, contribute to the cost ultimately of those decisions and how you interact to do that.

Mr. YONKERS. Let me make sure I understand the question and try to respond in this fashion. When we look at the military construction program, we look at it across the total force. And I think the Secretary and the Chief have been fairly consistent in the discussion about trying to balance the total force. The Guard and the Reserve bring a tremendous amount of capability. We all know this. That is why we went to a total force construct almost 2 decades ago to, again, try and use that asset more than we had in previous years. So we look at the military construction program from the entire enterprise point of view.

We try to go through, as I sort of talked about in my oral testimony, looking at certainly the highest priorities. We have got priorities from our COCOM commanders. We have quality of life, and you will see a couple of dormitories in this year's program. We have got bed-down of new weapons systems like the Joint Strike Fighter and the F-22, a move to Holloman and so forth. So we try to look at this from a point of view of what operationally makes the most sense, quality-of-life point of view makes the most sense, from a nuclear enterprise point of view, what makes the most sense, and of course, getting the biggest bang for the taxpayer dollars by building new when the old is just so old and we are investing so much money in just trying to keep the thing running that it does not make sense to do it anymore.

So I do not know if that gets at the real answer to the question or not, ma'am.

Senator SHAHEEN. Well, sort of. But I guess I am suggesting that one of the other things that affects costs of some of these decisions are the human assets that are there, and that if we have—as you point out, the total force—if you look at the cost for Guard and Reserve versus the cost of active duty, there is a big difference. So there is also a big difference if you are looking at training and edu-

cation requirements for the new tanker, whether you have got people who have some of that training already versus having to do it all new, whether those kinds of decisions also are included as you think about the basing decisions.

Mr. YONKERS. I would like to take the specifics for the record, if I could. But it is all in the mix, as I understand it. So, again, looking at the total force, we look at the assets the Guard brings to the table in terms of personnel, et cetera, and the Reserve, as well as the active duty and factor those things into the overall decision.

Senator SHAHEEN. Thank you.

Ms. Pfannenstiel, I want to go back to the energy hearing that we had because, as I said, I thought it was very impressive to see what is being done by the Navy. We had Secretary Mabus there talking about the work that is going on, and he mentioned two possible changes that would help with respect to energy use that I think is worth having the whole Armed Services Committee explore. One had to do with fuels contracts being limited to 5 years and the limits that that means for the potential for biofuels. And the other was the way the CBO currently scores fuel contracts.

So I wonder if you could talk a little bit more about those changes because clearly they affect costs.

Ms. PFANNENSTIEL. Let me talk first on the question of the 5-year alternative fuel contracts. What we have heard from the biofuel producers who would like to sell to us their product, if we can only write for them a 5-year contract—that is actually DLA, Defense Logistics Agency, can only write a 5-year contract—then these potential developers, because they are new, because they are largely start-ups, have trouble getting the financing to go to the banks and try to get financing to do the refineries that they need to get the contracts, the feedstock that they need if they only have a 5-year commitment from us. And so they would prefer a 20-year. A 10-year would be a lot better for them than 5. And so we have been working on that. I think that that really is a big issue.

The scoring issue I am less knowledgeable about. Clearly, if there is a scoring, then that becomes a difficulty for us in terms of what the recommendation would be that the Secretary made, I will have to get that back to you.

[The information follows:]

[SUBCOMMITTEE INSERT]

Senator SHAHEEN. Thank you.

Thank you, Madam Chairman.

Senator MCCASKILL. Thank you. In consulting with Senator Ayotte, we both—I do not know if it is good news or bad news that we could stay here all day. I guess it shows that we are capable of great nerdiness—[Laughter.]

Senator MCCASKILL—to stay here in the weeds on a lot of different subjects that frankly we are both prepared to talk about. But I am going to submit the remainder of my questions for the record.

I particularly am going to be interested from the Air Force to talk about the \$900 million pause and why that is not being used to address backlog, and instead it is being shifted to other places in the budget. That is concerning to me and we will have a specific question about that and would ask for some detail on that.

There are some other issues in terms of the cleanups that I have questions about on the environmental side, and we will get those questions to you. And I know that Senator Ayotte has some that she would also like to submit for the record.

[The information follows:]

[SUBCOMMITTEE INSERT]

Senator MCCASKILL. We thank all of you for the hard work. We know this is a challenging time. We want you to do more and do it better. We want you to do it with a lot less and, by the way, with no politics while we are all yammering about how you cannot do anything to cut anything that is in any of our States. So good luck with that. We will continue to push as hard as we know how to make sure that every dime is accounted for and every dime is being used wisely. And we appreciate your time today.

This hearing is adjourned.

[Whereupon, at 12:26 p.m., the subcommittee adjourned.]