

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON
ACCOUNTABILITY TO PROVIDE SAFE MILITARY HOUSING
AND OTHER BUILDING INFRASTRUCTURE TO
SERVICEMEMBERS AND THEIR FAMILIES

Thursday, March 7, 2019

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1 HEARING TO RECEIVE TESTIMONY ON THE CHAIN OF COMMAND'S
2 ACCOUNTABILITY TO PROVIDE SAFE MILITARY HOUSING AND OTHER
3 BUILDING INFRASTRUCTURE TO SERVICEMEMBERS AND THEIR FAMILIES
4

5 Thursday, March 7, 2019
6

7 U.S. Senate

8 Committee on Armed Services

9 Washington, D.C.
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11 The committee met, pursuant to notice, at 9:30 a.m. in
12 Room SH-216, Hart Senate Office Building, Hon. James M.
13 Inhofe, chairman of the committee, presiding.

14 Members Present: Senators Inhofe [presiding], Wicker,
15 Fischer, Cotton, Rounds, Ernst, Tillis, Sullivan, Cramer,
16 McSally, Scott, Blackburn, Hawley, Reed, Shaheen,
17 Gillibrand, Blumenthal, Hirono, Kaine, King, Heinrich,
18 Warren, Peters, Manchin, and Duckworth.
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1 OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.
2 SENATOR FROM OKLAHOMA

3 Chairman Inhofe: Our meeting will come to order.

4 I see our witnesses are already taking their positions.
5 Appreciate that very much. We always start on time. Jack
6 and I have this understanding, and it has great effects.

7 The committee meets today to receive testimony from the
8 service secretaries and service chiefs of our Nation's
9 military.

10 At the end of December, I heard from families about the
11 dismal conditions they faced in privatized housing in
12 Oklahoma and then around the country. You know, I was here
13 20 years ago when that decision was made, and I remember the
14 discussion at that time, you know, "It's going to work for a
15 while, then you wait 20 years from now and see what problems
16 have erupted." And it happened.

17 Since that time, this committee has acted quickly. We
18 held a hearing, where we heard heart-wrenching testimony
19 from family members, privatized-housing partners, and
20 military leadership. One of those was Janet Driver, who's
21 back there in the front row of the second section. And I
22 just told her how much I appreciated the fact that she drew
23 this to my attention. Her husband's at Tinker Air Force
24 Base, and you can always be more sensitive of, and
25 understanding of, when you hear problems coming from --

1 emanating from someone who's personally experienced it.

2 Secretary -- Senator Reed and I sent our staff to a
3 number of military installations, including Fort Bragg,
4 Norfolk, Joint Base Anacostia, Tinker Air Force Base. And
5 then the others came from the services, who actually went to
6 every one of -- and I've talked to many of you who have been
7 to every one of the installations in your command, certainly
8 the Army. And I -- so, you've never seen government working
9 as fast as it's worked in the last 3 weeks.

10 I'd like to read you a portion of the trip summary that
11 the staff wrote, which I will note was shared with each of
12 our witnesses. Now, I'm quoting now, and this is for the
13 benefit of, not just the witnesses here, or this table, but
14 those in the back of the room, which we'll recognize in a
15 moment. Quote, "From both home inspections and sensing
16 sessions conducted with current on-base residents, the
17 systemic issues outlined at the recent SASC hearing are not
18 only substantiated, but we believe the problems may be much
19 worse. Installation commanders had different opinions of
20 their housing inventory before and after we conducted our
21 tours, where they thought they had a good understanding of
22 current housing conditions. Most came away embarrassed that
23 they were not aware of some of the dire situations.
24 Specific issues included absolutely no quality assurance
25 from the services, which the chain of command admits is a

1 problem, primary partners and subcontractor maintenance
2 performing shoddy patchwork instead of remediating the cause
3 of the problem, and extreme frustration with the resident
4 energy conservation program, which was -- is supposed to
5 curb the energy uses for on-base" --

6 Now, this is where the summary ends, but this is where
7 the tough questions must begin. You know, how did we get to
8 this point, where the chain of command felt that they were
9 not empowered, expected, or morally obligated to help? This
10 is something different. I can remember my chain of command
11 when I was a private in the United States Army. That was
12 it. There was no question about it. And that's somehow
13 changed, and perhaps this is going to help us in changing
14 back something that should not have been changed.

15 What actions have you taken since that hearing? Why
16 didn't you know about this and fix it before Congress had to
17 step in? Who is responsible, and who is being held
18 accountable? Held accountable. Finally, what can we do now
19 to make this right for our families? I have asked the chain
20 of command from each of the services here today because of
21 -- the health, safety, and welfare of our servicemembers are
22 the responsibility to everyone from the Secretary to the
23 squad leaders, plain and simple. The chain of command
24 failed to take care of its own, and lost their trust. Now
25 the chain of command must regain that trust.

1 But, the contractor must bear an equal or greater share
2 of this responsibility. By no means will we bail the
3 contractors out and pass along the costs to the taxpayer.
4 That's not going to happen. They agreed to take care of our
5 families, and, in fact, by their own admission, these
6 contractors have not.

7 In closing, we always say "recruit the servicemember,
8 retain the family." But, if we lose the trust of the
9 military families, we lose -- we risk losing the next
10 generation of servicemembers, which could be a very serious
11 problem to the safety of this country.

12 With that, I would like to recognize any of our family
13 -- military families who are here today. We're going to ask
14 you to stand up. I know where you're seated. Stand up if
15 you're a family of a military --

16 Okay, let's give them a hand.

17 [Applause.]

18 Chairman Inhofe: And let me summarize what our
19 feelings are now with you: Help is on its way.

20 To our service secretaries and chiefs, these people
21 represent the thousands of military families whose trust you
22 must regain.

23 Before I turn to Senator Reed, I'd like to ask the
24 members to stay on topic. We are here to get answers for
25 our families, and our witnesses will be back in the coming

1 weeks to answer questions and so forth.

2 But, what we're going to do on this is something we
3 have not done in a -- in quite a while. And that is, we're
4 going to have -- instead of a 5-minute question, we're going
5 to have 7-minute questions, but we're going to use the
6 gavel. To all of you who might be tempted to go over that,
7 we're not going to let you do that. I don't mind being
8 unpopular in this day and maybe you'll forget it tomorrow.

9 So, after -- and Senator Reed, for an opening
10 statement.

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr. Chairman.

4 And I'd also --

5 Chairman Inhofe: Oh, let me interrupt you first. We
6 have -- I'm afraid might--

7 [Laughter.]

8 Chairman Inhofe: -- I'm afraid we might lose a quorum.
9 Since a quorum is now present, I'd ask the committee to
10 consider the nomination of William Bookless to be Principal
11 Deputy Administrator, National Nuclear Security
12 Administration; Veronica Daigle, to be Assistant Secretary
13 of Defense for Readiness and Force Management; Tom
14 McCaffery, to be Assistant of Defense for Health Affairs;
15 and Lisa Schenck, to be Judge of the U.S. Court of Military
16 Commission.

17 Is there a motion to favorably --

18 Senator Reed: So move.

19 Chairman Inhofe: A second?

20 Senator Rounds: Second.

21 Chairman Inhofe: All in favor, say aye.

22 [A chorus of ayes.]

23 Chairman Inhofe: Ayes have it. It is now done.

24 I apologize, Senator Reed.

25 Senator Reed: Quite all right, sir.

1 Let me thank you again, Mr. Chairman, and thank the
2 service secretaries and the chiefs for being here today.

3 In the 3 weeks since our last hearing on military
4 privatized housing, it has become clear that there are
5 systematic failures on the part of both the private housing
6 companies and the Department of Defense. While the horrific
7 conditions vary by installation, ranging from lead-based
8 paint, mold, and rodents, the underlying causes and
9 fundamental breakdowns are, unfortunately, all too common
10 across the country. And these housing problems are
11 exacerbated by the fact that military families frequently
12 move every few years, and is reinforced by a culture of
13 enduring hardships rather than speaking of them, for fear of
14 retaliation, among other reasons.

15 For far too long, privatized housing companies have
16 been allowed to deliver lackluster customer service to
17 military families, conduct in bare minimum for routine
18 maintenance, and exercise zero quality control, while
19 accruing sizable profits. Unfortunately, all this has been
20 able to occur because of the lack of accountability by the
21 Department of Defense.

22 I wanted to give just one example. A Navy family had
23 squirrels enter their attic through a hole in the roof.
24 Soon after, the squirrels died and maggots dropped through
25 their ceiling fan onto the bed. The housing company showed

1 up to remove the squirrels, but failed to seal the hole in
2 the roof for the last year. We know this because committee
3 staff visited them 2 weeks ago. Furthermore, over the last
4 2 and a half years, workers from the housing company visited
5 this same home 52 times for instances of water intrusion and
6 inadequate follow-on work orders. Fifty-two times, without
7 ever bothering to examine the root cause of the problem. On
8 top of all this, the housing company still charges this
9 family \$1,780 per month in BAH.

10 I guarantee no one in this room would ever put up with
11 the substandard living conditions some of these military
12 families have had to ensure. I'm eager to hear what
13 solutions the military service will propose today. I have
14 several thoughts:

15 First, I believe that the services have lost sight of
16 the important philosophy of taking care of uniformed
17 personnel and their families in all aspects of life, whether
18 it is the professional readiness of the warfighter or the
19 fact that he or she arrives home, on post or off post, each
20 night to a flooded basement and black mold on the wall. I
21 want to know how each of you intend to instill that
22 obligation in your commanders.

23 Second, military families must feel empowered with a
24 standard Bill of Rights across the military services.
25 Families deserve the flexibility to withhold their BAH, in

1 the event of a housing problem that is not adequately
2 resolved in a timely fashion. I understand some of the
3 military services have already begun looking into this
4 situation and how they can implement it on their own. And
5 I'm interested, again, in your views.

6 Third, installation commanders need to be far more
7 active in their oversight role, an advocate for the homes of
8 their warfighters, and no longer simply rubber-stamping
9 center fees for housing contractors. Military families also
10 deserve unfettered access to the maintenance records
11 conducted in their homes. Privatized housing companies need
12 to fundamentally overhaul the way in which they conduct
13 customer service and execute work orders. Clearly, these
14 companies are conducting the bare minimum when it comes to
15 maintenance, and bandaids fixes are commonplace in order to
16 cut costs and maximize profits. Yet, we still may hear from
17 housing companies in the coming months that the answer to
18 the problem is still more BAH. And I don't -- I agree with
19 the Chairman, that's not the answer.

20 All of us -- the services, the housing companies, and,
21 yes, Congress -- have let down the men and women who
22 selflessly service this country. We need to do better. I
23 look forward to hearing more specific solutions from our
24 distinguished panel today, and to working with you as we
25 consider this year's NDAA.

1 Thank you.

2 Chairman Inhofe: Thank you, Senator Reed.

3 We'll now hear from our secretaries. And we're going
4 to do this in order of -- starting with you, Secretary
5 Esper, and then coming across the table.

6 Mr. Esper: Yes, sir. Thank you.

7 Chairman Inhofe: Your entire statement, of course,
8 will be made a part of the record, and we ask you to confine
9 your remarks to 5 minutes.

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1 STATEMENT OF HON. MARK T. ESPER, SECRETARY OF THE
2 ARMY; ACCOMPANIED BY GENERAL MARK A. MILLEY, USA, CHIEF OF
3 STAFF OF THE ARMY

4 Mr. Esper: Well, good morning, Chairman Inhofe,
5 Ranking Member Reed, and distinguished members of the
6 committee. Thank you for the opportunity to appear before
7 you today. But, thank you, also, for the fact that you gave
8 our families a voice, a few weeks ago, and brought this
9 attention to everybody's -- this issue to everybody's
10 attention. It's had a cathartic effect on us, and I -- we
11 look forward to discussing this matter with you today. But,
12 thank you for bringing this issue forward.

13 One of our fundamental obligations as Army leaders is
14 to take care of our soldiers and their families. The recent
15 reports of substandard conditions in some of our military
16 housing units are deeply troubling. It is unacceptable for
17 our families, who sacrifice so much for our country, to
18 endure these hardships in their homes. We are fully
19 committed to solving this problem, and have initiated a
20 number of actions to ensure our soldiers and their families
21 have access to safe, quality military housing across all of
22 our installations.

23 I would like to submit for the record a 1-page document
24 that outlines the Army's Housing Action Plan. I believe
25 each of you have a copy at the dais.

1 Chairman Inhofe: Of course.

2 Mr. Esper: And we'll briefly highly the key actions
3 for the committee.

4 Chairman Inhofe: It'll be made a part of the record.

5 Mr. Esper: Thank you, sir.

6 [The information referred to follows:]

7 [COMMITTEE INSERT]

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1 Mr. Esper: The Army currently has 111,000 housing
2 units, of which 87,000 were privatized under the RCI
3 program. These homes are managed by seven private companies
4 across 49 installations. The transition to privatized
5 housing in 1998 marked a dramatic improvement in living
6 conditions for our soldiers and their families. However,
7 this model assumed that the RCI contractors, with sufficient
8 Army oversight, would continue to maintain the quality of
9 these homes. In too many cases, it is clear the private
10 housing companies failed to uphold their end of the bargain,
11 a failure that was enabled by the Army's insufficient
12 oversight. We are determined to investigate these problems
13 and to hold our housing contractors and chains of command
14 accountable.

15 The Army is taking immediate action to fully understand
16 the scope and scale of our military housing problems and to
17 remedy the current housing deficiencies. Within 18 hours of
18 the first hearing on this topic, I traveled with General
19 Milley and Sergeant Major of the Army Daley to Fort Meade,
20 where we personally walked through multiple homes and spoke
21 to our affected families. We also met with the leadership
22 of the privatized housing company, and pressed them to take
23 immediate actions.

24 Since then, Army senior leaders have traveled to Fort
25 Bragg, to Fort Belvoir, Fort Campbell, and West Point to

1 conduct our own housing visits and to meet with families and
2 garrison leadership. Over the past 3 weeks, Army
3 installations have conducted townhall meetings, in
4 collaboration with the RCI contractors, in addition to
5 establishing housing hotlines. This has provided families a
6 forum to voice their concerns and to report problems
7 directly to garrison commanders.

8 We also ordered all senior commanders to complete a
9 100-percent screening of their installation housing by March
10 18th. Where life, health, and safety issues exist, senior
11 commanders have been instructed to immediately relocate
12 housing residents to temporary quarters until the housing
13 conditions are remediated. This screening process is
14 ongoing. And, to date, we have completed over 19,000
15 housing visits.

16 We have also met with the CEOs or senior executives
17 from each of the seven privatized housing companies to
18 discuss the current problems. The poor customer service,
19 the lack of work-order transparency, the inability of
20 residents to hold the housing companies accountable for
21 deficient conditions were common themes presented during our
22 town halls. All of our housing contractors have committed
23 to working together to find ways to improve customer service
24 and to increase transparency. Additionally, they all agree
25 to ensure sufficient numbers of trained technicians and

1 staff are available at each installation to address problems
2 in a timely manner.

3 To inform our long-term solutions to this problem, we
4 have initiated IG inspections across the 49 installations
5 with RCI housing. These inspections are focused on customer
6 satisfaction, work-order responsiveness, and the ability of
7 our garrison commands to provide proper oversight of our
8 private contractors. Many residents have told us that
9 communication between residents and the private housing
10 companies is broken. To enable greater transparency in the
11 future, we are developing tracking systems to provide a
12 common picture to residents, garrison leadership, and
13 housing contractors. We are also restructuring incentive
14 management plans to more closely align with those areas that
15 are most important to our residents, such as work-order
16 resolution and customer satisfaction. It is not acceptable
17 for us to provide high rates of incentive payment when the
18 quality of service provided to our residents is substandard.

19 Furthermore, to ensure our soldiers and their families
20 have proper legal protections, we are working in conjunction
21 with the other services to develop a Tenant Bill of Rights.
22 I believe the committee received this yesterday. And if I
23 may, on behalf of my colleagues and myself, submit this as a
24 record, as well --

25 Chairman Inhofe: Without objection.

1 Mr. Esper: -- our draft Tenant Bill of Rights.

2 [The information referred to follows:]

3 [COMMITTEE INSERT]

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1 Mr. Esper: Many Army families are concerned they lack
2 the ability to hold the private housing companies
3 accountable for poorly performed services, and are
4 inadequately protected from retaliation. This Tenant Bill
5 of Rights will outline the residents' basic rights while
6 living in military privatized housing, including options
7 that address the problems they are facing most frequently.
8 To better empower chains of command, we will implement
9 training for garrison command teams on contracting and
10 housing management. Additionally, we will increase garrison
11 staffs to perform quality assurance and quality control
12 checks on work-order completion and housing transitions.
13 Furthermore, we will develop our own reporting system for
14 residents to rate timeliness, quality of work, and level of
15 customer service, to provide additional data to garrison
16 oversight teams.

17 Providing a safe, quality living environment for our
18 soldiers and their families is critical to the readiness of
19 the force. This is essential to building trust, so, when
20 soldiers deploy, they can rest assured their families are
21 taken care of back home. To do this, the Army needs to get
22 back involved in the housing business.

23 [The prepared statement of Mr. Esper follows:]

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1 Chairman Inhofe: Good statement.

2 Secretary Spencer.

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1 STATEMENT OF HON. RICHARD V. SPENCER, SECRETARY OF THE
2 NAVY; ACCOMPANIED BY ADMIRAL JOHN M. RICHARDSON, USN, CHIEF
3 OF NAVAL OPERATIONS

4 Mr. Spencer: Chairman Inhofe, Ranking Member Reed,
5 distinguished guests, I wish I could say I'm pleased to be
6 here today, but I am not.

7 I want to start by first apologizing personally on
8 behalf of the Department of the Navy to any sailor, marine,
9 soldier, airman, coastguardman that was affected by the
10 housing malady that we've seen before us right now. The
11 people of the Navy/Marine Corps team will always be our
12 greatest resource and our greatest asset. And the safety
13 and well-being of sailors and marines and their families is
14 a top priority for all of us.

15 After the initial assessment, I can state with
16 certainty that we can, and we will, correct the issue -- the
17 issue at hand, which is not acceptable. We will make the
18 process and the product better in the long run. The
19 solution is based on the simple precepts of communication,
20 education, and attention. And when I say "simple," that's
21 just the basic concepts. The details will be forthcoming.

22 I also want you to know that the three service
23 secretaries are working in lockstep. Much that you will
24 hear today, we are doing in coordination. You'll hear of a
25 common lease, the development of that. We are working hand-

1 in-hand in that regard.

2 On top of the considerable demands of service, no
3 military family should ever have to contend with chronic
4 maintenance issues or concerns such as mold, pests, and
5 intrusions into their house. In order to fulfill our
6 obligation to our families and ensure the strength and
7 readiness of our force, we must demand excellence and
8 responsiveness for all concerned, including our housing
9 partners. It is clear, in many cases, we have fallen
10 woefully short of this obligation. And, upon reviewing the
11 issues surrounding housing, it's apparent there is
12 culpability around the table. We're taking steps to address
13 the immediate problems, as well as address our business and
14 education processes, to permanently correct systemic issues.

15 Upon the assessment, the CNO and the Commandant of the
16 Marine Corps issued a NAVADMIN and white letters stating
17 that, by April 15th of this year, every marine and Navy
18 family in Private Public Venture housing will be offered a
19 personal visit from base officials. We're getting the
20 uniformed command back into the equation. These command
21 teams will not be satisfied until the housing issues they
22 discussed or observed are resolved.

23 Following that, a regular drumbeat of follow-on chain
24 command attention will follow. We've been in discussion
25 with our private partner -- Private Public Venture partners

1 about the availability of apps that are available now -- and
2 they are attacking this issue -- that allows for reporting,
3 tracking, rating resolution, and enhancing the communication
4 that is needed between our servicepeople and the Private
5 Public Venture partner.

6 The three service secretaries will be holding quarterly
7 meetings with the CEOs of our venture partners to address
8 and monitor, on a continual basis, the satisfactory delivery
9 of housing for our military families. Our housing partners
10 will remain an important component of the housing solution
11 offered to military families. However, our military leaders
12 must never outsource their role as advocates for our
13 servicemembers and their family. The Navy-Marine Corps team
14 will continue to pursue improvements in military housing
15 with a sense of urgency to deliver the services our military
16 families deserve, the value the American taxpayers expect,
17 and the readiness our global force requires.

18 Going forward, we look forward to working with this
19 committee to do everything in our power to protect the
20 health, well-being, and safety of our sailors, marines, and
21 military families, wherever they call home.

22 Thank you.

23 [The prepared statement of Mr. Spencer follows:]

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1 Chairman Inhofe: Secretary Wilson.

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1 STATEMENT OF HON. HEATHER A. WILSON, SECRETARY OF THE
2 AIR FORCE; ACCOMPANIED BY GENERAL DAVID L. GOLDFEIN, USAF,
3 CHIEF OF STAFF OF THE AIR FORCE

4 Ms. Wilson: Thank you, Mr. Chairman.

5 Our military families deserve good housing. And when
6 there's a problem with a house, it should be fixed promptly
7 and competently. Moreover, our airmen should be comfortable
8 that they can identify problems without any fear of
9 retaliation.

10 Over the past 3 weeks, the Chief and I directed the
11 chain of command to do a 100-percent health-and-safety
12 review of all Air Force family housing. We have the initial
13 results of that review, and I would ask that this be put
14 into the record.

15 Chairman Inhofe: Without objection.

16 [The information referred to follows:]

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1 Ms. Wilson: The real question is, Where do we go from
2 here? In the immediate term, we have to take action on all
3 of the health and safety issues that were identified, and
4 make sure they are addressed competently and promptly, and
5 fixed. The Chief and I also will be clarifying and
6 communicating to our commanders our expectation of them and
7 of our Civil Engineering Center so that we know, and they
8 know, what we expect from them, going forward, in taking
9 care of our airmen.

10 In the medium term, we have to fix the system. There
11 are several elements of that, based on our initial view.
12 The first is an enforceable Tenant Bill of Rights. And my
13 colleague has always -- already put that into the record.
14 It's something that the three service secretaries are united
15 on, but it is a draft. And we're looking, also, for input
16 from all of you.

17 Second, we believe we need to strengthen the base
18 commander input, oversight, and eyes-on when it comes to
19 family housing. That means giving base commanders more
20 input on performance fees, more support when it comes to
21 quality control in their own housing offices, as well as
22 support from the Civil Engineering Center, and more support
23 from contracting representatives who have the ultimate
24 control over those contracts.

25 Third, we need to improve communications and feedback

1 loops to restore trust with airmen. They need to -- we --
2 they need to be engaged, not just on that first day, when
3 it's so chaotic moving in, but thereafter, so they know what
4 to expect and how to get help when they need it. There are
5 multiple avenues for them to get action and report problems,
6 and we are going to make sure all of those avenues are open.

7 And, fourth, we have also -- the Chief and I have also
8 directed an inspector general review, which is ongoing, to
9 look at the system, to identify additional actions that need
10 to be changed to fix the problem.

11 Thank you, Chairman, and I look forward to your
12 questions.

13 [The prepared statement of Ms. Wilson follows:]

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1 Chairman Inhofe: Thank you, Secretary Wilson.

2 All right. For those of you who were not here during
3 the opening of the meeting, we are going to have 7-minute
4 sessions -- questions, but we are going to hold you to the 7
5 minutes, because we have a full house here, and people do
6 want to be heard on this subject.

7 My -- so, I'll start off. And I'll have my first two
8 questions to address to the Army and to the Air Force, not
9 the Navy at this point. And those questions are -- and you
10 decide which one is the best one to respond -- number one,
11 when were these issues first brought to your attention, and
12 who should be held accountable because you were not aware of
13 what was going on in your own service? And, secondly, since
14 these issues were brought to your attention, which
15 installations have you personally visited in specifically
16 about the issue?

17 Secretary Esper.

18 Mr. Esper: Thank you, Mr. Chairman.

19 On the first matter, I think, with regard to -- the
20 full realization of the size and scope of this issue came up
21 the week that the committee held its hearing. I think the
22 media reports, coupled with the report of the Military
23 Family Association, and then culminating in the hearing, was
24 what I think brought home to us the size and scale of that.
25 That said, of course, last summer, we were aware of the

1 lead-based paint issues at some of our homes, such as Fort
2 Benning. We quickly took a number of actions -- we can talk
3 about that -- to address that problem, and had been working
4 on it pretty diligently throughout the fall. And then, in
5 -- at a family forum in October, the Chief and I, as we meet
6 with families and discuss issues, there were housing -- some
7 housing issues in singular homes at, I think, Schofield
8 Barracks and Fort Gordon, and another at West Point, where
9 we quickly attacked those problems and remediated them, but
10 nothing with regard to the size and scope that you heard
11 from the witnesses that appeared before this committee.

12 Chairman Inhofe: The second part of that question was,
13 Since these issues were brought to your attention, how many
14 installations have you and the Chief and -- either
15 supervised or personally visited?

16 Mr. Esper: Yes, sir. I personally visited Fort Meade
17 and Fort Bragg, and I'm supposed to go down to Fort Belvoir
18 next week. And, of course, every time I visit an
19 installation, I meet with families and do town halls, so I
20 talk about this quite often.

21 Chairman Inhofe: Chief, have you --

22 General Milley: In terms of the timeline, Chairman,
23 similar. You know, the July-August timeframe for the lead
24 paint. Then, in November -- October-November, started
25 becoming aware of some reports on mold. And then it really

1 came into fruition at the time of the hearings and the media
2 --

3 Chairman Inhofe: Well, as far as both of you, I
4 appreciate the briefing that you've given me, and I know
5 that you've been very busy since the last meeting that we
6 had. I appreciate that very much.

7 Secretary Wilson.

8 Ms. Wilson: Mr. Chairman, since your hearing, I have
9 visited MacDill, Tinker, and Shaw Air Force Bases. With
10 respect to --

11 I'm sorry. Chief?

12 With respect to awareness of the problems, Air Force
13 was aware of construction defects at four bases. And at --
14 on page 7 and 8 of the handout in front of you, it
15 highlights those dates on where we were aware of
16 construction defects. I -- and the actions that we're
17 taking there -- I think, though, that, while the Air Force
18 was managing those projects and getting construction defects
19 taken care of, what we really didn't understand was the
20 decline in trust and confidence in the airmen that problems
21 would get fixed. And that is a -- that is, to me, the most
22 important part of the hearing that you had that brought that
23 forward to us.

24 General Goldfein: Yes, ma'am. And I'll just add that
25 Chief Master Sergeant of the Air Force, Chief Wright, and I

1 went to Keesler and Maxwell Air Force Base, and our findings
2 were very consistent with the testimony that you heard from
3 the families that came forward. And I'll second what the
4 Secretary said, that the most concerning to me that I found
5 was the breakdown in trust that we've got to rebuild, as
6 you've said, Chairman.

7 Chairman Inhofe: Yeah. Was there anything --
8 exercising back your memory of the previous testimony that
9 came from the homeowners, was anything found to be
10 inaccurate from their testimony?

11 General Goldfein: No, sir. Very accurate.

12 Chairman Inhofe: Okay.

13 Secretary Spencer, you -- would you respond to the same
14 questions? And I have a separate question for you.

15 Mr. Spencer: Yes, Mr. Chairman. Since the hearings, I
16 personally have visited three communities in the Hampton
17 Roads area -- Camp Lejeune and Cherry Point -- to visit
18 housing and meet with people there. We met -- we stepped
19 right out, right after the hearings, went out to the West
20 Coast -- our office did -- to inspect what was going out
21 there, and hearing from the families of their concerns.
22 Nothing we found that they reported was inconsistent.

23 Chairman Inhofe: Admiral, do you want to add to that?

24 Admiral Richardson: Sir, I personally visited Patuxent
25 River and then facilities around the naval district in

1 Washington area, and have flag officers who have also gone
2 to the Pacific Northwest, the Southwest. And so, we've got
3 good eyes on this problem. And nothing that we've seen is
4 inconsistent with the testimony and the -- I guess, the
5 witness of the residents. And I would just echo that we
6 became aware of this, I think, about the time that everybody
7 else did, in terms of the magnitude of the problem, and the
8 fact that the actual truth on the ground was differing in a
9 -- to a great degree, from the information that we were
10 responding to, which is why we're getting after 100-percent
11 awareness.

12 Chairman Inhofe: All right. I appreciate that.

13 Secretary Spencer, a recent news article states that
14 the Navy is moving forward with creating a new Assistant
15 Secretary for Information Management, which, by default,
16 would eliminate your Assistant Secretary for Energy,
17 Installations, and Environment. Now, that second one I
18 mentioned is the part of the bureaucracy that is responsible
19 for what led to this meeting now.

20 Now, you came to our committee and -- both the Majority
21 and the Minority, and said you wanted to make an
22 announcement. But, we told you not to, and you did it
23 anyway. I'd like to know, first of all, why you did it.
24 And then, secondly, are you -- would you be in a position
25 right now to commit to this committee to not dispose of the

1 position that is responsible for the problems that led to
2 this committee today. It's -- at the conclusion of this
3 meeting.

4 Mr. Spencer: Senator, I'll take full responsibility
5 for what my office does. I did speak to your staff and the
6 Ranking's staff about the idea that we wanted to put
7 together in light of the cyber report, which you will soon
8 be exposed to, that we did in the Navy after we had our
9 exfiltrations. It's a risk that we have to manage. I
10 apologize for my office getting ahead of the lights. That
11 was not my intent. We are marching along. That -- we will
12 keep everything in place, as is.

13 Chairman Inhofe: Okay. Will you -- then will you
14 commit to keeping --

15 Mr. Spencer: That's --

16 Chairman Inhofe: -- that position, your current
17 Assistant Secretary for Energy, Installations, and
18 Environment?

19 Mr. Spencer: I will.

20 Chairman Inhofe: Very good. Thank you.

21 Senator Reed.

22 Senator Reed: Thank you, Mr. Chairman.

23 Thank you for your testimony.

24 I'll begin with the Army, and who's ever appropriate
25 can respond. I would hope that the housing companies are

1 cooperating with you in addressing these problems. Some
2 might require contractual changes. Is that cooperation
3 evident and positive and genuine?

4 Mr. Esper: So far, yes, sir. We -- the Chief and I
5 and our senior Army leaders met, within several days of the
6 hearing, with all seven companies. I think they were saying
7 the right things. They agreed up front to -- for example,
8 eliminating nonrefundable fees. They agreed to suspending
9 the energy program, and a number of things. But, I think,
10 over time, there will be more challenging tasks at hand,
11 such as renegotiating lease agreements at the installations.
12 We need to restructure the incentive fees. So, time will
13 tell. And I think the oversight by this committee helps
14 give us the leverage to push those changes through.

15 Senator Reed: Well, I know that the Chairman and I are
16 both committed to oversight continuously on this issue until
17 all the problems are resolved.

18 Some of the suggestions that have been made -- and just
19 get your reaction on the last -- the other services -- a
20 uniform lease for all military personnel, the ability to
21 withhold BAH if there's unsatisfactory response to
22 complaints. Perhaps that has to be validated by your
23 housing officer, but --

24 Mr. Esper: That's right.

25 Senator Reed: -- at some point, the BAH should be not

1 the right of the company, but in payment for adequate
2 housing. Is that something you're producing?

3 Mr. Esper: Yes, sir. That's one of the items we put
4 into the Tenant Bill of Rights, is the ability to withhold
5 BAH, and then, at least for the Army, we would -- we could
6 arbitrate that issue between the provider and the soldier,
7 and make sure we come out to a proper solution.

8 And, I think, on your first point, with regard to a
9 common lease agreement, I think it's fair. It's the right
10 thing to do for our servicemembers, because I have Navy
11 personnel and Air Force personnel on Army bases, or Army
12 personnel on Navy bases. I think the ability to -- for a
13 servicemember to go from base to base to base and have a
14 common set of expectations with regard to the type of
15 housing that will be provided would be very helpful to the
16 force.

17 Senator Reed: Then all I would ask is, as you go
18 forward and there are issues you think should be properly
19 covered in the NDAA, if you could make the Chairman and
20 myself aware of them, we'd appreciate that --

21 Mr. Esper: Yes, sir.

22 Senator Reed: -- very much.

23 Mr. Esper: Will do.

24 Senator Reed: And, Secretary Spencer, with respect to
25 the Navy, you're cooperating, so far, productively with the

1 housing companies, and you're trying to implement some --
2 many of the similar proposals that Secretary Esper is?

3 Mr. Spencer: Yes, Senator. We're having -- I would
4 actually call them fairly robust conversations with the
5 partners -- again, to get back on education, communication,
6 and attention.

7 Senator Reed: Very good.

8 And issues like a uniform lease, issues with respect to
9 withholding BAH, that is -- you're considering those?

10 Mr. Spencer: Most definitely. It goes along with the
11 Bill of Rights. One of the -- when the three of us were
12 talking about the creation of this, we realized that we
13 wanted to get something out there in draft form for you all
14 to view, for the communities to view. There is a lot of
15 work to be done on this, because we will revisit the
16 operating agreement, more than likely. It's going to take
17 time, but we've got to get it right, because it's a good
18 tool.

19 Senator Reed: Secretary Wilson, your comments.

20 Ms. Wilson: Senator, I also think that the idea of a
21 common lease makes sense, because we do have members on each
22 others' facilities. And, as my colleagues mentioned, the
23 draft of the Bill of Rights that we released yesterday does
24 allow for withholding of Basic Allowance for Housing.

25 Senator Reed: One of the issues that I think has come

1 up with respect to new construction -- you mentioned,
2 Secretary Wilson, that you're -- you found some problems in
3 construction. Housing code standards are -- you know, it's
4 funny, you go out the front gate, and the jurisdiction of
5 the municipality has rigorous housing code standards which
6 people meet. I got the impression, from talking to the
7 families, that there's no real housing codes, that it's what
8 the company does or what, essentially, you allow them to do.
9 So, would it be useful to develop, sort of, standard housing
10 codes, in terms of initial construction and maintenance?

11 Whoever wants to jump ball.

12 Secretary Spencer or Secretary --

13 Mr. Spencer: In the case of the Navy, sir, NAVFAC
14 oversees with the ultimate arbiter and creator of the
15 standard in that regards.

16 Senator Reed: And those standards are -- the
17 commanders at the bases are aware of those standards? The
18 personnel are aware of those standards so that they can, if
19 they have legitimate complaint, they can make it?

20 Mr. Spencer: That, I am not aware of, Senator. I can
21 get back to you on that.

22 [The information referred to follows:]

23 [COMMITTEE INSERT]

24

25

1 Senator Reed: My -- again, an impression, from talking
2 and listening to the families, was that there was no clear
3 idea, by either the post housing authorities or anyone else,
4 of what, really, the standard was. So, you could have a
5 situation where they could come 52 times to make minor
6 repairs, and not effectively deal with the problem.

7 Mr. Spencer: Just for -- to clear the record straight,
8 I was commenting on original construction. When it comes to
9 maintenance calls, that is an -- that -- your observation is
10 correct. And we are -- that is one of the things we're
11 getting at, is the ability to put the tools in the hands of
12 the military family -- without taking up too much time,
13 quickly, to photograph the problem, track the problem, send
14 the photograph back to the maintenance people if they don't
15 think the problem has been corrected. The chain of command
16 is in that communication loop. That is the primary leg of
17 communication.

18 Senator Reed: Secretary Esper, you had a point.

19 Mr. Esper: Yes, sir. Senator Reed, you're pulling on
20 a very important thread, here. As we've assessed the
21 situation to date within the Army, one of the things we
22 realize we need to work on, we need to improve, is the
23 education of our garrison commanders and our sergeant majors
24 to effectively do their job, whether it's oversight of the
25 contractors, understanding building codes, quality

1 assurance, quality control. All those things, we need to --
2 and working to build that into their training, into the
3 program of instruction. We're looking to do the same thing
4 with regard to our commanders in the pre-command courses,
5 reeducating them, if you will, on housing management and
6 what their role is as commanders and leaders.

7 Senator Reed: Well, let me reiterate what I think the
8 Chairman expressed very clearly. This is a issue that we
9 will stay engaged with. And it will take a while. We
10 understand that. But, this is not going to be a passing
11 sort of review and trust to the goodwill and good wishes of
12 everybody involved. We're going to keep our -- involved and
13 engaged. And any aspects of the NDAA that has to be
14 modified to help you make sure that the men and women of the
15 services have the best housing, just let us know.

16 Thank you.

17 Chairman Inhofe: Thank you, Senator Reed.

18 Senator Wicker.

19 Senator Wicker: Thank you, Mr. Chairman.

20 And thank you, to the witnesses.

21 What I think I hear is a determination to really get to
22 the problem and fix it. I know that's the determination up
23 here. And I appreciate what Senator Reed just said about
24 staying after this.

25 Let me -- as an Air Force veteran, let me direct my

1 questions to Secretary Wilson and General Goldfein.

2 General Goldfein, I appreciate you visiting Keesler
3 recently. Let me start by asking you what you found there.
4 And, to summarize, this has been an ongoing problem for
5 quite some time, dating back as far as 2011 at Keesler.
6 There is a program called the Moisture Remediation Project,
7 MRP. Some of the information we've gotten from the military
8 members there is that this has been sort of a surface
9 attempt to go in and clean the affected area with soap and
10 water or some sort of disinfectants, and not get behind and
11 actually go the root cause. This went so far as 11 families
12 at Keesler having to file a lawsuit against the contractor
13 in the summer of last year, seeking punitive damages and
14 accusing the company of fraud and concealment. So, it's a
15 serious problem that's been there for a long time.

16 So, let me ask you this. In addition to telling us,
17 Senator -- I mean, General Goldfein -- what you found, to
18 what extent are military members required now to live in
19 base housing? When I was a young officer, I had the option.
20 I could go off base, get my basic allowance, and rent or buy
21 off base. So, to what extent is it more or less a
22 requirement to live in this housing now? Is this a problem
23 inherent in the way we do privatized housing construction
24 now, or is this -- can this happen either way we do it? And
25 so, if you would talk about those things, and then I might

1 let Secretary Wilson follow up.

2 General Goldfein: Thanks, Senator. You know, when I
3 went down there, I looked at the remediation program, the
4 mold remediation program they're doing, and dug into the
5 issues that they're looking at. What I found there -- so,
6 I'm going to, you know, be 60 years old this year, and I've
7 lived in military family housing now for 50 years. I grew
8 up in it, I raised my children in it. When I deployed for 2
9 years, I put my family in it. And they're -- what I found
10 at Keesler, which was very consistent with the testimony we
11 heard, is, there are three things that families today are
12 worried about that I never worried about, either as a parent
13 or as a kid, growing up. I never once worried about the
14 health of my children, relative to living in a home. And we
15 now have families that have testified -- and I saw that at
16 Keesler -- they're worried about the health of their
17 children.

18 The second thing I never worried about -- you know,
19 living on base is the ultimate gated community experience.
20 It's the one place where your kids can play until dark. I
21 never worried for my kids about the safety and security of
22 the infrastructure in the neighborhood. And parents today
23 of airmen are -- airmen today are concerned about that.

24 The third thing I never worried about? I never worried
25 that, if I actually complained about the housing, that there

1 would be a fear of reprisal or that my command chain and
2 leadership wouldn't get after it.

3 And so, as we look through the long-term fixes that
4 Secretary Wilson laid out for the Air Force, we have to get
5 at those three issues. And, Senator Reed, what you said
6 about this being a long-term issue -- you know, excitement
7 in the near term, based on hearings is interesting, not
8 compelling. We're going to have to keep our boot on the
9 throat of the underperforming contractors and our command
10 chain and leadership to make sure we get after this for the
11 long term. And we're committed to do so.

12 Senator Wicker: Do they have to live on base housing
13 now?

14 General Goldfein: No, sir. Matter of fact, there's a
15 waterfall approach that we take. It's somewhat unique to
16 the individual installation. But, they have the choice to
17 live on or off base.

18 Senator Wicker: Is -- do you think there's something
19 wrong with the program, itself?

20 General Goldfein: Sir, I think the program has got to
21 work. We've got to make it work. And where we have failed
22 is to ensure that we have command-chain involvement,
23 oversight, leadership, quality control, and followup.

24 Senator Wicker: And what did you find with regard to
25 this Moisture Remediation Project, MRP, with regard to the

1 accusations that they're just treating the surface and not
2 getting back in there and finding the problem?

3 General Goldfein: From what I saw, far more thorough a
4 construction effort than what's been described. I did not
5 see any painting over. I saw complete reconstruction,
6 pulling out walls, going into the pipes. So, I thought I
7 saw much more significant engineering work to get after it.
8 But, this is a trust-but-verify solution for the future.

9 Senator Wicker: Is the contractor doing that?

10 General Goldfein: They are.

11 Senator Wicker: Okay.

12 This is a little off the subject, but let me just
13 mention this and ask you to answer on the record. I've been
14 concerned, for a number of years, about unaccompanied
15 housing in Korea, particularly at Osan. And so, if you
16 could get back to me, on the record, about how many of our
17 enlisted airmen at Osan are now having to live in barracks
18 that are not yet remodernized and remediated -- if you could
19 get back to me, on the record, about that, I would
20 appreciate it. It's been something I've been asking about
21 for years and years.

22 [The information referred to follows:]

23 [COMMITTEE INSERT]

24

25

1 Senator Wicker: So, thank you very much.

2 General Goldfein: Yes, sir.

3 Chairman Inhofe: Thank you, Senator Wicker.

4 Senator Kaine.

5 Senator Kaine: Thank you, Mr. Chair.

6 And thank you, to the witnesses.

7 The hearing, 3 weeks ago, was very gripping, very
8 graphic: poor communication, poor physical condition,
9 possibilities of retaliation, and overwhelmingly, a lack of
10 military oversight of this program. I'm going to be touring
11 Norfolk Naval Base tomorrow, and meeting with families
12 there. The housing companies, the seven, they must improve,
13 but it's the military that must solve this problem. People
14 didn't enlist to be a tenant of a private housing company,
15 they enlisted to be a marine, a soldier, a sailor, an airman
16 or -woman, or a coastie. And so, their deal is with you,
17 really, not with the housing company. You are obligated to
18 solve this problem for them.

19 A few questions. My understanding is, the contracts
20 with the private housing providers, since it was a new
21 initiative, offered the opportunity for the military to
22 reopen the contracts at the 5-year point to see how the
23 program was doing, and yet that opportunity was not taken up
24 by the military. Is that your understanding?

25 Mr. Spencer: Senator, as far as I'm concerned, that is

1 my understanding. The program, at that point, seemed to be
2 going swimmingly well, and I gather no one availed
3 themselves of the opportunity.

4 Senator Kaine: Any different testimony on that, or is
5 that generally understood?

6 Thank you.

7 I was a mayor, and I had a Code Office that used to do
8 code compliance inspections at housing all over my city. In
9 the first hearing, we asked the housing providers -- I asked
10 the question about whether they would agree with me that
11 somebody living on a base shouldn't be living in housing
12 that is substandard to the housing that surrounds the base.
13 And they all agreed with that proposition.

14 In your dialogue about solving this problem, are you
15 contemplating using the expertise of existing local housing
16 code compliance officials to try to make sure that housing
17 on a base is, at a minimum, equal to the standards in the
18 surrounding communities?

19 Mr. Spencer: Senator --

20 Senator Kaine: Secretary Wilson and then Secretary
21 Spencer.

22 Ms. Wilson: Senator, we actually think that we need to
23 improve the quality assurance -- many of these within our
24 military housing offices, because those are the ones that
25 are responsible to the base commander, and that this is a

1 command-chain issue. And where we've had housing -- private
2 housing contractors who are underperforming, we haven't
3 really had the support there for the wing commander to go in
4 and do the quality assurance that needs to be done. And so,
5 we think that that's where it needs to improve.

6 Senator Kaine: Secretary Spencer?

7 Mr. Spencer: Most definitely, across the board,
8 Senator. You've heard me say it before. I'm a firm
9 believer that we find the best practices, wherever they may
10 be. Here is an industry that is a robust, mature industry
11 in North America. Yes, we can find best practices and
12 incorporate it in our system.

13 Senator Kaine: I can see challenges of using local
14 officials. They might be pretty busy. But, the idea of
15 bringing in local code officials a couple of times a year --
16 base commander might work with them to come in and do spot
17 audits on a number of communities. Code offices would be
18 thrilled to help you with something like this. And that's
19 not to say that the military shouldn't have its own
20 expertise, but, when you have code compliance officers who
21 do this, day in, day out, in the very communities where
22 these folks live, who would be willing to help you, I think
23 you should take advantage of that resource.

24 The -- we are -- we will be voting next week on the
25 President's emergency declaration. The President's proposed

1 to pull \$3-and-a-half billion out of the MILCON budget, \$2-
2 and-a-half billion out of the drug interdiction budget
3 within the DOD. That funding source only has about \$85
4 million available in it right now. And so, the reports
5 we've read suggest that there would be an effort in the
6 Pentagon to pull money from other accounts into that
7 account, to plus it up to \$2-and-a-half billion. I am very
8 worried, in contemplating this particular challenge, that,
9 should this go forward, some of that \$6 billion could come
10 out of monies that would be needed to solve this problem.

11 I don't know whether you can answer this question or
12 not, but I want to ask it. Can you assure me that none of
13 the \$6 billion that is being pulled from the Pentagon budget
14 to deal with what General O'Shaughnessy testified last week
15 is a nonmilitary emergency -- can you assure me that none of
16 that money will come from funds that were slated to be used
17 to deal with base housing either here in the United States
18 or overseas?

19 Mr. Esper: Senator, I can assure you that that is
20 certainly my position, as well. And I've articulated that
21 to Secretary Shanahan. And I think there's general
22 agreement within the Department that we should not tap into
23 either military housing or barracks, I should add. But, I
24 don't have final say over that, so I cannot give the -- 100-
25 percent assurance. But, that's my view.

1 Senator Kaine: That's your recommendation?

2 Mr. Esper: Absolutely.

3 Senator Kaine: How about to the other secretaries?

4 Secretary Spencer.

5 Mr. Spencer: Same here. The prioritization, it's
6 right up there, and that would be my recommendation. Senator

7 Kaine: Right.

8 Secretary Wilson.

9 Ms. Wilson: That is my position, as well.

10 Senator Kaine: Thank you very much.

11 Let me ask one more question. The testimony last week
12 -- this hearing is very focused on military family housing,
13 as it should be. What are you doing to look at housing for
14 single members of the military? Are you also engaged in
15 that effort to try to make sure that they are living in
16 conditions that aren't substandard?

17 Mr. Esper: Senator, with regard to the inspections we
18 have underway right now, those also include barracks where
19 our soldiers live, so we want to make sure that -- and
20 they're -- we're picking up some issues there in the
21 barracks, also -- so, we want to make sure we address that.
22 And overall -- and Senator Reed mentioned it -- we want to
23 make sure that we're also checking in on our soldiers who
24 are off base. I think we have a responsibility to take care
25 of our soldiers, wherever they live, and their dependents.

1 Senator Kaine: Secretary Spencer.

2 Mr. Spencer: Again, Senator, as we said earlier, the
3 three of us are working together on this issue, and we're in
4 lockstep, doing the same thing that the Army's doing.

5 Senator Kaine: Great. Thank you.

6 Secretary Wilson -- or General Goldfein.

7 General Goldfein: Thanks, sir. And during my trip to
8 Keesler, I went and visited the dorms. I walked through the
9 dorms, as well, dorms built in 1951. And so, as we take a
10 look at this in the future, we're going to make sure that we
11 do not only military family housing, but all housing where
12 airmen live and work.

13 Senator Kaine: Mr. Chair, thank you.

14 Chairman Inhofe: Thank you.

15 Senator Rounds.

16 Senator Rounds: Thank you, Mr. Chairman.

17 Let me begin. I -- Ellsworth Air Force Base is in
18 Rapid City, South Dakota, and I -- immediately when this
19 started to come up, my thoughts went back to what we have
20 for housing at Ellsworth and so forth. And so, my first
21 question, I guess, would to Secretary Wilson. I'm just
22 curious. We all agree the maintenance issues that we're
23 discussing here today are simply unacceptable. Is
24 privatized housing still a viable option for our military
25 families? And if privatized housing is still the

1 appropriate and viable approach, what immediate and long-
2 term actions would you propose to fix these types of
3 problems?

4 Ms. Wilson: Thank you, Senator. I think many of us in
5 this room remember what housing was like in the mid-'90s and
6 early 2000s. And, while we are having problems with some of
7 our private contractors, I think, overall, housing is in
8 better shape than it was at the time that this initiative
9 was started. And so, I believe that -- and I saw it myself
10 at bases in New Mexico at the time, and I -- as a young
11 officer, I never lived on -- in on-base housing. I lived
12 off base, as a single officer. But, I do think that the
13 housing is better than what we had in the 1990s, overall.
14 That doesn't mean that we change our approach to demanding
15 that, when there is a problem, it is promptly fixed, and
16 fixed in a competent way.

17 There are a few things that I think will help. The
18 Tenant Bill of Rights, I think, will help, and it will allow
19 us to have some leverage to work through these contracts and
20 change the way things are managed. I think we do need to
21 strengthen the role of the base commander so that they have
22 input and control and leverage with the local contractor. I
23 think we need to improve the communications and feedback
24 loops for our airmen so they have multiple ways to address
25 problems, and, if they're not getting response, to get

1 somebody to help them in the chain of command. And finally,
2 we have an IG review underway that'll identify other
3 systemic fixes that the Chief and I will deal with. Those
4 are long term.

5 In the immediate term, we've got our command chain that
6 has identified and gone through houses, and we are focused
7 on fixing the problems that are identified.

8 Senator Rounds: Secretary Spencer, the same question.
9 Would you agree that this is still a viable option and
10 should be continued?

11 Mr. Spencer: Senator, when the hearings finished, one
12 of the things that I did was sit down with three of the
13 authors of this actual solution, back in 1996, and spent
14 some time with them as to how they addressed the problem
15 they were solving, and what the solution was. If you look
16 at the history of where we've been and where we are now, as
17 an example, the service secretaries met with the Private
18 Partner Venture partners once a month. Base commanders met
19 with the local Private Partner Ventures once a month. And
20 the program was going along quite well. The fact of the
21 matter is, we did take our eye off the ball. We know that.
22 That's why I'm telling you this is -- to solve this problem,
23 we have what we need right now, 80 percent of it, and we'll
24 let you know, obviously, if we need more as a backstop or
25 whatever we can call on you for the NDAA.

1 This is a viable solution. I was a single person also
2 when I was in the Marine Corps, but I have vivid memories
3 visiting my married friends, and the product is a much
4 better product that we have now. That does mean that we
5 need to fix this. And I think the tools that we have in the
6 immediacy and the long term will affect that.

7 Senator Rounds: Thank you.

8 Secretary Esper, same question.

9 Mr. Esper: Yes, Senator. From everything I've learned
10 to date, I believe it's a workable model. We need to
11 continue to study the issue and get back to you with any
12 recommendations. I think any program, over time, needs
13 adjustments, and that's the piece of this we owe you, in
14 addition, obviously, to the initiatives we are implementing
15 and the need for the chain of command to get back involved.

16 Senator Rounds: Thank you. I think the idea of a Bill
17 of Rights is very important, and I think it's one that I
18 think perhaps this committee may very well want to play a
19 part in, in terms of determining what it actually looks
20 like. I also think the fact that you have an ombudsman as a
21 part of the discussion is going to be critical, because I --
22 I think there's something else that has to be discussed, and
23 we haven't really talked about it yet, but there's clear
24 evidence of negligence, perhaps fraud, breach of contract,
25 with regard to the contractors and the way that they have,

1 in some cases, managed their responsibilities. I think this
2 list may very well continue to grow as you inspect these
3 facilities. Why have we not taken these contractors to
4 court, suing them on behalf of our families and our
5 government? And is the government too cozy with these
6 contractors to show them what they have done wrong, perhaps
7 immoral, and, in some cases, outright illegal?

8 Senator -- or, Secretary Esper.

9 Mr. Esper: Senator, I think you're asking many of the
10 same questions we are asking internally. I think we need to
11 look at the accountability aspects of this. They're -- I
12 have walked through some homes where I've seen work done,
13 where I don't know whether it is just simple, pure
14 incompetence or some type of fraudulent -- fraudulence or
15 negligence. But, you know, our immediate challenge right
16 now is fixing the problems before us with regard to work
17 orders, and getting the families right. But, I do think we
18 need a deeper look at the accountability aspects of this.

19 Senator Rounds: Will you commit to following through
20 and reporting back what you find with regard to any
21 anomalies that have to be pursued through legal channels?

22 Mr. Esper: Yes, sir, absolutely, and particularly with
23 regard to retaliation. So, that's what -- one of the issues
24 most acutely that troubles me. In fact, I had a discussion
25 just yesterday with one of the CEOs about an employee. And

1 I was very clear in stating that, "I want this matter looked
2 into, I want to know what you find, and I want to know how
3 this person will be held accountability -- accountable if
4 this behavior was ongoing."

5 Senator Rounds: Very good.

6 I have 1 minute left. Secretary Spencer, same
7 question.

8 Mr. Spencer: Same answer with -- we took a step
9 forward, we are launching Naval Audit to actually provide
10 some audit functions in certain areas where we have concern.

11 Senator Rounds: Thank you.

12 Secretary Wilson?

13 Ms. Wilson: Senator, we take all indications of fraud
14 seriously. We investigate them and will act accordingly.

15 Senator Rounds: Thank you.

16 Thank you, Mr. Chairman.

17 Chairman Inhofe: Thank you, Senator Rounds.

18 Senator King.

19 Senator King: Thank you, Mr. Chairman.

20 The key thing coming out of this, it seems to me, is
21 that good intentions and emergency discussions and, you
22 know, these kinds of reassurances aren't going to solve this
23 problem. This strikes me as a structural problem. And I
24 want to focus in on the contract with these entities.
25 Because here's the -- one of the problems is, the customer

1 on those contracts is the Navy or the Army or the Air Force,
2 not the tenant. So, any -- if -- enforcement of contract
3 has to rest upon the Navy, the Army, and the Air Force. Do
4 you see what I'm saying? That there's a disconnect there.
5 So, I presume these contracts -- I'll ask you, Secretary
6 Spencer -- are incentive-based, there are incentives for
7 good performance. Is that correct?

8 Mr. Spencer: That is correct, Senator.

9 Senator King: And second question is, Can these
10 contracts be modified in any way now? I know some of them
11 are really long term, like 50 years. Or is there any
12 reopener or opportunity to renegotiate at all?

13 Mr. Spencer: I would -- it being a document of
14 operation, I would hope we can -- I'm not a lawyer, but I --
15 we plan to actually open it up and address it with the
16 venture partners.

17 Senator King: I think that would be important. And
18 the incentives, it seems to me, have to be important. There
19 should be a approval rating, surveys of the tenants. And if
20 it's not above 90 percent -- I understand, in some of these
21 contracts, it's 75 percent. That's pretty low bar. And
22 they don't get paid if they don't meet that. That's the
23 structural part of it, seems to me, that needs to be
24 addressed.

25 Mr. Spencer: I would agree.

1 Senator King: And the question is -- let's say you had
2 a perfect contract, but, if it's not enforced, if it's not
3 managed properly by the service, then it's still not going
4 to work. And there has to be somebody, either at the base
5 -- and I don't know the answer to this -- either at the base
6 or at the Pentagon -- I would think the base -- who's
7 responsible and who's accountable for the enforcement of
8 this contract. My old management theory is, you need "one
9 throat to choke," somebody who is in -- one person who's in
10 -- accountable. And I hope that's part of your discussion.

11 Secretary Esper?

12 Mr. Esper: Yes, sir. I think there are multiple
13 facets to this issue that have to be attacked
14 simultaneously. So, there -- you know, first of all --

15 Senator King: You can have a perfect contract, but if
16 it's not managed properly, it's not going to work.

17 Mr. Esper: Absolutely. So, you know, the first
18 contract is the contract that the -- the leasing arrangement
19 that a resident comes in and signs. That needs to be
20 cleaned up, and that needs to be -- that needs to reflect
21 what's in the Bill of Rights. So, we need to update that
22 one. Then there's the contract at the garrison level, the
23 one that includes incentive fees and stuff like that. Those
24 incentive fees should also reflect what we want to pursue in
25 the Bill of Rights. It needs to reflect that, as well. And

1 then I need quality assurance people at each level handling
2 it. I'd -- we need -- as we discussed with the CEOs, we
3 need qualified professional people performing the work. The
4 Chief of Staff and I heard of instances where a employee
5 would come in to fix a -- fix something in a home, and he'd
6 have to pull out his iPhone and watch a YouTube video to
7 learn how to repair the work. So, this problem --

8 Senator King: I do that, too, but I'm not a
9 professional in repairing --

10 Mr. Esper: Exactly. So, we have to -- this problem
11 has to be attacked on multiple levels, certainly from the
12 contractors, and then we have an important role, at least
13 with the Army, in terms of doing quality assurance, quality
14 control, training our garrison commanders to make sure that
15 we implement and enforce the garrison-level arrangements
16 vigorously.

17 Senator King: Well, Secretary Spencer, it seems to me
18 that technology can help us out, here. You could develop a
19 -- I would call it a "rat app," where the tenant can take a
20 picture, send it -- it would automatically go to the person
21 who's responsible for managing the contract and the
22 contractor. And a clock would start running, and there
23 would be a way of keeping track of whether that repair was
24 made, and how it was made, and how soon it was made. This
25 is something that's within our -- within the realm of our

1 capability these days.

2 Mr. Spencer: Most definitely, Senator. That's the --
3 one of the three legs I was talking about: educate,
4 communicate, and pay attention. But, we are actually having
5 discussions with the venture partners right now about
6 inculcating one of those.

7 Senator King: Now, one of the -- the word
8 "retaliation" has come up several times in this hearing.
9 And I don't quite understand that. Who's retaliating?
10 Secretary Wilson, who are we -- what are we -- are we
11 talking about the military folks on the base retaliating for
12 a tenant complaining, or are we talking about the company?
13 Who's retaliating?

14 Ms. Wilson: Sir, I've asked, because I heard the
15 testimony, and that was actually -- from your hearing, the
16 thing that bothered me most was -- because if people feel as
17 though, if they act, there will be retaliation, then they're
18 not going to report problems and we're not going to know
19 what's going on. The fear -- the only one that I identified
20 and talked to a member about directly, where there was a
21 fear, had to do with the housing office calling the first
22 sergeant of somebody and saying, "Hey, your guy's making
23 problems over here." In that case, the first sergeant
24 talked to his member, and the member -- the airman said
25 exactly what was going on, and he said, "Wow. If you need

1 my help, man, what it -- how can I do to help -- what can I
2 do to help you?" But, there is a fear of potential
3 consequences if you complain, in some cases. Not that it's
4 -- I have not found a case where it happened.

5 I would also say, though -- you identified something
6 that I think is important -- that there was third-party
7 payment --

8 Senator King: Could you repeat that? I like hearing
9 that in these hearings.

10 [Laughter.]

11 Senator King: I'm just kidding. Go ahead.

12 Ms. Wilson: The -- you mentioned third-party payment.
13 I think this is one of those sources of frustration for our
14 airmen. They sign a lease, and their -- but their basic
15 allowance for housing goes directly, basically, from the Air
16 Force to the contractor. If you were downtown paying your
17 rent payment to your landlord, and you had a problem with
18 rats or mold or whatever --

19 Senator King: There's a direct relationship.

20 Ms. Wilson: There's a direct relationship. You can
21 report it. And if you don't get a satisfactory answer, you
22 can walk in and -- holding your check, and saying, "You
23 know, I'm not going to give you this until you fix this
24 problem." There's a greater feeling of control. And I
25 think that lack of direct control is the reason why, in this

1 Bill of Rights, we've included the right to withhold your
2 Basic --

3 Senator King: But, it's --

4 Ms. Wilson: -- Allowance for Housing.

5 Senator King: -- all for naught unless the customer,
6 which is you, enforce the contract on behalf of that tenant.
7 That's a crucial part of this.

8 Could -- I'm running out of time, but, for the record
9 -- not now, but for the record, could you all submit the
10 copies of these contracts? And they can be redacted for,
11 you know, proprietary reasons. I'd very much like to see
12 the terms and how the incentives are structured, and those
13 kinds of things.

14 Ms. Wilson: Yes, sir.

15 Senator King: If you could do that for the committee
16 --

17 Mr. Esper: Yes, sir.

18 [The information referred to follows:]

19 [COMMITTEE INSERT]

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25

1 Senator King: Thank you.

2 Thank you very much for your testimony.

3 Thank you, Mr. Chairman.

4 Chairman Inhofe: Thank you, Senator King.

5 Senator Cotton.

6 Senator Cotton: Good morning, to all of our service
7 secretaries and service chiefs. We rarely see all of you
8 together. I think that reflects the seriousness with which
9 this committee takes this problem.

10 I think we've all had the same reactions to the very
11 troubling reports of unsafe and unclean conditions at
12 contractor-managed housing at military bases around the
13 country. Stories are really terrible: kids struggling to
14 breathe because of black mold, lead paint, rodent
15 infestations, exposed wiring, doctors' office visits, where
16 doctors plead with the family to move out for the sake of
17 their child's health.

18 My office has reached out to Colonel Donohue, the 19th
19 Air Wing commander and installation commander at Little Rock
20 Air Force Base, to explore the issue there. It's not
21 perfect by any means, but it doesn't seem to have the same
22 systemic problems we have seen elsewhere. They've got about
23 1,000 total units under private management. About two-
24 thirds of those are occupied, and about two-thirds of those
25 report no problems or did not request an inspection. That

1 still leaves over 200 visual inspections that led to -- that
2 identified problems that are currently being remediated,
3 like moisture and lead paint and rodent infestation.

4 Secretary Wilson, General Goldfein, I know that you
5 will work to make sure that those conditions are remediated
6 promptly.

7 I also want to commend the Military Family Advisory
8 Network for the work they've done bringing this situation to
9 everyone's attention. We ought to address it with the
10 utmost speed. We already ask a lot from our troops and our
11 military families, to sacrifice in terms of their freedom
12 and their comfort for ours. I think the least we can do is
13 to make sure that they have a safe, clean home whenever they
14 get off duty or when they're downrange and their husbands
15 and wives and kids are back, by themselves.

16 I think we've explored a lot of the fundamental issues
17 already, so I want to give our service secretaries and
18 service chiefs an opportunity to speak directly to some of
19 their troops and families around the world. I know that you
20 don't often get a chance to do this, but this is a pretty
21 high-profile hearing. It will probably be highlighted on
22 the Armed Forces Network and on military family social media
23 sites and in your services' respective media outlets.

24 Everyone on this panel has been a lieutenant or an
25 ensign before, so I know you've all worked with junior

1 soldiers, sailors, airmen, and marine to address their
2 housing concerns. Obviously, when you sit in the Pentagon,
3 at the top of your service, you can't have visibility into
4 every single one of those, but I know we do expect our young
5 platoon leaders and platoon sergeants and section chiefs to
6 be on top of their troops' living accommodations.

7 So, starting with General Milley and going down the
8 row, let's just speak directly to each one of those platoon
9 leaders, platoon sergeants, squad leaders, and team leaders.
10 You do want them to be on top of the living situation of
11 every one of their soldiers, whether they live in on-base,
12 off-post housing, or they have a family. Is that correct,
13 General Milley?

14 General Milley: That's correct, Senator. And I would
15 say that, as it's been true for 10,000 years of military
16 history, a commander, it's a very special duty position.
17 It's a privilege, it's not a right. And our duty, as
18 commanders, is to be responsible for everything our units
19 fail to do or succeed at. That's a long tried-and-true
20 tradition. That includes housing, readiness, training,
21 fighting, taking the hill, doing whatever. And that
22 includes housing. So, I want all of the soldiers out there
23 to know that their chain of command is now fully engaged,
24 and it is our personal responsibility, and we will be held
25 personally accountable for the condition of their living

1 quarters or their houses.

2 Senator Cotton: Thank you.

3 Admiral Richardson?

4 Admiral Richardson: Senator, the same. It's a
5 privilege to lead our sailors in the United States Navy.
6 And that -- I agree with you that the center of gravity is
7 that small-unit leadership. And it is not only a privilege
8 to become a small-unit leader, a senior enlisted leader, or
9 a junior officer, but it's also one of the most rewarding
10 things that you can do, to develop those people under your
11 charge. That development starts with ensuring that the
12 fundamentals, the basics, are taken care of. And I would
13 include not only housing, but also pay, food, safety, all of
14 those things that are just absolutely fundamental to human
15 existence. I'd just say, to all of our sailors and those
16 small-unit leaders, we're committed to making that
17 relationship productive. Those leaders will be our sailors'
18 advocates as we navigate through the recovery process, here.
19 We will move out with urgency, and we will, to Senator
20 King's point, establish a structure that will be sustainable
21 so that we don't find ourselves here again in 5 or 10 years.

22 Senator Cotton: Thank you.

23 General Neller?

24 General Neller: I would say this not just to the
25 small-unit leader, but the entire chain of command. The

1 Nation expects their marines to be the most lethal, ready
2 force on the face of the Earth. And now we have a lot of
3 things to do to achieve that requirement. But, part of that
4 is taking care of our families and our marines and where
5 they live, whether it be in the barracks, whether it be in
6 base, government-owned PPB or out in town. And so, this is
7 part of our responsibility. I mean, that goes with being a
8 commander, being a leader. You're responsible for all your
9 unit does or all it fails to do.

10 And so, I need everybody to understand why we're doing
11 this. It's part of readiness. We need our families ready.
12 We need -- a marine can't be ready if he's not -- he or
13 she's not living in a secure, safe place.

14 And so, I personally commit that we'll get after this.
15 I agree with Secretary Spencer, I think -- and Chairman
16 Inhofe mentioned this -- you know, back in the day, you
17 know, it was a different place, a different time. And I
18 think we took our eye off the ball. We've been a little
19 busy the last 17 years, as you know, Senator, but that's no
20 excuse. And so, we've got to reeducate ourselves about what
21 our responsibilities are as unit leaders, and that includes
22 taking care of the families.

23 Senator Cotton: General Goldfein.

24 General Goldfein: Thanks, Senator. You know, when I
25 talk to young command-team groups, senior officers, officers

1 and NCOs, you know, I tell them that we -- a lot of things
2 we do as senior leaders, we do the best we can. There's one
3 thing we do that's nothing short of sacred duty and a moral
4 obligation, and I believe it's our mirror check. And that's
5 to ensure that every airmen that we send into harm's way to
6 do the Nation's business is properly organized, trained,
7 equipped, and well led. And then, when they get the job
8 done and return to their families, we've taken care of them
9 while they've been gone. That's a moral obligation. And
10 so, my message to all airmen is that we are not going to
11 stop until we ensure that we have the system right to take
12 care of them.

13 Senator Cotton: Thank you, General Goldfein.

14 If I could plead for 30 seconds, Mr. Chairman, I think
15 it's very important that our troops hear this. As Senator
16 King said, there have been reports of retaliation and
17 reports of nonresponsiveness to complaints. I would just
18 like our service chiefs to speak directly, once again, to
19 their troops and assure us, yes or no, that there is zero
20 tolerance for any retaliation if you complain about the
21 conditions of your residence.

22 General Milley.

23 General Milley: Absolute zero tolerance.

24 Senator Cotton: Admiral Richardson.

25 Admiral Richardson: Same. Zero tolerance.

1 Senator Cotton: General Neller.

2 General Neller: Zero tolerance.

3 Senator Cotton: General Goldfein.

4 General Goldfein: Four.

5 Senator Cotton: There you have it. Family members and
6 troops on the front lines, when you have these problems, the
7 top boss in every one of your services has said there will
8 be zero tolerance, there will be immediate responses to your
9 problems. You should bring them forward and make sure that
10 you and your families have a safe residence while we work
11 through the bigger structural problems we have.

12 Chairman Inhofe: Thank you, Senator Cotton.

13 Senator Heinrich.

14 Senator Heinrich: Thank you, Chairman.

15 Secretary Esper, I want to start with you. And I
16 certainly agree that we need a Tenant Bill of Rights. And
17 we've heard a lot of really good testimony from all of you,
18 and a lot of good questions from my colleagues, about using
19 that as a tool to address the unresponsiveness between some
20 of these contractors and people in the housing, as well as
21 the issue of who is the customer. Because I can tell you,
22 from personal experience of people who've reached out to me,
23 both a concern that they would be held -- or that there
24 could be retribution when they raise issues, and then also
25 the issue of not having the contractor be adequately

1 responsive because they're not the customer.

2 But, I want to switch gears and maybe come back to that
3 issue and address the other half of this, because I think
4 half of this is contract quality and enforcement of that
5 contract, and half of it is basic standards and enforcement
6 of those standards. So, I want to understand the lay of the
7 land across the board. You know, we heard from a former
8 mayor. I'm a former city councillor. Any mayor,
9 councillor, or county commission will tell you that the --
10 we have tools to deal with this. They're building codes.
11 And I want to understand, across all of the surface --
12 services, what the current standards are.

13 So, Secretary Esper, in the Army, what is the building
14 code standard that base housing must be built to in your
15 service branch? Is it uniform or is it governed by the
16 local or State building code standard at the site?

17 Mr. Esper: Yes, sir. My understanding is that, under
18 the umbrella agreement under which this privatized housing
19 operates, that the commitment is that the privatized housing
20 would abide by local standards.

21 Senator Heinrich: Okay.

22 Mr. Esper: And it would be overseen by them, as well.
23 That said, I would want to take a look at what those
24 standards are to make sure that they meet what our
25 expectations are as leaders. We need to -- we may need --

1 well need higher standards and a common standard, if you
2 will. We've talked a lot about commonality here with regard
3 to leasing agreements. I think common standards, common
4 high-quality standards are the way to go.

5 Senator Heinrich: I think you're dead-on, and I think
6 you're on to something here, because there is a patchwork of
7 standards across the United States. County and city, we
8 have -- you know, Secretary Wilson is very familiar with
9 Kirtland Air Force Base, a few blocks from my house. They
10 do not fall under the City of Albuquerque's jurisdiction,
11 because that's where the boundary for the city stops.
12 They're under the State or county standards. So, I do think
13 it makes sense for all of us to look a uniform standard that
14 may be a higher bar, for safety, for comfort, for energy
15 efficiency, than what may be appropriate at the local level
16 or what local politics might dictate.

17 So, for the other service secretaries, what is the
18 current standard, and what is your opinion on the sort of
19 approach that Secretary Esper just --

20 Mr. Spencer: Senator, to underscore the fact we
21 probably need standardization, it's my understanding that we
22 are held to a government standard, a DOD-oriented government
23 standard. And my naval facilities organization oversees the
24 enforcement of those standards on original construction.

25 Senator Heinrich: Secretary Wilson.

1 Ms. Wilson: Senator, the Air Force Civil Engineering
2 Center does -- oversees uniform DOD standard for
3 construction. I think where we've had problems is in
4 quality assurance of repairs, and quality control. And that
5 is often a manning issue. And we need to address that
6 issue, base by base.

7 Senator Heinrich: Who -- for each of the secretaries
8 once again, who would be responsible in your service branch
9 for performing basic inspections to make sure that either
10 new or existing construction meets code and/or meets the
11 standard for repairs?

12 Mr. Esper: Senator, I think, if it's new construction,
13 it's likely our Corps of Engineers would responsible. And I
14 think, in all cases, whether it's that and repairs, it would
15 be the garrison chain of command. And I'd be remiss if I
16 didn't say, at the end of the day, the chain of command of
17 that soldier being involved is -- certainly on work orders,
18 will be extremely important.

19 And, to Secretary Wilson's point, we're looking at the
20 same thing. As we staff up at all of our installations,
21 making sure we have sufficient quality assurance, quality
22 control personnel, at every step of the process, are
23 involved and either doing a 100 percent, depending on the
24 nature of -- if it's an -- life, health, and safety work
25 order, or spot-checking if it's a routine work order.

1 Senator Heinrich: Okay.

2 Secretary Spencer.

3 Mr. Spencer: In the case of the Navy, sir, CNIC and
4 then that local housing office would be the responsible
5 parties. Again, just reverberating what Secretary Esper and
6 Secretary Wilson said, the quality -- it's the quality
7 control and quality assurance aspect that is going to be the
8 real nuts and bolts to make sure that we enforce what we
9 have.

10 Ms. Wilson: Senator, on your bases, you will have a
11 housing management office that is, as I -- as we mentioned,
12 undermanned for quality assurance. The civil engineering
13 squadron, with support from the Civil Engineering Center,
14 assesses and -- the compliance with code-like items.

15 Senator Heinrich: I want to thank all of you for the
16 commitment that you made to Senator Cotton with regard to
17 retribution. I also want to ask, What are we doing to make
18 sure that commanding officers understand that, as well as
19 sending that message to the -- to rank and file? I have had
20 at least one constituent raise the issue that they were
21 afraid to bring some of these issues forward. So, what is
22 the mechanism, Generals and Admiral, for just sending that
23 message, loud and clear, that, "We have an issue, and, if
24 you raise issues, you're going to be listened to, and you're
25 not going to be held to some form of retribution"?

1 General Milley: The chain of command is command
2 information mechanisms throughout the force to get that word
3 out, but it is well understood that any sort of action, a
4 reprisal action or retribution action, against anybody who
5 raises a complaint about anything, whether it's the IG, the
6 EO, the EEO, housing, or, you name it -- it is illegal. It
7 is not just against policy and regulation, it is illegal.
8 And you will be held accountable if you engage in any sort
9 of reprisal action against anybody who raises a complaint
10 about anything. It's zero tolerance, period.

11 Senator Heinrich: Admiral?

12 Admiral Richardson: Senator, if I could, I'd just
13 agree with General Milley. But, just to make sure that we
14 were clear here, it was a specific part of the NAVADMIN
15 message that I sent to the Navy to make sure that we are
16 particularly sensitive to this, because perception can be --

17 Senator Heinrich: Right.

18 Admiral Richardson: -- as powerful as reality here.

19 Senator Heinrich: Exactly.

20 Admiral Richardson: And then, all of our -- I did a
21 social media post, made it clear there. The inspection
22 guide -- the visit guidelines for visits to homes include a
23 part of this, so we're being extremely sensitive to making
24 sure that, certainly, we meet the legal requirements, but we
25 also, from a perception/management thing, are open to this.

1 General Neller: I agree with both the Chief and the
2 CNO. In the white letter I sent out to all commanders,
3 directing the housing outreach, with the intent to visit, at
4 the permission of the servicemember, their home, either in a
5 PPB or out in town. There's very clear guidance on what
6 they can and cannot do, and what the -- whether they refuse
7 the visit or not. But, as General Milley said, any reprisal
8 on any -- anyone who makes an allegation, it is illegal.

9 Senator Heinrich: Thank you, Mr. Chair.

10 Chairman Inhofe: Thank you.

11 Senator Hawley.

12 Senator Hawley: Thank you, Mr. Chairman.

13 I'd like to go back to the subject of contracts. I
14 understand that Senator King asked about some of these
15 contracts with the private entities, and requested copies of
16 relevant contracts. I'd like to see those, as well.

17 But, let me begin by directing this towards the service
18 secretaries. Secretary Esper, I noticed, in your written
19 testimony, you talked about the model, the -- this model of
20 private housing, private partnership, and you say, "It
21 assumes -- the model assumes that the contractors, with
22 sufficient oversight, will continue to maintain the quality
23 of these homes." I note the verb, "assumes." Do these
24 contracts lay out particular standards? Are these private
25 housing operators, are they contractually obligated to

1 maintain particular standards in these housing developments?

2 Let's -- we'll start with you, Secretary Esper.

3 Mr. Esper: Yes, sir. I've reviewed a few of them,
4 and, having read through them, there are standards in there.
5 But, I do think we need to look into them, renegotiate them,
6 and make sure that the standards are high and sufficient and
7 meet the Bill of Rights that we've outlined here today.

8 Mr. Spencer: Senator, the standards are there. We
9 need to enforce the standards. It's, again, not a brilliant
10 flash of the obvious. We were not keeping our eye on the
11 ball. The housing office needed to be the quality control
12 check and balance, here, if there was a complaint. We have
13 the processes. We have to -- now we have to live up to
14 performing the processes.

15 Senator Hawley: Same for you, Secretary Wilson?

16 Ms. Wilson: Senator, they're -- the contracts do have
17 standards in them. The issue is ensuring that we enforce
18 those standards when we have a contractor who is a sub-par
19 performer.

20 Senator Hawley: So, under the contracts, who is
21 charged with enforcing the standards? And have the -- it's
22 you? I mean, who has the authority, contractually, to
23 enforce these standards and see that they're maintained?

24 Ms. Wilson: Senator, in the case of the Air Force, the
25 Air Force Civil Engineering Center has a contract manager.

1 The housing management office actually has a dual chain of
2 command to both the base commander and to the Air Force
3 Civil Engineering Center.

4 Mr. Spencer: Senator, we have the same structure with
5 CNIC. But, to go back to what Senator King said, you need
6 "one throat to throttle," and that's the service
7 secretaries. The structure that you'll hear about is that
8 the government is a passive partner in this. But, passive
9 partner does not mean getting involved in standards and
10 enforcing what we have. We have the agreement. Now enforce
11 the agreement and the standards. And that can be done at
12 our level on down.

13 Mr. Esper: Senator, there's supposed to be an
14 overarching RCI partner entity doing oversight. I think
15 it's insufficient. At the Army garrison level, it would be,
16 of course, our -- again, our garrison command, through its
17 Department of Public Works, doing that. And we need to
18 staff back up and get more aggressive on that. One of the
19 things we are proposing is a -- for example, 100-percent
20 inspection of all life, health, and safety work orders, 100-
21 percent presence in all transitions when somebody moves in
22 or moves out of a home, and then spot-checking pretty
23 aggressively all other work orders. And than, again, I'd be
24 remiss if I didn't add in, the chain of command has the
25 responsibility to check in on their soldiers, as well, if

1 they're having problems with work orders, customer service,
2 you name it.

3 Senator Hawley: The Tenant Bill of Rights that you've
4 -- each of you has mentioned now a number of times, will --
5 do you anticipate incorporating that Bill of Rights into
6 these contracts with the service providers so that they're
7 contractually enforceable?

8 Ms. Wilson: Yes.

9 Mr. Spencer: Yes, Senator, that's exactly what we're
10 talking about. We -- this is a draft, but we want to fine-
11 tune it to make sure it has the teeth, and that teeth relies
12 in the contract agreement.

13 Mr. Esper: Yes, sir. I think we need to
14 operationalize each part of it into the individual home
15 agreement between the provider and the resident. And we
16 also need to look at operationalizing key parts of it into
17 the incentive fee structure and everything else so that
18 we're hitting at multiple levels and enforcing it that way.

19 Senator Hawley: Going back to -- a second, to your
20 oversight, and the thing about the garrison staff. And
21 we've seen reports that there's been significant cuts in the
22 number of civilian employees who actually look at these
23 installations, run the installations. In some cases, I've
24 heard as much as 90 percent. So, that even if you do have
25 the contractual -- you're telling me now you have the

1 contractual authority to inspect these properties, but it
2 sounds as if there may have been nobody around to actually
3 do it. Is that accurate? And what are you going to do
4 about it?

5 Mr. Spencer: Senator, that's a -- this is one of the
6 observations that we've made, and we're going to -- we --
7 one of the things we might be doing is coming back to you
8 all for the direct-hire authority to increase staffing.

9 Mr. Esper: Yes, sir, it looks like, over a period of
10 time, beginning around 2010-2012, we began making
11 reductions. We're anywhere from one person to ten people.
12 We didn't go to zero anywhere, as best I can tell, but we
13 did make reductions. And we're now looking at, How do we
14 staff back up to ensure we can do adequate quality assurance
15 and quality control, based on some of the ideas I shared
16 with you earlier?

17 Ms. Wilson: Senator, we have a similar kind of
18 situation. One of the bases that I went to was one that was
19 rated as performing well. And when you have a contract
20 housing office, where the contractor is performing well, we
21 probably have enough people in that housing office to do the
22 work. But, when performance starts to slide, that's when it
23 becomes overtaxed. So, how we put the people back in to
24 give support to the base commanders where it's really needed
25 is, I think, the -- going to be the key decision point.

1 Senator Hawley: Let me go back, for a moment, to the
2 contractual arrangements. How do you anticipate changing or
3 altering these contracts in order to ensure that the private
4 providers are appropriately incentivized and penalized, when
5 necessary, for maintaining adequate housing, for responding
6 in real time to complaints, and generally doing what they're
7 supposed to be doing? I mean, how is this -- I mean, look,
8 I'm a -- let's just cut to the chase here -- I'm a lawyer.
9 We can talk all you want about ideals and aspirations and
10 Bills of Rights. If you don't make them enforceable, if you
11 don't put them in contracts, if there isn't real bite behind
12 them, it's not going to go anywhere, and we'll be right back
13 here 5 years from now with people saying that, "I know what
14 the Bill of Rights are. There's nobody who I can go to
15 enforce it. There's nowhere to get it done." We don't want
16 to do that. So, what are you going to do to make it
17 enforceable so that we're not back here doing this again in
18 a few years?

19 Go ahead, Secretary Wilson.

20 Ms. Wilson: Senator, I'm not a lawyer, but I do
21 understand the incentives and how they're not set up
22 properly. I think that the answer to this is to get less
23 quantitative about these incentives, because those can
24 always be gamed. We need to put authority with the base
25 commander so that that local contractor knows that the base

1 commander can say, "No, that work isn't good enough," and it
2 can impact their bottom line.

3 Mr. Spencer: Senator, I look forward to having the
4 negotiations with the Private Partner Venture partners to
5 see how we can come to a solution that provides us what we
6 need for the product that we require to be delivered. I
7 can't give you exact levers right now, but, like I said, in
8 the whole Bill of Rights, it will not work, it'll be a puff
9 piece, unless we link that into the agreements, whether at
10 the local lease level or at the operating level.

11 Mr. Esper: I completely agree with my colleagues on
12 this matter.

13 Senator Hawley: Thank you, Mr. Chairman.

14 Chairman Inhofe: Thank you, Senator Hawley.

15 Senator Peters.

16 Senator Peters: Thank you, Mr. Chairman.

17 And thank you for all of you being here. And I
18 appreciate your attention to this issue, and, obviously,
19 very serious attention to the issue that you're taking.

20 I think I -- I think it's important for us to step back
21 and take a personal look at how this is actually impacting
22 an individual in a family. And I'm -- I want to recognize
23 that there are two folks in the audience here today from --
24 are both Michiganders: Rachel Kilpatrick, who is a soldier
25 stationed at Fort Bragg, in North Carolina. She's here with

1 her husband, Calvin. And I had a -- the honor of meeting
2 with them, talking indepth about kind of the troubles that
3 they went through, really kind of a nightmare that they went
4 through in relation to their home. In fact, their home at
5 Fort Bragg has been recently deemed unliveable. To think
6 they were living in a home that was deemed unliveable is
7 pretty outrageous. It was infested with termites, it had a
8 severe outbreak of black mold, which caused significant
9 health issues for her family.

10 You're not going to be able to see this, but I'm sure
11 you've seen some of these pictures. I'm sure, General
12 Milley, Secretary Esper, you've seen some of this when you
13 visited Fort Bragg. Thank you for being there. But, for
14 the others, you know, this is a picture of their home. It's
15 -- I'll describe it. There's this black mold all through
16 the wood here in the frames, along the floor, along this
17 beam. It's pretty despicable as to where they were living.
18 And it's no wonder that they've had some significant health
19 impacts, particularly with Calvin, talking about respiratory
20 issues related to that.

21 And what gets me as I see this, and then I hear from
22 contractors who say that, "Well, maybe we should adjust the
23 BAH formula to provide more money for this." And then, this
24 is a public picture that was out. This is the landlord for
25 this property, who has 100-acre estate. I think this is his

1 dining room. This is a pretty nice dining room for the
2 landlord. Probably can't see that, but that's a pretty
3 amazing picture. So, it doesn't sound like he's hurting too
4 much, although he thinks, "Maybe I can't maintain this
5 property while I dine with my friends at this incredible
6 mansion on 100 acres." It brings back visions of the term
7 "land lord" back in the medieval days, where the landlords
8 lived like this, and other folks lived like this. Of
9 course, these folks are our soldiers, sailors, airmen,
10 marines, who are serving our country, and serving it with
11 honor. This is simply unacceptable for us to treat this
12 way.

13 Her husband, Calvin, is an example of someone who's now
14 suffering from some health issues, some respiratory issues.
15 He told me this morning that what he wanted to do was join
16 the Army, that his wife was going to have -- they were going
17 to have children. He would join the Army. But, now,
18 because of respiratory issues that may actually be a result
19 of living in this condition, he won't be able to join the
20 Army and serve his country, something that he wants to do.

21 So, as we move forward -- and all of you have made a
22 great commitment to moving forward -- what are we going to
23 do about the people who are suffering from health issues as
24 a result of living in these conditions in the past? Let's
25 not forget what has already happened as we look forward. If

1 you could tell me, How do we hold these landlords
2 accountable for health issues? This is a process that
3 supposedly was going to save taxpayer money, but now we have
4 people in TRICARE and other health, we've heard instances
5 where children may have been impacted as a result of living
6 in these kinds of facilities. What are we going to do?

7 We'll start with Secretary Esper, each of the
8 secretaries. What are we going to do to go back to make
9 sure those who were harmed in the past, that we hold these
10 landlords accountable for what they did to some of our
11 wonderful servicemembers?

12 Secretary Esper?

13 Mr. Esper: Well, Senator, first of all, for sharing
14 that. I want to thank the family for coming forward. And,
15 much as I did in all the families I've spoken to, the Chief
16 and I and the spouses we met, again, wholeheartedly
17 apologize that they have to live in such despicable
18 conditions. It is unconscionable that that would happen.
19 And it's troubling, the story you convey.

20 I -- you know, first of all, the first concern,
21 obviously, to -- is to the health of the soldier and the
22 family members. And we've talked to our doctors about this.
23 I visited Womack and spoke about this when I was at Womack
24 Hospital, at Fort Bragg. And, of course, I encouraged them
25 to immediately see their primary care provider and, if

1 they're not getting any attention, we'll meet with them
2 immediately after this hearing and make sure we get them
3 connected to the right people, specialists, as need be.

4 And then, I think you're right, over the long run, one
5 of the things the Army is doing is making sure we can track
6 the houses, and make sure we know who's lived in those
7 houses, year over year over year, and certainly, of course,
8 track our -- this -- the medical status of our soldiers and
9 their dependents to make sure we understand if there are any
10 relationships over the long haul. And I think we need to
11 pursue aggressively, if there's accountability, if there's
12 some -- something that was caused by active negligence of
13 the private contractor, to hold them liable. But, at the
14 end of the day, the Army's going to take care of its own.
15 We're not going to -- we're going to make sure that we take
16 care of their needs, medically and healthwise.

17 Senator Peters: Well, the important point is, you will
18 hold these landlords accountable.

19 Mr. Esper: Absolutely. I think they're the -- the
20 first recourse is -- they had a responsibility to maintain
21 quality homes, and, in that case, clearly, the homes I saw,
22 that Senator Tillis joined me with down in Fort Bragg, they
23 were not doing that. And in other places that the Chief and
24 I and other members of the chain of command have doing, they
25 are not maintaining the quality that they are responsible

1 for.

2 Senator Peters: Thank you.

3 Secretary Spencer.

4 Mr. Spencer: Senator, I reverberate what Secretary
5 Esper just said. And, first of all, we have one of the best
6 healthcare systems around for our sailors, soldiers,
7 marines, airmen, guardsmen, and their families. That's
8 number one, is their health. Number two is doing what
9 you're talking about doing, which -- hold accountability.
10 The agreements, the master operating agreements, have the
11 requirement for the product they have to deliver. They will
12 be held to that standard in the contract.

13 Senator Peters: Thank you.

14 Secretary Wilson.

15 Ms. Wilson: With respect to the health issues, the
16 most important thing for a member who thinks their health
17 has been affected is to go to the military treatment
18 facility and get evaluated and treated, and have it
19 documented. Each of our bases have legal assistance to help
20 family members identify what their options are and to be
21 able to work those through with respect to a claim towards
22 this provider. But, it raises another issue. And I'll
23 defer to the Chief on this.

24 General Goldfein: Yes. Senator, you know, central to
25 your question, too, is -- you know, what Chairman Inhofe

1 brought up in the beginning, which is, When did we know, and
2 how did we know it, and how did we not see the breakdown in
3 trust that was occurring? Now what are we doing about it to
4 make sure that can't happen again? So, what we're in --
5 putting in place is -- there are five methods of what I call
6 "avenues of alarm," right, when there's safety or security
7 -- the issues like you bring up, that has to generate
8 command-team action and followup. The first one is, you go
9 to your housing management office, which is your first line
10 of defense at the base, your advocate. That's got to
11 trigger action and followup. The second is, you go to your
12 command team, first sergeant or a commander. That's got to
13 trigger action and followup. The third is, you go to your
14 medical provider and say, "I think I have a health concern
15 with my children, and it's associated with my home." That
16 can't stop within the medical community. It's got to get to
17 the command chain and trigger an alarm. The fourth method
18 is, if -- I visited a Navy family who's living on an Air
19 Force Base, and I was concerned with -- that they were told,
20 "Well, you're Navy, so you have to go through Navy chain."
21 Not on our bases. If they're on an Air Force Base, they're
22 ours, and we're going to take care of them within the Air
23 Force chain. And I know my teammates feel the same way
24 about airmen on their bases. And the final is a 24-hour
25 hotline that they can call. And if none of those top four

1 work, they call the hotline. This morning, unknown to
2 anybody in my staff, I called it and checked in to make sure
3 that it is up and operating, and that the checklists are
4 there. It's up and operating. We have some work to do on
5 it. But, those avenues of alarm have got to get to the
6 command chain and leadership so we can follow up and take
7 action.

8 Chairman Inhofe: Thank you, Senator Peters.

9 Senator Ernst.

10 Senator Ernst: Thank you, Mr. Chair.

11 And I want to thank everybody for coming forward today.
12 And, Secretary Spencer, I think you painted it quite
13 appropriately, that, you know, you're glad to be here, but
14 you wish you weren't here. This is a topic that we
15 shouldn't be addressing in today's age.

16 I was a young military spouse, many, many years ago,
17 married to an NCO, and we had similar issues. They are not
18 nearly as bad as what we have seen from our families. I
19 remember living in Indianhead at Fort Benning, Georgia, and
20 the roaches were horrible, so bad that my husband and I did
21 have to move into another set of quarters. They couldn't
22 get rid of them. But, we had to do it at our own expense.
23 I thought that that would have been alleviated, 20-25 years
24 later. Obviously, it hasn't.

25 Now, early 2000, living on Eglin Air Force Base, Army

1 unit, belonged to Fort Benning, but we were living on Eglin.
2 And the mold problems in Florida, horrible. The guys living
3 in our barracks out there on the ranger camp, subjected to
4 holes in the walls. You could see daylight. It took a lot
5 of arguing between the service branches to get that taken
6 care of.

7 This shouldn't happen, folks. We really owe it to our
8 servicemembers to do better for them and their families.
9 And I'm thankful that you understand that. I'm just sorry
10 that it took their situations coming to this level to be
11 taken care of, when it could have been taken care of at a
12 much lower level, in a more expedient manner.

13 So, I'm glad we have the opportunity to straighten this
14 out. My fear is that we'll raise the issue, we'll have
15 these discussions, but we won't see the necessary
16 followthrough.

17 So, do we have a timeline? I'd like to hear from all
18 of you. We've talked about the Tenant Bill of Rights.
19 We've talked about other types of actions that can be taken.
20 But, what is our timeline, moving forward? When can we
21 expect to see this? When will those corrective actions be
22 taken for our families?

23 Secretary Esper, can you start, please?

24 Mr. Esper: Thank you, Senator, for your comments and
25 your service, as well.

1 I think we look at this, generally, in terms of
2 immediate, mid, and near term. The immediate challenge
3 right now is to knock down all the life, health, and safety
4 work orders. That's happening right now on all 49 Army
5 installations. Get those resolved, and then take care of
6 the other work orders, as well.

7 And then, I think, in the mid term, what we need to do
8 is, at least with regard to the Army, staff up quality
9 assurance, quality control. We need to make sure that we
10 have adequate independent, objective reporting systems on
11 our Army bases to make sure we understand customer --
12 soldier satisfaction with the customer service being
13 provided, and a few other things there.

14 And then, in the long term, we really need to -- and I
15 think this will happen over the coming weeks -- we need to
16 finalize the Bill of Rights, looking for input from
17 Congress, and then begin negotiating that and the leases and
18 all the other pieces of that, that we discuss today, to make
19 sure we get it contractually bound for the long term.

20 And then there are other longer-term issues:
21 reeducating our garrison commanders, our chain of command.
22 The bottom line is, this problem didn't come up overnight,
23 it evolved over years, and I think it's going to take some
24 time to get it finally resolved and in place and intact, and
25 maintain the close supervision so it doesn't fall back off

1 the radar screen.

2 Senator Ernst: And, Secretary, do we have a timeline?
3 What do you envision? What do you think is realistic? What
4 can we tell our military families -- when this will be
5 implemented? Bottom line, Tenant Bill of Rights.

6 Mr. Esper: Right. I wanted -- I want to believe we'll
7 -- it -- we'll finalize the Bill of Rights, here, in the
8 next few weeks, with your input, and then begin discussing
9 with the contractors. We -- the Chief and I have already
10 had some discussions with them, generally in favor, in terms
11 of principles we outlined 2 weeks ago. But, then I think
12 it's the hard work at -- Senator Hawley talked about -- is
13 getting lawyers and making sure we change all the
14 agreements. So, I would hope that we'd be able to do this
15 in a few short months, to make sure it's all in place and
16 lined up, and then we're working against these new
17 standards, we're working against contractual obligations,
18 and we have our chains of command in place, with the right
19 people at the garrisons to make sure that we do the new
20 proper oversight.

21 Senator Ernst: Secretary Spencer?

22 Mr. Spencer: Senator, if you just cruise the Web and
23 look for communities, whether States or right here in the
24 District of Columbia, their Bill of Rights for Tenants,
25 almost every single case I looked at, each item in the Bill

1 of Rights was backed with a code. That's what we have to
2 do, in that light, is to put the teeth in the agreement that
3 references the terms that we're giving them. I agree with
4 Secretary Esper. I want to make sure that we get this in
5 its fundamental basis through your-all's input, families'
6 input, et cetera, and then sit down with the Private Partner
7 Ventures.

8 I will tell you, just to manage expectations, some of
9 the things we'll ask for will probably take bondholder
10 concurrence, so there are parties that have to be addressed,
11 here. I would say 90 days, is what I'd be looking at, just
12 my eyeball of it.

13 Senator Ernst: Okay. Thank you.

14 Secretary Wilson?

15 Ms. Wilson: Senator, I completely concur with my
16 colleagues on this.

17 Senator Ernst: Okay. I appreciate that very much.

18 Now, I thought it was really interesting, Senator
19 Peters bringing up the "land lords." Truly, different
20 situation, centuries ago, but it begs the question -- we
21 know that the garrison commander typically makes the
22 determination each quarter on the percentage of the
23 quarterly incentive or bonus payment that the private-
24 partner landlord receives. What is that average percentage
25 that those landlords are receiving, that private partner?

1 What -- do we know what that is? And can that be presented
2 here today?

3 Ms. Wilson: Senator --

4 Secretary Esper or -- oh, Secretary Wilson, did you --

5 Ms. Wilson: Senator, I was just going to say, in our
6 -- we have 32 different agreements, those 32 different
7 contractors. Two of those 32 have no incentive fees.

8 Senator Ernst: Okay.

9 Ms. Wilson: Thirteen of 32 don't have the garrison
10 commander or the base commander evaluation. Seventeen of 32
11 do have a base commander evaluation component. And, where
12 we have it, it's generally between 5 and 10 percent of the
13 total fee that's influenced by the base commander. And we
14 don't think that's sufficient.

15 Senator Ernst: Okay, thank you.

16 Mr. Spencer: A different -- I interpreted the question
17 differently, Senator, in that, What are we actually paying
18 in incentive fees? We do ours at the regional level, which
19 is a -- here's an example of what we're rethinking, which is
20 to deliver the ability to award the incentive at the base
21 level. But, in our levels, we're somewhere around 75 to 80
22 percent of incentives paid. And it should be noted that
23 those incentives that aren't paid stay in the system and go
24 into the sustainment fund, the reserve fund, just as a note.

25 Senator Ernst: And then that -- and my time is

1 expired, I apologize -- and then I'm assuming that reserve
2 fund is held in trust, or is that used to --

3 Mr. Spencer: That is -- it is held in trust, with an
4 agreement on how it is used for capitalization.

5 Senator Ernst: Okay. Thank you.

6 Thank you.

7 Chairman Inhofe: Thank you, Senator Ernst.

8 Mr. Esper: Senator, I know you're out -- we'll get you
9 that information, as well.

10 [The information referred to follows:]

11 [COMMITTEE INSERT]

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1 Senator Ernst: Thank you, Secretary.

2 Chairman Inhofe: Senator Warren.

3 Senator Warren: Thank you, Mr. Chairman.

4 So, before the previous hearing, I sent out letters to
5 all five of the private housing companies that testified, 2
6 weeks ago, to get some more data and background information
7 on what was going on. They have since provided my office
8 with the requested documents that I'd asked for in this
9 letter. And representatives from three of those companies
10 have met with my staff to explain how their business model
11 works. The companies' summarized 600-page complex, secret
12 financial agreements into a single PowerPoint slide that
13 clearly laid out how they actually don't make much money,
14 and they only receive their fees after setting aside money
15 for operating and maintenance expenses. Meanwhile, they
16 also claimed that, because people don't have to live on
17 base, they are properly incentivized to provide excellent
18 service. If you believe the companies, it all makes sense,
19 on paper. The market works perfectly. They said, in
20 effect, there's no problem, the incentives are all working,
21 the market works, nothing to see here.

22 So, let me just start by asking, Secretaries Spencer,
23 Esper, and Wilson, do you agree that the housing market for
24 base housing is working properly?

25 Would you like to start, Secretary Esper?

1 Mr. Esper: Senator, clearly it's not working.

2 Senator Warren: It's clearly not working, right?

3 Mr. Esper: I mean, we have too many problems. The --
4 it's evidenced by what's coming out in our town halls and
5 what this committee heard from the families, the families
6 sitting behind us. It's not working.

7 Senator Warren: So, we don't have any doubt about
8 that.

9 Secretary Spencer, you agree?

10 Mr. Spencer: Totally agree.

11 Senator Warren: And, Secretary Wilson?

12 Ms. Wilson: Agree.

13 Senator Warren: All right.

14 So, the market isn't working as intended. We have to
15 ask the question why it isn't working, intended. And the
16 basic idea behind what it takes for a market to work is,
17 there have to be rules, and there has to be someone who's
18 willing to enforce the rules. Last week, the Army personnel
19 chief told us, in a military personnel subcommittee, that
20 the terrible conditions in which military families have been
21 living are a leadership failure, plain and simple. Do you
22 all agree with that assessment?

23 Secretary Esper?

24 Mr. Esper: Yes, ma'am. I think the chain of command
25 over the past 20 years has slowly walked away from being

1 involved in the housing of our soldiers and their families.

2 Yes.

3 Senator Warren: And everyone else agrees with this?

4 I'll get you on the record, there.

5 Mr. Spencer: That's true.

6 Ms. Wilson: Senator, I think that there's more than
7 that. I think that the financial incentives, as they are
8 structured, do not incentivize the right behavior.

9 Senator Warren: Okay. So, you're saying you think
10 both the contracts are bad, but -- let's just start with --
11 the enforcement part of this is also a problem, and that's a
12 leadership problem. Is that right?

13 Ms. Wilson: Yes.

14 Senator Warren: Just want to make sure we're in the
15 same place on this.

16 Ms. Wilson: Leadership both in the military side and
17 also the local leadership of the contractor.

18 Senator Warren: Okay. But, it's leadership on the
19 military side that enforces. It's not the contractor that
20 enforces.

21 Ms. Wilson: One of -- enforcement, that is true, but
22 we have -- where -- I would say that where we don't have
23 problems at bases, local leadership and management quality
24 really matter. And that is the biggest indicator of quality
25 housing, is a good local manager by the housing contractor.

1 Senator Warren: Fair enough, Secretary Wilson, but I
2 just really have to bear down on this point. If no one will
3 enforce the rules, then -- I understand exactly how
4 incentives work, and the way incentives work is to improve
5 your profits by not delivering the product that you promised
6 to deliver. So, we've got to look at both of these, the
7 leadership on how we get enforcement of the rules and
8 whether the rules, themselves, are adequate. And I take it
9 from what you've already said, we have a leadership problem,
10 but we also have a problem on the rules. Correct, Secretary
11 Esper?

12 Mr. Esper: Yes, ma'am. I do want to make a good
13 point, something the Chief reminded me of, because we need
14 to be fair to the chain of command here, too. There was an
15 instruction given by civilian leadership in the 2013ish or
16 timeframe to say, "You are not responsible, that you should
17 not conduct inspections of the homes." And so, we've
18 subsequently unwound that and are now giving different
19 guidance to the chain of command, to be involved --

20 Senator Warren: Okay, but who gave those orders? I
21 mean, we can talk leadership. Let's just move up a little.
22 Somebody --

23 Mr. Esper: I think --

24 Senator Warren: -- issued those orders, and it didn't
25 come from the contractor.

1 Mr. Esper: An assistant secretary at the time did.

2 Senator Warren: An assistant secretary of the --

3 Mr. Esper: Of the Army.

4 Senator Warren: -- Department of --

5 Mr. Esper: Of the Army.

6 Senator Warren: The Army.

7 Mr. Esper: Yes, ma'am.

8 Senator Warren: Said, "Don't enforce the contracts,"
9 in effect.

10 Mr. Esper: No, no, said, "Do not -- you're not
11 responsible for conducting inspections of the housing" --

12 Senator Warren: But, who was going to enforce the
13 contract?

14 Mr. Esper: Well, I -- we completely agree, Senator.

15 Senator Warren: All right. Okay.

16 So, there's the problem we've got. We need better
17 rules, and we need better enforcement of those rules.

18 I'm putting together a reform bill that will enhance
19 oversight, protect tenants. I know we're working on a
20 Tenant Bill of Rights here. You know, the committee can put
21 all of the right rules in place that it wants, but if the
22 leadership doesn't enforce those rules, then, at the end of
23 the day, we're not going to be delivering for our military
24 personnel. Enforcement -- not just signing the contract,
25 but enforcing the contract is absolutely critical.

1 So, I just want to dig down on one part of that and on
2 some reports of potential fraud. The committee has received
3 reports from military families who are being charged for
4 things like carpet replacement, upon moving out, but the
5 carpets are not actually replaced. Did the services conduct
6 any inspections, when the houses are in between tenants, to
7 make sure that the providers are actually completing the
8 work that they're charging the military families for? Do we
9 know the answer to that, Secretary Esper?

10 Mr. Esper: I can't tell you right now, Senator, but
11 I'll get you the answer.

12 [The information referred to follows:]

13 [COMMITTEE INSERT]

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1 Mr. Esper: But, I've had -- I've heard the same thing,
2 and I think, going forward, one of the things I said earlier
3 today is that we want to have 100-percent quality control on
4 any transition, moving in or moving out, because --

5 Senator Warren: Okay.

6 Mr. Esper: -- we've heard similar reports.

7 Senator Warren: If someone's going to have to pay for
8 it.

9 Secretary Spencer, did you want to add to that?

10 Mr. Spencer: It is technically, Senator, the housing
11 office, the local housing office. Again, oversight, whether
12 they do it or not, is now front and center.

13 Senator Warren: Okay. So, they have the authority to
14 do it, they're just not doing it.

15 And, Secretary Wilson --

16 Mr. Spencer: Exactly.

17 Senator Warren: -- did you want to add anything to
18 that?

19 Ms. Wilson: Senator, we do about a 10-percent
20 sampling, so it is not a 100-percent look at the turnover
21 time. I also would like to say that it -- we take all
22 indications --

23 Senator Warren: I'm sorry, if you do 10-percent
24 sampling, what have you found in your 10-percent sampling?

25 Ms. Wilson: I -- I'll -- I'd have to get you the data

1 --

2 [The information referred to follows:]

3 [COMMITTEE INSERT]

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1 Senator Warren: Okay. Whether this is a problem or
2 not. Okay. And what kind of followup you do --

3 Ms. Wilson: If there's --

4 Senator Warren: -- if you find out there's a problem.

5 Ms. Wilson: Uh-huh. If there is an indication of
6 fraud, we take that seriously and turn it over to the
7 investigators for fraud.

8 Senator Warren: Okay.

9 I appreciate that. But, I'll just say it again. Until
10 we get some real enforcement on these rules, we can write
11 all the rules we want here in Congress, but we've got to
12 rely on you folks to make sure they actually get enforced.

13 Thank you.

14 Thank you, Mr. Chairman.

15 Chairman Inhofe: Thank you, Senator Warren.

16 Senator McSally.

17 Senator McSally: Thank you, Mr. Chairman.

18 And, Senator Warren, this may one -- be one of the few
19 areas that you and I are in strong agreement with each
20 other, and I look forward to working with you on it.

21 And thanks for the leadership, all, for coming here
22 today on this really important issue, and for the families
23 who are represented here, some of which testified a few
24 weeks ago.

25 We've been talking a lot about landlords, but,

1 honestly, based on hearing their harrowing stories, some of
2 these sound like they're slum lords, not landlords. And I
3 can think about -- we've been talking a lot about the
4 commander. I can't imagine being a commander and having
5 someone in my unit whose family is dealing with these types
6 of situations, where their kids are sick, they end up, you
7 know, in a hotel, not knowing, day to day, where they're
8 going to be sleeping the next night, with them and their
9 children and their families, and the uncertainty and the
10 lack of responsiveness, and the impact that that has, not
11 just on the welfare of those individuals, but on the
12 readiness of that unit and the ability for them to be able
13 to do their warfighting mission. This is, ultimately, a
14 commander responsibility.

15 And you mentioned, Secretary Esper, how some guidance
16 in the past somehow moved in that direction. I think it's
17 probably that way in most of the services. A few years ago,
18 we had an incident with energy bills pop up at one of the
19 bases in Arizona. And when I started look into it --
20 looking into it, I talked to the local commander, and there
21 was this feeling of, like, "That's between the tenants and
22 the landlord, and that's a contract that they have." We've
23 got to get away from this. I think we all agree that we've
24 got to get away from this and we've got to move back into
25 the commanders having responsibility, having the ability to

1 enforce, having the ability to withhold payments and make
2 sure that the health and the well-being of our members and
3 their families are taken into account. It seems like right
4 now the commanders, to varying degree, are either totally
5 out of the loop at some bases or somehow involved slightly
6 at some bases. So, it's very patchwork, it sounds like from
7 the testimony today.

8 I also am concerned, from some of the testimony from a
9 few weeks ago, that we're hearing, even today, the first
10 line of advocacy is the housing office. In many cases,
11 these families testified the housing office felt -- there
12 was a feeling that they were kind of in cahoots with the
13 contractors and there was no real accountability or
14 oversight.

15 So, since this has been raised, has there been any
16 looking at what's going on in the housing offices and
17 holding individuals accountable that maybe had these issues
18 brought to their attention for some of these families, but
19 they did nothing or they weren't responsive? Do you have
20 any cases of that in all of the reviews that have gone on in
21 the last few months? And has anybody been held accountable
22 in these housing offices? Because they're not their
23 advocates, according to the families. Can I get an "amen"?

24 [A chorus of "amen."]

25 Senator McSally: Yes, ma'am.

1 Ms. Wilson: What we did find in the housing offices
2 was insufficient numbers of people and insufficient support.
3 And, likewise, from the Civil Engineering Center,
4 insufficient technical assistance from civil engineers when
5 it's required. I think, with respect to your point on
6 commander responsibility, you were absolutely spot-on, and
7 it is -- a commander needs to be able to assess. That means
8 they have to have access, and some commanders were being
9 told by contractors that they couldn't bring in their
10 environmental health folks and take a look at a home.
11 That's unacceptable. They need to be able to direct that a
12 repair is not sufficient. They need the adequate support in
13 their housing offices and civil engineering squadrons. They
14 need to be able to withhold payment, and they need to be
15 able to impact the fees that are paid. And if a commander
16 has that kind of authority, I am pretty confident that
17 they'll start to get responsiveness.

18 Senator McSally: And, to follow up on that, Secretary
19 Wilson, what do you need in order to allow them to have that
20 authority? Does that take an act of Congress, or is that
21 all happening at the service level?

22 Ms. Wilson: I don't think we need an act of Congress
23 for that. I do think we are going to have to change some of
24 the contracts, and we may need a bit of backstopping from
25 the committee as we go through those negotiations.

1 Senator McSally: Okay.

2 Secretary Spencer --

3 Mr. Spencer: I couldn't underscore that better. We
4 need your backstop as we go into negotiations. With them
5 knowing that you're behind us, I think we have a bully
6 pulpit to start the negotiations with.

7 Senator McSally: Thank you.

8 Mr. Esper: I agree, as well, Senator.

9 Senator McSally: Great. Thank you.

10 The other issue that came up in the hearing was -- and
11 it's been mentioned a little bit today -- is families having
12 to have extraordinary out-of-pocket expenses, some related
13 specifically to fixing their own problems that the private
14 companies should have done, some related to medical bills.
15 Are you also tracking, or is there a new mechanism for
16 tracking, out-of-pocket expenses of families and how -- what
17 mechanisms they need for them to be reimbursed from the
18 failures of this?

19 Mr. Esper: Senator, they should not be paying out-of-
20 pocket expenses for something that is the responsibility of
21 the private contractor. I have heard those stories, as
22 well. Again, it's reprehensible that that has happened.
23 So, that's why, in the Bill of Rights, we've changed some
24 things. For example, no longer will we accept nonrefundable
25 pet fees, I think, is one thing. And there are other fees

1 out there, as well, we need to address. And, likewise, in
2 terms of, you know, when somebody PCSs and they move in or
3 move out of a house, having a third-party Army person there
4 on the spot to arbitrate any issues so that they just don't
5 arbitrarily keep their BAH, claiming that there's excessive
6 damage to the home.

7 Mr. Spencer: I wouldn't want to, Senator, hang all
8 solutions on a new shiny object, but, in the leg that I was
9 talking about, communications, whether it be an app, whether
10 it be whatever, having a record of communications is stage
11 one, so, one, we can track it, and, two, advocates and/or
12 appropriate offices and people of responsibility are on
13 record that this is an issue.

14 Senator McSally: Okay, thank you.

15 Secretary Wilson, anything to add?

16 Ms. Wilson: No, Senator, I think my colleagues have
17 covered those pretty well.

18 Senator McSally: Okay, great.

19 I am almost out of time, but I do want to just go back
20 with a followup on my last statement of -- I really think
21 you guys need to look at the housing offices and the housing
22 advocates, and what their role has or has not been, not just
23 technical issues or manning. But, again, the stories and
24 the testimonies we had for specific individuals in those
25 cases -- not everybody, but what's happened, even if they're

1 undermanned, but them not playing their proper role and not
2 actually being the advocate for the families. Thanks.

3 Thanks, Mr. Chairman.

4 Chairman Inhofe: Thank you, Senator McSally.

5 Senator Blumenthal.

6 Senator Blumenthal: Thank you, Mr. Chairman.

7 I want to thank the Chairman and the Ranking Member for
8 following up on this issue, and all of the military families
9 who are here today.

10 And I want to thank General Milley for visiting with me
11 yesterday and really giving me a very candid and determined
12 view of the extent and magnitude and complexity of this
13 issue. And, like the panel today, he was reasoned and
14 deliberate. But, I sensed, in his view, what I hope you
15 share, which is a sense of outrage and anger that we've come
16 to this point.

17 Now, I'm just a country lawyer from Connecticut, but I
18 was a prosecutor for a good part of my career. And what
19 I've seen about landlords and about others who may break the
20 law is that they understand money, particularly withholding
21 of money, and they understand prosecution. There have been
22 references here to fraud. I think there are clear
23 indications of fraud. I would be even more emphatic, given
24 another setting. But, I would recommend that these issues
25 be referred to the United States Department of Justice for

1 investigation.

2 [Applause.]

3 Senator Blumenthal: What's happened here is criminal.
4 It may not be criminal in the sense of provable beyond a
5 reasonable doubt in a courtroom against a specific company
6 or individual. I'll leave that to the Department of
7 Justice. But, I would respectfully recommend that each of
8 your services ask the Department of Justice to be involved
9 in an immediate, intensive review of whether a criminal
10 investigation is appropriate, or a civil investigation,
11 because that's the enforcement that these landlords will
12 understand. They are landlords. They may be slum lords,
13 but they've counted on this cash cow. It is a risk-free
14 cash cow. Very few landlords in the country have tenants
15 who are obligated to pay, for decades -- literally decades
16 -- without any real accountability. That's been their
17 situation up to the present.

18 So, I'd like to ask each of the service secretaries who
19 are here today, Would you consider asking the United States
20 Department of Justice to be involved?

21 Mr. Esper: Senator, yes, sir, I think we should pursue
22 any allegation of fraud, and hold people accountable if
23 that's the case. And we'll certainly take this back to our
24 lawyers and make sure we approach it the right way, and
25 aggressively.

1 Mr. Spencer: Senator, we're already underway with
2 Naval Audit. And, as you know, the way the system works,
3 once Naval Audit has the data, then DOJ would be involved.

4 Ms. Wilson: Senator, for the Air Force, it's the
5 Office of Special Investigations that does the initial
6 investigation and then refers matters to the U.S. Attorney
7 in the district where it's involved. And we take
8 allegations of fraud very seriously. And I'd be happy to
9 talk to you about that more, privately.

10 Senator Blumenthal: I'd be happy to talk to each of
11 you privately, but let me just point out that the procedures
12 for audit and internal investigation, in fact, take a lot of
13 time. And I would, again, very respectfully suggest that
14 this procedure ought to be expedited. And, as a former
15 United States Attorney, I can tell you, I would respect your
16 going directly to main Justice with this issue, either the
17 civil division or the criminal division. And if we really
18 care about this issue, let's recognize it for what it is and
19 provide you with that backstop, because, at the end of the
20 day, what they will respect across the table from you -- and
21 it won't be you, it will be people down the chain of command
22 talking for you and representing you -- but, what they will
23 respect is the hammer of fair and effective law enforcement
24 behind you. And I think, if this problem had just arisen,
25 if it were new or novel, maybe following the normal audit

1 procedure would make sense. But, we're dealing here with a
2 problem that has festered for a long time. I think that's
3 been the overwhelming testimony here today. And I
4 appreciate your being willing to talk to me, and perhaps
5 others of the committee, about an immediate referral to the
6 Department of Justice. And I say, I'm going to be
7 formalizing that request in a letter that I hope to send you
8 within the very near future.

9 I want to ask about the health impacts. I heard from a
10 woman, military family who lived in housing in New London at
11 the sub base there from April 2014 to August 2018. She
12 explained that the Balfour BD maintenance officer was
13 responsive to some of her maintenance requests, like clogged
14 drains. When she reported mold in their bathtub, they were
15 advised, "Just keep washing and cleaning the mold after
16 every shower." Her youngest child caught pneumonia and,
17 shortly afterwards, suffered a stroke, only a week before
18 her first birthday. She acknowledges, she'll never be able
19 to determine whether the stroke was caused by the mold in
20 the apartment, but I'm asking now about the health of that,
21 particularly on children, and whether you have been in touch
22 with the VA, because some of these individuals may no longer
23 be involved in active military service, to determine whether
24 these environmental hazards and toxic substances encountered
25 during military service can be compensable and treatable

1 under the VA health system.

2 I'll go down the line again, beginning with you, Mr. --

3 Chairman Inhofe: Yeah, before we go down the line, we
4 are going to adhere to our time limit, so I would deny that
5 time and recognize Senator Tillis.

6 Senator Blumenthal: I am sorry, Mr. Chairman. I --
7 I'm happy to take those answers in writing and adhere to the
8 time --

9 Chairman Inhofe: Thank you, Senator --

10 Senator Blumenthal: Thank you.

11 Chairman Inhofe: -- Blumenthal.

12 [The information referred to follows:]

13 [COMMITTEE INSERT]

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1 Chairman Inhofe: Senator Tillis has -- happens to be,
2 in addition to a good member of this committee, the Chairman
3 of the Personnel Subcommittee. So, he deals with these
4 issues on a daily basis.

5 Senator Tillis.

6 Senator Tillis: Thank you, Mr. Chairman.

7 Thank you all. We had a Judiciary Committee markup,
8 and I had one other commitment; otherwise, I would have been
9 here to hear your testimony. And I'm only going to probably
10 ask one question.

11 I want to start, though, by thanking Secretary Esper.
12 He was down at Fort Bragg. I was with them on Friday. We
13 got an opportunity to visit two houses, the Bloods and the
14 Blankenships, and we got to meet little Jason, little 18-
15 month-old that's living in unacceptable housing conditions.
16 We heard stories from a very empowered wife, Ms. Blood, who
17 is standing up for other people who I think are a little bit
18 intimidated and were afraid to come forward. I, frankly,
19 believe that we've somehow drifted, with a program that
20 started out well in 1996, worked well for a while, but now
21 we're in the wrong place.

22 I, for one, am not prepared to simply place blame on
23 any link in the chain, though, because my guess is the
24 housing providers are at fault, the command is at fault, the
25 Department is at fault, and Congress is at fault for taking

1 their eye off this ball.

2 The one thing that I tell everybody when I get before a
3 committee hearing, "If you're in North Carolina and you're
4 living in a house that has a -- military housing that has
5 unacceptable conditions, if you haven't gotten the right
6 reaction from your command, call my office. It'll be
7 casework, and I'll guarantee you it'll move to the top of
8 the stack."

9 I also want to thank General Milley for coming in and
10 talking about the plans, and Secretary Spencer, for the
11 phone call that we had. And I know I'll have discussions
12 with all of you over time.

13 But, we've got -- and I'm not going to let go of this
14 for the remaining Congress. We will have another oversight
15 hearing, with the Chairman's blessing, to see where the
16 progress is. And I'm not talking about next year. I'm
17 talking on fairly short intervals. Because if you look at
18 this, this is not rocket science. We can fix this. And it
19 starts by doing what every branch has said they're going to
20 do. They're going to go out, knock on every door, and
21 request permission to come in and see things that they think
22 are unacceptable. Many of them will be okay. Some of them
23 won't. All of them need to be identified.

24 I do want to ask a question. And it's probably less of
25 question, but more of a commitment from you all. I've --

1 it's been brought to my attention that some of the housing
2 providers go to these young people -- I mean, these are
3 young -- it may be the first lease they've ever signed. And
4 they go to these big organizations. Some of the ones are
5 smaller. And these big organizations wave a nondisclosure
6 agreement in front of them and say, "If you sign this
7 nondisclosure agreement, there may be actually some sort of
8 a bonus or a payment that you will be entitled to if you
9 don't bring up what may be inadequate housing." That's at
10 least how I read it. I don't know if y'all are aware of
11 this, but here's what I'd like to find out if we can do
12 immediately: rescind every damn one of these that have been
13 signed, because it looks to me -- and I don't mean to be
14 cynical, but this is one -- this is a practice by the
15 housing providers. They'd better come up with a damn good
16 reason for having somebody sign onto this. Because I've
17 been a landlord before. It would have never occurred to me
18 to say, "I want you to sign away your right to say you're
19 living in inadequate conditions." Does that -- I don't know
20 if that makes sense to any of y'all. I'm not going to ask
21 you to go down the line, because, God forbid, you say it
22 does. Because I can't imagine, on any level, why it would
23 make sense to have a new tenant, these young kids, asked to
24 sign this agreement, not understanding the implications of
25 it.

1 So, in my view, if any of these agreements are in
2 force, I expect them to be rescinded over the next 30 days.
3 And over the next 30 days, if they're not rescinded, I want
4 to know what housing company wants to come before me and
5 tell me why it makes sense. Tell me the business reason why
6 it makes sense. Tell me the reason why it's for the good of
7 the tenant. I'd love to have that conversation. We'll have
8 it in an open hearing, we'll have it in my office. But,
9 I'll guarantee you, this is has got to stop.

10 Again, all of you have responded the way I would expect
11 you to as the great leaders that you are. We have drifted.
12 I can't imagine that any of you would have knowingly allowed
13 the conditions that we've seen actually persist. But, now I
14 expect every one of you to be on the tip of the spear to fix
15 it. And everybody in command better be in touch with their
16 folks that they've been entrusted to take care of. They
17 better fix it. And they better applaud people who are
18 coming forward in these communities and stepping up and
19 being the ones that are saying, "This is wrong." This is
20 not the way we treat our men and women in uniform. And I
21 know you all agree with this.

22 But, this has got to be on short intervals. This isn't
23 something we come back to next year and say, "How have you
24 done over the last year?" We will have meetings in my
25 office. We will have as many hearings as the Chair will

1 allow me to have. I want to see, end to end, where are you
2 making progress. And I want to see short-interval
3 timelines.

4 But, over the next 30 days, I want to see every damn
5 one of these canceled, unless you want to walk into my
6 office with the housing provider that thinks it's a good
7 idea and build a case for me removing myself or changing
8 that position.

9 So, thank you all for being here.

10 And the last thing I would ask every member of the
11 Senate to do. If you've got a military installation
12 anywhere near -- anywhere in your State, go visit them. I'm
13 going to go knock on a few doors down at Camp Lejeune and
14 down at Fort Bragg. I'm not going to do it announced. I'm
15 going to walk on a door and -- I'm going to do exactly what
16 you guys are doing. I'm going to knock on the door and say,
17 "Can I come in and take a look around?" And I better -- it
18 better be trending in the right direction. Because you all
19 know I've got a history of supporting you. I've got a lot
20 of confidence in every one of you. I know you can fix this
21 problem. But, this has to be a top priority. And these
22 folks better make sure -- the housing providers better make
23 sure that unacceptable business practices -- I don't know
24 how to do your jobs, in terms of waging war, but I know how
25 to run a business. This kind of business practice actually

1 sets off a series of thoughts in my mind that make me wonder
2 just how far these businesses have drifted. And we're going
3 to find them. And the ones that haven't addressed this
4 before I find them, there's going to be a consequence.

5 Thank you all for being here. And thank you for your
6 commitment to taking care of our men and women in uniform.

7 Chairman Inhofe: Thank you, Senator Tillis.

8 Senator Hirono.

9 Senator Hirono: Thank you very much, Mr. Chairman.

10 I want to thank all of you for being here, because to
11 have all of our services represented in this way emphasizes
12 the importance of this issue and your commitment to
13 resolving the problems.

14 I do want to thank you, Secretary Esper, for coming to
15 see me yesterday. And, Secretary Spencer, I'll be
16 discussing with you some matters later on today. Thank you
17 for your responsiveness.

18 Now, as we -- as I sat here listening to all of you and
19 the questions, it is really astounding that -- some of the
20 additional revelations. For example, I want to thank
21 Senator Tillis for raising the issue of these nondisclosure
22 contracts. Let's go down the line. Is this news to all of
23 our secretaries?

24 Secretary Esper?

25 Mr. Esper: I think the first time I heard about it was

1 in a meeting that Senator Tillis and I had with some spouses
2 at Fort Bragg. And it just -- I don't understand it, and
3 I've never heard of it before in my life. I've rented my
4 share of apartments. So, we definitely got to dig into
5 this. There's no reason why people should be signing NDAs.

6 Senator Hirono: Secretary Spencer?

7 Mr. Spencer: Exactly.

8 Senator Hirono: News to you.

9 Secretary Wilson.

10 Ms. Wilson: Senator, I -- in my visits to bases, I did
11 not come across anyone who told me about one of those, but
12 we're going to go back and check.

13 Senator Hirono: Thank you. Because I think that is
14 simply astonishing, that tenants would be forced to sign
15 these kinds of documents. And it may be one of the reasons
16 that we hear from the tenants that there's a fear of
17 reprisal if they even say anything. So, I would very much
18 appreciate. I share Senator Tillis's concern about these
19 kinds of so-called contracts.

20 I do want to thank you, Secretary Wilson, for pointing
21 out to us -- and I was very taken with your acknowledgment
22 of the loss of trust -- the loss of trust of the airmen and
23 -- women that their housing concerns will be addressed and
24 fixed. Is that a concern that is acknowledged by the other
25 secretaries, the loss of trust of the servicemembers under

1 your charge?

2 Mr. Esper: Yes, ma'am.

3 Mr. Spencer: Yes.

4 Senator Hirono: So, what would be -- I'll start with
5 you, Secretary Wilson -- what would be the first thing that
6 you would do that would directly go to your servicemember to
7 tell them that you are going to listen to them and that you
8 are going to fix their concerns relating to housing?

9 Ms. Wilson: Senator, one of the things that the Chief
10 are going -- Chief and I are going to be doing over the next
11 week, or possibly 2 weeks, is to send out a clarifying
12 guidance from us of what we expect from commanders and
13 first-shirts all the way up through the chain of command,
14 what their responsibilities and obligations are. I think
15 you rebuild trust by doing what you say you're going to do
16 and being responsive and holding people accountable. And
17 so, I don't think it's something that -- I don't think it's
18 something that can be done with one communication or one --

19 Senator Hirono: Yes, I realize that. This is why I
20 ask, What is the --

21 Ms. Wilson: Yeah.

22 Senator Hirono: -- first thing that you're going to
23 communicate --

24 Ms. Wilson: The first is --

25 Senator Hirono: -- to your service --

1 Ms. Wilson: -- the first is communication --

2 Senator Hirono: -- persons?

3 Ms. Wilson: -- directly to the chain of command on
4 what we expect.

5 Senator Hirono: And what the chain of command gets, is
6 that going to get to your servicemembers so that they know
7 your chain of command is now going to have other
8 expectations as to how they're -- how they should behave?

9 Ms. Wilson: Yes, ma'am, we will be broadcasting that
10 very widely.

11 Senator Hirono: Secretary Spencer?

12 Mr. Spencer: Senator, right after the initial hearing,
13 the CNO issued the NAVADMIN letter, which laid out exactly
14 what we're doing, going forward. The Commandant wrote the
15 white letter. This is part of our knocking on every door
16 for a visit, to be completed by April 15th, and is --
17 there's a second avenue to that. And this is also the trust
18 that's been lost with the Private Partner Venture provider.
19 Now, that's -- the ball is in their court, but that is
20 something that all us three service secretaries are
21 coordinating through, not only the Bill of Rights, but
22 through communication and education.

23 Senator Hirono: Secretary Esper.

24 Mr. Esper: Senator, it's a combination of
25 communications, and we issued an execution order, if you

1 will, within days of visiting Fort Meade, to talk about what
2 our expectations are in the chain of command. We've
3 sustained those communications. I think the visits by the
4 leadership, both uniformed and civilian, are critical. But,
5 now we've got to do the hard work of renegotiating
6 contracts, implementing this bill of rights, and then have
7 that sustained attention to this issue.

8 Senator Hirono: If I were a tenant, the first thing
9 that might impact me as to the seriousness that you all take
10 the issue of housing would be a piece of paper that has the
11 Bill of Rights as a Tenant. So, I want to ask you, When is
12 the timing for the Bill of Rights which will be across all
13 service?

14 Mr. Spencer: We -- the three of us took a first cut at
15 the draft. You all are reviewing it now. We addressed that
16 a little earlier, in that I would say, to manage
17 expectation, probably 90 days. And you might ask, "Why so
18 long?" We're going to sit down with the Private Public
19 Venture partners to make sure we can put the teeth -- to
20 ensure we put the teeth in the agreement. And, in some
21 cases, this might actually get bondholders involved, and
22 third parties involved. So, I just want to manage
23 expectations that it might take 90 days, up to.

24 Senator Hirono: Sure, because we'd like to get it
25 right. As you're formulating the Bill of Rights, though,

1 are you contacting or are you -- is a group like the Family
2 Military Association Network, for example, are they being
3 engaged in formulating -- helping to formulate the Bill of
4 Rights?

5 Mr. Spencer: I don't exactly that organization. I
6 know my office was reaching out to similar representatives
7 of the military families living in houses.

8 Senator Hirono: I think it would be very important to
9 have the military families' voices be heard as you develop
10 the Tenants Bill of Rights.

11 And then, there's been a lot of focus on the
12 enforcement aspect of it, and I just want to reiterate how
13 important that element is. And so, I hope that you're going
14 to put in place some very specific ways that enforcement
15 will occur, and that your tenants will know what they need
16 to do to kick off the kind of enforcement that we would
17 expect from each of you.

18 Secretary Esper, you noted -- and I want to thank you,
19 that you visited Schofield barracks. When was that?

20 Mr. Esper: That was last summer, Senator.

21 Senator Hirono: So, you talked specifically with them
22 about their housing issues?

23 Mr. Esper: I can't recall at the time whether we did.
24 I think what you may be referencing is, I -- earlier this
25 last year, in October, we were at a family conference, the

1 Chief of Staff and the Sergeant Major and I, and an issue
2 came up about Schofield barracks with regard to a particular
3 home at which we immediately dispatched a team to go look
4 into the problem and remediate it.

5 Senator Hirono: So, Secretary Wilson --

6 Thank you. I think that, with all of this -- the
7 communications that will occur about housing, you're going
8 to hear more about these issues as you visit the base -- the
9 bases. And I think it's really important for all the
10 secretaries, in particular, to see firsthand.

11 Secretary Wilson, you mentioned that, as you're
12 developing a way for people to withhold their rents, but if
13 the rents go directly to the housing agencies or entities,
14 how are you going to fix that with regard to withholding of
15 rent?

16 Ms. Wilson: Senator, there's a couple of different
17 ways that we're looking at it, and this is one of the things
18 that gets into the implementation of the Bill of Rights.
19 But, one of the ideas is an escrow account that's a --
20 that's decided at the local level so that it's not a big
21 administrative hassle to be able to get your rent back if
22 you have reported a problem and it hasn't been taken care
23 of.

24 Senator Hirono: Okay. Thank you.

25 Thank you, Mr. Chairman.

1 Chairman Inhofe: Thank you, Senator.

2 I -- let me make one last comment here. I'm -- it's --
3 I want to be sure everyone understands, this isn't going to
4 be the last hearing that we're going to have. Senator Reed
5 and I have talked about this. In fact, the next one --
6 we've had -- we've already had with residents, we've had
7 with government, but we haven't had a hearing with the
8 contractors. And that would be next.

9 So, for the purpose of this meeting, I'm going to ask
10 Senator Tillis, the Chairman of the Personnel Subcommittee,
11 to chair the remainder of the meeting.

12 Senator Tillis.

13 Now it goes to Shaheen.

14 Senator Tillis [presiding]: Senator Shaheen.

15 Senator Shaheen: Well, thank you.

16 And thank you all for being here.

17 I want to begin, first, to make sure I understood,
18 because I came in in the middle of Senator Tillis's
19 questioning, but he was suggesting that everybody go out and
20 personally visit some of the housing on bases that are under
21 your control. Is that an intent of everyone here, to do
22 that?

23 Mr. Esper: Yes, ma'am, it is. I've visited a few
24 bases. The Chief of Staff has. The Vice Chief of Staff
25 has. The Under Secretary has. And, of course, undergoing

1 right now is a 100-percent inspection of all of our housing
2 units. It'll be complete in about another week and a half
3 or so.

4 Mr. Spencer: Same with Navy, Senator. I've been out
5 to three of the Hampton Roads communities, Lejeune, Cherry
6 Point. The rest of the offices also on the West Coast, down
7 in the Gulf, we are out there visiting. I know the
8 Commandant and the CNO are also underway.

9 Senator Shaheen: And you're doing 100 percent of all
10 of the housing.

11 Mr. Spencer: By April 15th, yes, ma'am.

12 Ms. Wilson: Senator, in my case, I personally went to
13 Tinker, MacDill, and Shaw. The Chief went to Maxwell and
14 Keesler. We also did a directed review of all military
15 family housing that was finished by the 1st of March, and
16 that -- the results of that -- the initial results of that
17 review are in the record.

18 General Neller: Senator, if I could just clarify for
19 the Marine Corps.

20 Senator Shaheen: Please.

21 General Neller: I mean, these people -- this is a --
22 we can't invade the privacy of their property without their
23 permission. So, what they -- what our commanders have been
24 directed to do is to ask the member, both on and off base,
25 if they lease their property, not a homeowner, if we can

1 visit them. If they refuse, which is their prerogative, we
2 would ask that we could interview them over the phone about
3 the condition of their property. If they refuse that, then
4 we'll try to provide information, like, "Do you have these
5 phone numbers? Here's the process. If you have an issue or
6 if you've got a problem with your landlord, tell me what the
7 problem is. I'm -- you know, we'll engage with the
8 landlord." So, that's kind of where we are. So, it's going
9 to take some time. And we've got -- just like everyone at
10 the table, we've got members that live on other services'
11 bases, because we do schools together, and we have education
12 together, and we have joint bases together.

13 So, it's going to take some time to scope this out,
14 although I believe we all recognize, based on today in the
15 hearing, that we've known there were problems, this is not
16 -- that we thought it was more isolated. I don't think we
17 had an idea of the magnitude. So, we'll have to scope and
18 scale that to get back to you in the next hearing.

19 Admiral Richardson: Senator, just to give you a sense
20 of that, we have a similar -- a very similar program to the
21 Marine Corps, as you would expect. To date, we've done --
22 on our way to 100-percent contact, we've -- have 62,000
23 people contacted. Of those 62,000, about 900 have requested
24 -- agreed to have visits done to their homes. And those
25 visits are in progress. So, that gives you a sense of the

1 scale involved.

2 Senator Shaheen: Thank you.

3 I want to go back to a report that came out before many
4 of you were in your positions. But, in 2015, the Pentagon's
5 Inspector General conducted a series of military housing
6 inspections to determine if facilities were in compliance
7 with DOD. And what that report found was that there were
8 significant deficiencies in homes at five different bases,
9 including dwellings that were built or renovated under the
10 MHPI program. Have any of you seen that Inspector General's
11 report? Or are you aware of it? Is there anybody on the
12 panel who has seen it and is aware of it?

13 Mr. Spencer: I'm not aware of it, Senator.

14 Mr. Esper: I've gone back and looked at a few reports.
15 I don't know if I've seen that exact one, but there was a
16 DOD one, and I think there was a GAO one. I've looked
17 through three or four reports, Senator.

18 Senator Shaheen: General Milley?

19 General Milley: I'm aware of it. It came out in the
20 summer of 2015. I became the chief in August. A couple of
21 months afterwards, I looked through it and appropriate
22 agencies within the Army have been working on it. We can
23 give you a full status on it. The -- our Army IG tracked
24 all of the actions and all the deficiencies, and they've
25 been working on it for a while. So, it's clear it was not a

1 good report. It was in the negative. And there's a lot of
2 work yet to be done.

3 I think Secretary Esper or Secretary Spencer, one of
4 them, said this entire issue is the cumulative effect of a
5 decade or almost 20 years of multiple problems. This is not
6 going to be solved in 60 days, 90 days, a single Bill of
7 Rights. This is going to be a concerted effort, multiple
8 hearings over time. It's going to take a considerable level
9 of effort by all of us at this table, the Congress, and all
10 the chains of command and the contractors, to get after this
11 thing. And it's going to take a sustained level of effort.

12 Senator Shaheen: I certainly appreciate that. I think
13 everybody who's hearing about this issue understands that
14 it's taken us a long time to get here, so it's going to take
15 us a while to get out. I guess the question that I've got
16 is, When we've got an IG report like that that raises the
17 issue, it's then surprising to me to hear so many people who
18 appear to be unaware of the extent of the problem. And so,
19 I'm just trying to figure out how we make sure that
20 information from an IG report like this gets carried over
21 from one generation of leaders to the next so that it
22 continues to be addressed.

23 You spoke to the fact that the Army is continuing to
24 address what was in that report. Is that something that --
25 again, if people are unaware of it, clearly you haven't done

1 anything to address it. But, how do we make sure that this
2 kind of a report gets shared and addressed as leadership
3 changes?

4 Ms. Wilson: Senator, in the case of the Air Force, we
5 track all open IG recommendations monthly, and we have
6 corrective action plans on every open IG recommendation.
7 Our standard now in the Air Force is that there must be a
8 corrective action plan for any IG -- DOD IG finding within
9 30 days, and that our objective is that 90 percent of them
10 be closed within 12 months of the finding.

11 We were aware of some systemic problems, particularly
12 related to construction quality and a lot of the impact of
13 water and moisture and mold and so on at four of our bases,
14 that were very significant. And the construction on those
15 continues.

16 Mr. Spencer: Senator, same for Navy. While I said I
17 was unaware of the study, we have the same tracking system.
18 And if, in fact, they had not been remediated, they would
19 have been flagged. That's why I said I wasn't aware of it.
20 But, we didn't have any open issues in the system.

21 Senator Shaheen: Well, I guess, again, that's why I'm
22 puzzled. How do we flag this kind of an issue in the future
23 so that it doesn't get to this point? I was struck -- and I
24 appreciated the opportunity to visit with you, Secretary
25 Esper -- I was struck with your comments about your concern

1 that people in the military didn't feel like they could come
2 to the military leadership and raise these concerns until it
3 got so bad. And so, I know that everybody's wrestling with
4 this, but it seems to me we need to try and figure out how
5 to make sure that it doesn't have to be a crisis or an
6 article that appears in the newspaper before we're aware and
7 begin to address it.

8 Mr. Esper: Yes, Senator. Is -- I've met and spoken
9 with spouses and soldiers. I think that's -- maybe one of
10 their biggest concerns is, What's the long-term, sustained
11 effort to make sure that this doesn't fall off our radar
12 screens? And that's why, you know, we're all putting
13 forward a number of ideas to make sure we have the systems
14 in place, that the chain of command is in place, that we get
15 the culture back to where it was, where we're checking in on
16 soldiers and families, wherever they live.

17 Senator Shaheen: Thank you.

18 Thank you all very much.

19 Mr. Spencer: I mean, Senator, if I might add, the Army
20 has a best practice there, where they outsource lodging.
21 You've done a terrific job in that regard, and the checks
22 and balances and single points are there. So, we can pay
23 attention from even models in our own system.

24 Senator Shaheen: Thank you.

25 Senator Tillis: Well, now that I've had a chance to

1 count to ten, I'm going to be a little bit more -- as we
2 close out the hearing. First off, Senator Shaheen, I
3 believe -- I don't know if Secretary Wilson was able to
4 answer your question about the inspection, but I think that
5 the Air Force is also reaching out and making sure they're
6 all given an opportunity. And it's not that they're barging
7 in every home. If someone says that they don't want their
8 home inspected, then the presumption is, they're satisfied
9 with it. And many of them are. To the point that Admiral
10 Richardson made about the number of contacts versus the
11 number of inspections, I would assume that they have a
12 challenge that they want to look at. But --

13 Admiral Richardson: We try and characterize them,
14 also, Senator, as visits, really, not as formal --

15 Senator Tillis: Inspections.

16 Admiral Richardson: -- inspections.

17 Senator Tillis: Right. That's actually why I wanted
18 to make sure that, you know, the families know they're not
19 coming in for some sort of home inspection. But, I
20 appreciate the outreach.

21 But, it's just these mechanical things that drive me
22 crazy. When you hear a -- in one of the cases, when we were
23 down at Fort Bragg, someone saying that they answer -- they
24 do this survey to figure out where they are, what the
25 satisfaction level is. So, they have this annual event,

1 "Come in, maybe win a \$500 certificate." There's this
2 pressure to have a positive predisposition. Why? Because
3 these housing providers want a good score so that they get a
4 bonus allocation. So, the negative sort of -- the cynic in
5 me says the only reason that you would ask somebody to sign
6 on to a nondisclosure is, you want to juice the system so
7 that you get a better review. Maybe I'm wrong. Happy to
8 talk with a housing provider who thinks that that practice
9 needs to stay in place.

10 But, Secretary Esper and I, we were in this garage at
11 the Blood's house. Now, these are people that have been in
12 this house for 4 years. Now, they're near a range, so the
13 ground shakes, nails are going to pop, general maintenance
14 is going to occur. I understand all that. And -- as long
15 as the maintenance requests are fulfilled over a reasonable
16 period of time. But, we went into the garage. Underneath
17 -- I don't know -- it was the bathroom, I think, Secretary
18 Esper --

19 Mr. Esper: Yes, sir, it was underneath the -- it was a
20 bathroom leak.

21 Senator Tillis: Yeah. So, I was the first one to
22 crawl in and kind of look at the ceiling that had been -- I
23 used to drywall work when I was a teenager, and this thing
24 was patched 2 days before. It doesn't take 48 hours for
25 even a thick patch of drywall to dry. It was wet. I went

1 up there and stuck my finger in it, and then the Secretary
2 did the same thing afterwards. What happens, here? Well,
3 we've got this process, where the tenant calls and says,
4 "I've got what looks like to be a leak." The plumber comes,
5 obviously didn't do their job, followed by the drywall
6 people, who had to have known that the patch wasn't fixed.
7 The drywall was wet. But, they did their job by patching
8 the drywall. And I'm sure that that drywall repairman
9 reported, "Pay me, because I did my job." But, that person
10 should have had the authority to say, "It's not right for me
11 to do my job now, because the precursor to this work hasn't
12 been solved." That's what I mean, in terms of the supply
13 chain.

14 And, General Milley, I agree --

15 Mr. Esper: Senator, if -- you know, just to kind of
16 add more color to the story, because you recall this. What
17 she told us, as well, is, you know, when she originally
18 called the work order in, what they tell -- told her was,
19 "Just hang around your house for 3 days, and we'll come
20 sometime during" --

21 Senator Tillis: Right.

22 Mr. Esper: -- "the 3 days."

23 Senator Tillis: Right. So, we give you a window. You
24 know, the norm now --

25 Mr. Esper: A 3- -- a 72-hour window, while she has a

1 job to go to.

2 Senator Tillis: Right. So, I -- and I thought that
3 Secretary Esper was dead-on. I mean, we should be treating
4 this engagement with the tenants the way you engage an Uber
5 driver. Just after the experience with the plumber, give
6 them stars for whether or not they fixed the problem. With
7 the drywall person -- in other words, let that be the
8 feedstock for determining whether or not these housing
9 providers are doing their job and providing adequate
10 service. That's the sort of modernization that we need to
11 focus on.

12 And, General Milley, I completely agree, it's going to
13 take time for us to make sure that we have the operational
14 pieces in place not to drift. I also -- I believe that, as
15 you all go through this process, some direction, either from
16 this administration or past administrations, may have
17 increased or decreased the priority on housing. Let's bring
18 that to the fore. Any congressional action that caused a
19 negative impact -- we're not going to find any one person
20 responsible. We're all responsible, probably, and we're all
21 going to be responsible for the fix.

22 But, the one exception I would take -- General Milley
23 and I, I think, only have one exception, and it's favorite
24 football team. That's the only thing I've found, over time,
25 that I can't get him to turn around on. But, on this issue,

1 I do take exception to the notion that this is going to take
2 a long time to fix for those who are in unacceptable housing
3 now. I don't think that's what you meant.

4 So, there's two pieces. Number one, fix every single
5 one of them now. I think some of these housing providers
6 are hoping that the problem kind of goes away, because
7 people get PCS'd, then they'll wait for the next person to
8 raise the same issue again. So, let's separate the systemic
9 -- the operational changes that we need to make, that will
10 take some time, from the immediate challenge to make sure
11 every single person who's in unacceptable housing either
12 gets it up to standard or gets them in another home.

13 General Milley: Senator --

14 Senator Tillis: And I'll do --

15 I'm sorry, General Milley.

16 General Milley: And that's correct, that -- if it's
17 life, health, safety, it's immediate. But, the systemic
18 problems, of which there are many -- the restructuring of
19 these contracts, the incentive fees, going to the Department
20 of Justice, all these other things that we're talking about
21 -- the structural issues, that's going to take a
22 considerable length of time and a lot of gnashing back and
23 forth between Congress and the Department and the
24 contractors and lawyers and so on and so forth.

25 But, the immediate life, health, safety, that's

1 immediate, that's chain of command. We've got to be all
2 over it. And I believe, by the way, that the contractors
3 that we've talked to, the seven contractors, I believe
4 they're committed to those immediate fixes for life, health,
5 safety.

6 Senator Tillis: And I do, too.

7 And then, finally, again, this issue with the
8 nondisclosure --

9 General Goldfein: Sir, can I --

10 Senator Tillis: General, go ahead.

11 General Goldfein: Yes, sir. I wanted to just talk to
12 that nondisclosure, a minute. You know, Senator Cotton
13 allowed us to speak directly to airmen. There's another
14 group out there that I think we can't close this hearing
15 without speaking directly to, and that's parents of airmen.
16 And, as a parent of an airmen -- you know, every Friday
17 afternoon, we have 800 young men and women, greatest
18 treasure in our Nation's arsenal, walk across the parade
19 field of Lackland Air Force Base, and they become airmen.
20 And, at the end of that ceremony, the parents rush out of
21 the stands, and they entrust them to us. And I don't -- I'm
22 -- imagine there's a lot of parents of airmen who are
23 listening to this hearing and wonder -- wondering whether
24 the leadership of the United States Air Force is taking care
25 of their airmen. Or future parents. And I don't want to

1 leave this hearing without looking at them in the eye and
2 telling them that we own this, that we will take care of
3 their children.

4 Senator Tillis: And I'm sure the thing could be said
5 straight down the line.

6 So, I want to work with you all. I am serious about it
7 -- maybe it's not as -- I want to -- I also want to tamp
8 down red herrings. If this nondisclosure practice no longer
9 exists, this is just an artifact, that's great. If there is
10 any one housing provider that thinks that they have a
11 rational basis for not rescinding these nondisclosure
12 agreements over the next 30 days, I want to see them in my
13 office.

14 And I want to get to these -- what I think are big --
15 are the -- these big rocks that we can turn over fairly
16 quickly so that we can really size the problem and address
17 the problem.

18 Secretary Spencer. And then we'll close out.

19 Mr. Spencer: Senator, I will tell you right now that,
20 this afternoon, I will call all of our CEOs of the PPV. And
21 I have to believe they're probably watching this testimony
22 right now. And if they have any of these documents in their
23 files, they're to be accounted for and we're going to talk
24 about them this afternoon.

25 Senator Tillis: Thank you. And again, if they think

1 they have a rational basis for it, I want them to come in my
2 office and explain it to me.

3 Thank you all. I -- you know, every single one of you,
4 I've had the privilege to vote for and support in your
5 current positions. I have the utmost confidence in you. I
6 know that you're going to go after this. I know that it's
7 complicated. And you should know that I will do everything
8 I can to help you get to a good place as quickly as
9 possible.

10 So, with that, the -- yeah, we will end the hearing. I
11 think we will keep the record open for a week. And I'll
12 also pass it over to Senator Reed before we close out.

13 Senator Reed: I just simply want to thank all the
14 witnesses, not only for your testimony, but for your
15 commitment to fix the immediate problems and then stay on
16 target for months and months and months as we fix the
17 systemic problems.

18 Thank you.

19 Senator Tillis: Again, thank you all. We will keep
20 the record open for any questions for the record. And
21 please know that my office is here to help you.

22 Thank you.

23 The meeting is adjourned.

24 [Whereupon, at 12:06 p.m., the hearing was adjourned.]

25