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SUBCOMMITTEE ON MILITARY CONSTRUCTION
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,

VETERANS AFFAIRS, AND RELATED AGENCIES

of the

HOUSE APPROPRIATIONS COMMITTEE

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Chairman Culberson, Representative Bishop, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of the Navy's investment in its shore infrastructure.

MEETING THE CHALLENGE OF FISCAL UNCERTAINTY

The American public expects its military to spend wisely the resources entrusted to us. The fiscal uncertainty we now face as a nation only heightens the need to make prudent investments that ensure our Navy and Marine Corps team remains ready to respond to crises wherever and whenever they may occur. We appreciate the support of the Congress in passing the Defense and the Military Construction, Veterans Affairs, and Related Agencies Appropriations Acts for FY 2013. They provide us with the critical funding necessary to repair, maintain, and modernize our infrastructure and support new platforms as they arrive on station. Yet, since balanced deficit reduction was not enacted, the sequestration reductions must be taken from these funds and applied in a manner that provides no flexibility.

The Department continues to consider options that could mitigate the impact of sequestration to the extent possible. With respect to military construction, Department of the Navy's objective is to preserve project scope and limit any project deferrals to the greatest extent possible. The Department intends to achieve this by reprogramming existing bid savings and any that may accrue in the future. The Department is still in the process of evaluating the precise impact of the sequester and will have more definitive information when our analysis is complete.

The effects of the FY 2013 sequester will persist beyond the current year and profoundly affect the Navy and Marine Corps' ability to carry out their missions in today's threat environment using the protocols and force structure that currently exist. Moreover, the President's FY 2014 Budget request assumes the Congress will reach a compromise on deficit reduction; otherwise, the programs and projects we present today will be subject to reductions as well.

INVESTING IN OUR INFRASTRUCTURE

Overview Our installations provide the backbone of support for our maritime forces, enabling their forward presence. The Department is requesting over $12 billion in various appropriations accounts, a decrease of $619 million from the President's FY 2013 request, to operate, maintain and recapitalize our shore infrastructure. Figure 1 provides a comparison between the FY 2013 and FY 2014 budget request by appropriation.

Category	PB 2013 ($M)	PB 2014 ($M)	Delta ($M)	Delta (%)
Military Construction, Active + Reserve	1,752	1,733	-19	-1.1%
Family Housing, Construction	102	73	-29	-28.4%
Family Housing Operations	378	390	12	3.2%
			0	
BRAC	165	145	-20	-12.1%
			0	
Sustainment Restoration & Modernization (O&M)	3,025	2,829	-196	-6.5%
			0	
Base Operating Support	7,220	6,848	-372	-5.2%
			0	
Environmental Restoration, Navy	311	316	5	1.6%
TOTAL	**12,953**	**12,334**	-619	-4.8%

Figure 1: DoN Infrastructure Funding by Appropriation

Although smaller, the FY 2014 request supports the Defense Strategic Guidance of 2012 and represents continued investment in enhancing Combatant Commanders' capabilities, improving service member quality of life, and recapitalizing aging infrastructure. The FY2014 budget also demonstrates the Department's commitment to energy security by funding cost effective projects efforts that will improve our energy infrastructure and reduce our consumption.

Military Construction Our FY 2014 President's Budget Request of $1.7 billion keeps pace with last year's request and supports several key objectives of the Defense

Strategic Guidance of 2012. For instance, the Navy and Marine Corps are investing approximately $657 million to *enhance warfighting capabilities in the Asia-Pacific region* such as the new hangar, apron, and infrastructure ($132.2 million) at Marine Corps Base, Hawaii that will support the second squadron of MV-22 “Osprey” aircraft arriving in 2016; and Navy’s wharf improvements ($53.4 million) at Naval Base Guam.

Additionally, the Navy is investing over $200 million in projects such as the Broad Area Maritime Surveillance hangars in California ($17.5 million) and Guam ($61.7 million) and the EA-18G Growler ($32.5 million) and P-8 Poseidon ($85.2 million) projects in Washington state that will ensure the United States remains capable of *projecting power in anti-access and area denial environments*. The third increment of the Explosive Handling Wharf ($24.9 million) at Naval Submarine Base Bangor, Washington supports the objective of *maintaining a safe, secure, and effective nuclear deterrent.* The Marine Corps is investing $84 million in a new cyber operations and headquarters facility at Fort Meade, Maryland that will leverage proximity to US Cyber Command and the National Security Agency to *operate effectively in the cyberspace domain.* And finally, the Navy’s investments in a barracks and armory ($29 million) at Camp Lemonnier, Djibouti provides supporting infrastructure enabling Special Operations Forces to carry the fight forward, conducting *stability and counterinsurgency operations* for US Central and US Africa Commands.

The Department continues efforts to reduce our energy costs. The FY 2014 request includes nearly $70 million to decentralize steam plants at Marine Corps Base Camp Lejeune and Marine Corps Recruit Depot San Diego, installing new gas-fired energy efficient space and domestic water-heating systems. Additionally, the Department will benefit from nearly $61 million in energy and water conservation projects funded through the Defense-Wide Energy Conservation Investment Program. These funds will enhance energy security at Camp Smith, Hawaii ($8 million) and Marine Corps Air Station Miramar, California ($18 million); increase sources of cost effective renewable energy ($1.7 million); improve water conservation efforts ($2.4 million); and increase energy efficiency in many other locations ($30.7 million). However, the almost $600 million FY 2014 reduction in SRM/O&M and Base Operating Support (Figure 1 above) in addition to the sequester reductions in FY 2013 will make the statutory energy intensity goals more difficult to achieve. Moreover, a reduced investments in energy projects *now* will result in lost opportunity for savings in the future, higher utility costs and, ultimately, reduced readiness as funds are diverted to pay these bills.

Facilities Sustainment, Restoration and Modernization (FSRM) The Department of Defense uses a Facilities Sustainment Model to calculate life cycle facility maintenance and repair costs. Using industry-wide standard costs for various types of buildings and geographic areas, the model is updated annually. Sustainment funds in the operation and maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency response to minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems).

The Navy budgeted $1.5 billion (80 percent of the model) in FY 2014 and continues to take risk in its shore infrastructure to increase investment in afloat readiness and capabilities. It manages this risk by prioritizing work to address mission critical facilities in poor condition and resolve life-safety issues. Projects not meeting these criteria are deferred. There are, however, exceptions to the “80 percent” rule. Maintenance dredging, flagship educational institutions, Camp David, and the Naval Observatory receive 100 percent of the funding recommended by the model. Furthermore, the Navy programmed $425.1 million to meet the six percent capital investment in depots required by Title 10, US Code, section 2476.

The Marine Corps will continue to fund sustainment funding at 90 percent of the model ($691 million) in FY 2014. Even this strong commitment will result in some facilities degradation. The Marine Corps will continue to prioritize and target facilities that directly affect mission operations for full sustainment.

<u>Restoration and Modernization</u> provides major upgrades of our facilities. In FY 2014, the Department of the Navy is investing $570 million of Military Construction, and $618 million of Operation and Maintenance funding into restoring and modernizing existing infrastructure.

INVESTING IN OUR PEOPLE

Overview The strength of our Navy-Marine Corps team lies not in advanced weaponry or faster, stealthier ships and aircraft. Our naval forces derive their strength from the Sailors and Marines who fire the weapon, operate and maintain the machinery, or fly the plane, and from the families and civilians supporting them. We continue to provide the best education, training, and training environments available so our forces can develop professionally and hone their martial skills. Providing quality of life is a determining factor to recruiting and retaining a highly professional force. To this end, we strive to give our people access to high-quality housing, whether government-owned, privatized, or in the civilian community, that is suitable, affordable, and located in a safe environment.

Training and Education Of the $1.7 billion request for military construction, the Navy and Marine Corps together have programmed over $224 million in operational and technical training, professional development, and academic facilities. For example, the Navy, in order to accommodate an increased student load at Nuclear Power Training Unit in South Carolina, will expand pierside berthing for an additional moored training ship that will provide “hands on” propulsion plant training in a realistic environment ($73.9 million). The Marine Corps will consolidate its Command and Control Training and Education Center of Excellence, Civil Military Operations School, and Marine Air Ground Task Force Staff Training Program into one 69,000 square foot facility ($25.7 million). This project will allow the Marine Corps to carry out its Marine Corps University recapitalization program.

Unaccompanied Housing In addition to expeditionary housing the Navy will build in Djibouti, the FY 2014 request includes two projects that will provide accommodations for 1220 transient and permanent party personnel. The first project replaces outdated and deteriorating housing for initial skills training ("A" School) students at Naval Station, Great Lakes ($35.9 million). The second project, at Naval Base Ventura County, acquires and converts 300 existing leased "Section 801" family housing units and two supporting facilities to address pressing billeting needs ($33.6 million).

The Marine Corps is benefitting from prior investments in unaccompanied housing made in support of the Commandant's Barracks Initiative and the Grow the Force effort that increased end-strength from 175,000 to 202,000 Marines. Despite the projected decline in end-strength, the Marine Corps is well-positioned to accommodate its projected steady-state troop strength of 182,000 without excess inventory, having only programmed an amount to support 90 percent of its unaccompanied housing requirement. The results of the ongoing force structure analysis will determine whether some locations might require additional resources.

Family Housing The Department continues to rely on the private sector as the primary source of housing for Sailors, Marines, and their families. When suitable, affordable, private housing is not available in the local community, the Department relies on government-owned, privatized, or leased housing. The FY 2014 budget request of $463.3 million supports Navy and Marine Corps family housing operation, maintenance, and renovation requirements.

Both the Navy and Marine Corps have requested FY 2014 funding for post-acquisition construction projects necessary to improve existing government-owned family housing in overseas locations. These include projects in Japan that will revitalize 68 homes at Commander Fleet Activities Sasebo ($21.6 million); another 50 homes at Marine Corps Air Station Iwakuni while metering 736 units ($24.2 million); and 59 homes at Naval Base Guam ($23.1 million).

Through the Military Housing Privatization Initiative, the Department has virtually eliminated its entire inventory of inadequate housing. While the Navy does not privatize any additional housing in FY 2014, the Marine Corps has awarded Phase 6 of its Camp Lejeune project this year, but is continuing to review the need for other previously approved projects as part of an assessment of Marine Corps-wide requirements.

Additionally, the Navy and Marine Corps estimate spending almost $75 million to lease over 2500 housing units domestically (781) and abroad (1,763). Over the past several years, the Navy has reduced its number of foreign "high-cost" leases (based on thresholds contained in US Code Title 10, section 2828. This past year, the Department instituted a policy to limit the leasing of high-cost homes overseas (based on 10 USC 2828 thresholds). We will only consider such leases for designated high-risk billets/high risk personnel where there are no less costly options to provide secure housing or where it can be demonstrated that such a lease is in the best interests of the Government.

Finally, the Department has programmed $287.3 million that will provide for the daily operation, maintenance, and utilities expenses necessary to manage its military family housing inventory. The budget request also includes another $27.6 million to provide oversight and portfolio management for over 63,000 privatized homes to ensure the Government's interests remain protected and quality housing continues to be provided to military families.

MANAGING OUR FOOTPRINT

Overview It is a basic tenet that the Department of Defense should own or remove from public domain only the minimum amount of land necessary to meet national security objectives. Coupled with the fiscal imperative to conserve resources, especially in this era of deficit reduction, the Department of the Navy has more than enough incentive to reduce its footprint both at home and abroad.

European Consolidation To meet these twin objectives, the Department is ready to conduct a capacity analysis that will provide the basis for consolidating military infrastructure in Europe. It should be noted the Navy has a limited footprint in the European theater, relocating its European headquarters from London to Naples in 2005 and closing Naval Air Station Keflavik in 2007 and Naval Support Activities Gaeta and La Maddalena in 2006 and 2008, respectively. We are undertaking preliminary capacity assessments of our remaining bases at Naval Station Rota, Naval Air Station Sigonella, and the Naval Support Activities in Naples and Souda Bay that will inform a Defense-wide path forward. Our assessment will also include, in partnership with NATO and Norway, a review of the Marine Corps' prepositioning site in central Norway.

Base Closure and Realignment (BRAC) With respect to consolidating our domestic infrastructure, the Base Realignment and Closure process offers the best opportunity to assess and evaluate opportunities to properly align our domestic infrastructure with our evolving force structure and laydown. Since the first round of BRAC in 1988, the Department has closed 186 domestic installations and activities, including 52 major installations. Figure 2 demonstrates the evolution of the Department's force structure since 2005:

Year	Service	Battle Force Ships	Primary Authorized Aircraft-Active	Personnel-Active	Installations
PB 2005	Navy	290	1402	365900	94
	USMC		995	175000	26
Total			**2397**	**540900**	**120**
PB 2013	Navy	284	2012	322700	83
	USMC		1041	197300	25
Total			**3053**	**520000**	**108**

Figure 2: Force Structure vs. Number of Installations

The Department has programmed $145 million to continue environmental cleanup, caretaker operations, and meet property disposal plan. By the end of FY 2012, we had disposed 91 percent of our excess property through a variety of conveyance mechanisms with less than 17,000 acres remaining. Here are several examples of what we were able to achieve in the past year.

Since the former Naval Air Station Brunswick in Maine closed in 2011, the Navy has disposed of 79 percent of the surplus property. The community is experiencing success in creating short-term and long-term jobs as it continues to implement its redevelopment plan for the property.

In FY 2012, the Navy completed the last disposal action at the former Naval Station Ingleside, Texas, with the public sale of 155 acres on October 7, 2011 to Kiewitt Offshore Services, LTD for approximately $2 million.

Finally, at the end of 2012, the Navy and South Shore Tri-Town Development Council reached agreement on an economic development conveyance amendment that resulted in the disposal of 556 acres of the former Naval Air Station South Weymouth in Massachusetts. This agreement brought the total percentage disposed at South Weymouth to 93 percent, with less than 150 acres pending disposal upon completion of environmental remediation actions.

Overall, the Navy continues to reduce its inventory of properties closed under BRAC. Of the original 131 installations with excess property, the Navy only has 23 installations remaining with property to dispose. We anticipate reducing this number by six installations this year, with the remainder to be disposed as we complete our environmental remediation efforts.

Under the previous BRAC efforts, the Navy has been able to realize approximately $4.4 billion in annual recurring savings. BRAC 2005 alone resulted in approximately $863 million in annual recurring savings. Although there remain cleanup and disposal challenges from prior BRAC rounds, we continue to work with regulators and communities to tackle complex environmental issues, such as low-level radiological contamination, and provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

Compatible Land Use The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities that affect Navy and Marine Corps' ability to operate and train, and protecting important natural habitats and species. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges.

The Department of Defense provides funds through the Readiness and Environmental Protection Initiative (REPI) that are used in conjunction with Navy and Marine Corps O&M funds to leverage acquisitions in partnership with states, local governments and non-governmental organizations. Figure 3 represents the activity and funding for restrictive easements the Department acquired in FY 2012:

	Expenditures in FY 2012 using Multiple FY funding ($000)					Total Expenditures from FY 2005 to present ($000)				
	FY 2012 Acres	DoD REPI (O&M)	Service (O&M)	Partner funds	Total Funds	Total Acres	DoD REPI (O&M)	Service (O&M)	Partner funds	Total Funds
Navy	5,197	14,369	682	15,580	30,632	16,468	41,840	5,699	53,421	100,960
Marine Corps	2,200	4,974	2,682	8,755	16,411	44,094	45,538	17,698	70,272	133,509
Totals	7,398	19,343	3,365	24,335	47,043	60,562	87,378	23,397	123,693	234,469

Figure 3: Restrictive Easements Acquired through Encroachment Partnering in FY 2012

Vital to the readiness of our naval forces is unencumbered access to critical land, water and air space adjacent to our facilities and ranges. The Department understands that energy exploration, on land and off-shore, plays a crucial role in our nation's security and are activities not necessarily mutually exclusive with military training. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not degrade the ability of naval forces to achieve the highest value from training and testing. As an active participant in the DoD Clearinghouse, the Department of the Navy assisted in the evaluation of 1,769 proposed energy projects submitted through the formal Federal Aviation Administration's Obstacle Evaluation process during calendar year 2012. Ninety-eight percent (1,730) of the projects were assessed to have little or no impact on military operations.

The 1,730 projects cleared by the Clearinghouse represent potentially 38 gigawatts (GW) of renewable energy projects. The wind-turbine developers, in particular, were responsible for a large increase in US green energy during 2012 -- over 13 GW of nameplate wind-turbine capacity were completed in 2012.

Land Withdrawals A number of Department of Navy installations are located wholly or partially on public lands that have been withdrawn from the public domain. Withdrawals exceeding 5,000 acres must be authorized in statute. As part of the National Defense Authorization Act for FY 2014, the Administration requests to renew the withdrawals for Naval Air Weapons Station, China Lake, California, and the Chocolate Mountains Air Gunnery Range, California managed by the U.S. Marine Corps. The Marine Corps also seeks to withdraw an additional 154,000 acres at its Air Ground Combat Center, Twentynine Palms, California to support increased training requirements. These three withdrawal actions have been combined into a single legislative proposal with the Army's request to convert its use of public lands at the Limestone Hills Training Area, Montana. Each of these withdrawal actions would extend for a period of 25 years.

RELOCATING MARINES TO GUAM

Overview Guam remains an essential part of the United States' larger Asia-Pacific strategy, which includes developing the island as a strategic hub and establishing an operational Marine Corps presence. The Department of Defense recognizes Congress' concerns regarding execution of the Guam military realignment as outlined in the Fiscal Year 2012 and 2013 National Defense Authorization Acts (NDAA) and is taking steps necessary to resolve critical issues that will allow the construction program to move forward.

Moving Forward In April 2012, the U.S.-Japan Security Consultative Committee (SCC) announced an adjustment to reduce the number of Marines relocating from Okinawa to Guam from approximately 8,600 to approximately 5,000. In October 2012, the Department issued a new Notice of Intent expanding the scope of the Supplemental

Environmental Impact Statement (SEIS) for the Live Fire Training Complex to also evaluate alternatives for the Main Cantonment, Family Housing, and impacts on Guam's civilian infrastructure, scaled according to this reduction in relocating Marines.

The first military construction contracts funded by both the U.S. and Government of Japan at Apra Harbor, Andersen Air Force base and along Marine Corps Drive (Defense Access Roads) were awarded following the Record of Decision in September 2010 and are now proceeding. These projects are not impacted by the SEIS.

The FY 2013 budget request included $26 million to construct facilities in support of the Marine Aviation Combat Element at the Andersen Air Force Base North Ramp on Guam. We appreciate the support of Congress in authorizing and appropriating funds that enables the second increment of a project providing an aircraft parking apron, taxiways, lighting, wash racks and supporting utilities to proceed.

The FY 2014 budget request includes $85.7 million for construction of a Type II Hangar at the Anderson Air Force Base North Ramp. To match the U.S. effort in FY 2013, the Government of Japan has agreed to reallocate $10.8 million to fund planning and design for the second increment of North Ramp utilities and site improvement using their Japan FY 2009 funds already transferred to the U.S. and for FY 2014, transferring $114.3 million of Japan FY 2011 funds for the construction of this project. None of these projects are impacted by the SEIS.

Finally, The United States and Japan are continuously looking for more efficient and effective ways to achieve the goals of the Realignment Roadmap. Both countries remain committed to maintaining and enhancing a robust security alliance, and the United States remains committed to enhancing the U.S.-Japan Alliance and strengthening operational capabilities.

CONCLUSION

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. The Department's FY 2014 request supports critical elements of the Defense Strategy of 2012 by making needed investments in our infrastructure and people; reducing our world-wide footprint; and preserving access to training ranges, afloat and ashore.

Yet, unless Congress acts to enact a comprehensive and measured approach to deficit reduction, our programs will be subject to reductions in planned spending even larger than the ones we are grappling with today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

Thank you for the opportunity to testify before you today and I welcome your questions.