

RECORD VERSION

STATEMENT BY

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BEFORE THE

**SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

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**FISCAL YEAR 2025 DEPARTMENT OF THE ARMY BUDGET REQUEST FOR
MILITARY CONSTRUCTION AND FAMILY HOUSING**

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**NOT FOR PUBLICATION UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS**

Introduction

Chair Carter, Ranking Member Wasserman Schultz, and distinguished members of the subcommittee, thank you for this opportunity to present the Army's Fiscal Year (FY) 2025 budget request for military construction and Army housing, and for your continued support and commitment to the Army's Soldiers, Families, Civilians, and Soldiers for Life. This last year, the Army has made meaningful progress building resiliency in our force. But more needs to be done to fulfil our commitments to our soldiers, particularly in the areas of barracks and housing. Working with the Congress, we will continue to build on our efforts in 2025.

With ongoing and emerging threats around the world, building resiliency in our force, infrastructure, and industrial base is a strategic imperative. First, we must ensure our installations adequately support our soldiers and their families around the globe. Second, we must invest in advantages over our adversaries—including modernizing our operational energy capacities. Lastly, we must continue to improve the management of our installations and physical resources to ensure the Army's focus can be mission oriented. The FY 2025 budget request will help the Army make these strategic investments while we continue to remove obstacles to our success. To build the Army of tomorrow, we must make deliberate investments in our installations today.

Military Construction Budget Request

The Army's FY 2025 Military Construction (MILCON) budget request across all components is \$3.9 billion, which covers 45 projects. A vast majority of this funding will be used to address critical inadequacies in housing and other quality of life issues on our installations. Of that request, \$2.3 billion is for the Regular Army, \$362 million is for the Army National Guard, and \$255 million is for the Army Reserve. The remainder of the MILCON request is \$752 million for Army Family Housing and \$213 million for Base Realignment and Closure Accounts.

For the Active Army, \$1 billion of the \$2.3 billion is dedicated to projects supporting soldier quality of life—including investments in barracks and childcare facilities. Another \$772 million is for twelve major construction projects supporting various readiness functions, including: \$114 million for live fire ranges and training facilities, \$112 million for upgrades of Army power projection assets, \$262 million for unit equipment maintenance facilities, \$276 million to modernize the Army's aging Industrial Base infrastructure, and \$8 million for a land purchase.

Planning and Design funding for \$325 million and Unspecified Minor Military Construction for \$186 million rounds out the Active Army MILCON request.

The Army National Guard's MILCON request totals \$362 million, including \$202 million for five National Guard Readiness Centers to improve training proficiency, increase unit readiness, and enhance the quality of soldiers' work environments. The National Guard is requesting to improve readiness with four vehicle maintenance facility projects totaling \$72 million, a live fire training range for \$18 million, \$26 million for planning and Design, and \$45 million for minor construction projects.

The \$255 million Army Reserve MILCON request includes \$81 million for two barracks. The remaining four projects for the Army Reserve support unit and training readiness include two vehicle maintenance facilities for \$45 million, an Army Reserve Center for \$78 million and a Vertical Construction Skills Training Facility for \$16 million. Planning and design for \$31 million and minor construction for \$4 million complete the Army Reserve request.

Unaccompanied Housing - Barracks

Our first and highest priority is to ensure our soldiers have safe, high-quality living and working conditions. While the health of our soldiers extends beyond our installations into the communities that support our installations, ultimately healthy and ready soldiers start with quality housing. The challenge we face with deferred maintenance and quality of our housing portfolio—as highlighted in last year's Government Accountability Office Report--built up over many years. The Army is proactively building a multiyear plan to address these challenges responsibly over the next few years. However, in situations where the living conditions are unacceptable, the Army is taking immediate action to ensure all soldiers are adequately housed as quickly as possible.

In the last few years, with the help of the Congress, the Army's investment in permanent party barracks has grown from \$718 million in FY 2021 to over \$1.5 billion in the FY 2025 budget request. Across all components, our requested barracks funding is now \$2.5 billion. As part of that funding, the Army is requesting 100 percent of the barracks sustainment requirement in the operations and maintenance account to ensure our good and adequate barracks do not degrade into the poor or failing category. The requested \$935 million for nine MILCON barracks

projects—seven for the Active Army and two for the Army Reserve—will help expand our barracks capacity. In addition, the Army plans to dedicate a large portion of the requested Restoration and Modernization funding—also provided in the Operations and Maintenance Account—to barracks recapitalization.

We are grateful to Congress for recognizing the Army’s need for additional MILCON and Facilities Sustainment, Restoration, and Modernization (FSRM) funding in FY 2024 and look forward to building upon that investment. Our 2025 budget request is part of a multi-year, systematic approach to address deferred maintenance, and to sustain the quality of our barracks once the issues have been resolved. The FY 2025 MILCON and FSRM funding requests provide our best estimates of the total costs of projects needed to put the Army on a path to addressing barracks deficiencies across the Future Years Defense Program.

Modernizing our design and management for new and renovated barracks remains a priority for the Army. The six permanent party barracks projects in the MILCON request will provide 996 beds. These projects will use the Army’s current configuration and privacy standards which include single occupancy rooms and a shared bathroom in a four-bedroom, two-bathroom suite format. Additionally, the Army is actively assessing the potential to privatize barracks where it makes sense to do so. The Office of the Secretary of Defense (OSD) is currently reviewing options to privatize barracks at Fort Irwin, California, where a Life Cycle Cost Analysis shows that it can be more cost-effective to have a private company build and manage the barracks than building government-controlled barracks. The Army currently has four other locations with privatized barracks.

Looking to the future, the Army is aggressively addressing Congress’ concerns to deliver the highest quality barracks possible for our soldiers. The Army will continue to look for ways to improve soldiers’ quality of life when updating our barracks, including adding security cameras in every new and renovated barracks. In 2025, the Army is planning to hire 75 civilian barracks managers across 56 installations—one for each housing office—that will be principally responsible for barracks maintenance, as required by the FY 2024 National Defense Authorization Act (NDAA). The Army is exploring options to expand this program. Having full time civilian personnel supervising barracks maintenance will help to ensure we maintain our barracks investments made in the FY 2025 request while allowing our soldiers to focus on their

primary mission. Additionally, the Army is finalizing a total inventory of the work required to fix our poor and failing barracks to provide the Congress with an accurate estimate of the Army's needed funding for barracks going forward. Lastly, we are building a program to use the new Repair by Replacement authority in the FY 2024 NDAA to fund poor and failing barracks projects where estimated repair costs exceed 75 percent of the replacement costs.

Army Family Housing

In addition to efforts on barracks, the Army continues to make significant progress to provide high quality family housing for our soldiers and their families—both government controlled and privatized family housing.

The FY 2025 budget requests \$752 million for the operation, maintenance, leasing, privatization oversight, and construction for Army Family Housing worldwide. This includes investments in the Army controlled family housing. This funding is vital to improve the quality of family housing. The Army remains committed to effectively maintaining our government-controlled housing, which is mainly located overseas. In FY 2025, the Army is requesting three construction projects for government-controlled housing, including 84 new housing units in Chievres, Belgium; replacement construction of 54 units in Baumholder, Germany; and renovation of another 35 units at Camp Zama, Japan.

In addition to ensuring high-quality government-controlled housing, the Army has made significant progress in improving the quality of privatized housing. Over the next three years, private housing providers will invest over \$2 billion in new construction, renovations, and other development work. Over the last two years, the Army has implemented several oversight reforms to better hold private housing providers accountable for maintaining the high-quality privatized housing our soldiers deserve. These efforts have included strengthening and clarifying enforcement language in ground leases, conducting house-by-house inspections, implementing quality assurance of construction and renovations, developing a standardized quality assurance maintenance program that will be applicable to all private housing companies doing business with the Army, and conditioning incentive payments based on quality assurance inspections.

This last year, we conducted 100 percent house-by-house third-party inspections at Fort Eisenhower where most of the homes—but not all—were determined to be in safe and habitable

condition. The Army is taking quick, substantive actions when our inspections reveal deficiencies in work performed by the private housing providers. In the FY 2025 budget request, the Army has requested \$34 million to continue these third-party inspections and has targeted completion of the entire housing inventory by the end of FY 2026.

As part of the Army's commitment to providing quality housing, we continually look for feedback from our soldiers and private housing providers. Annually, the Assistant Secretary of the Army (Installations, Energy and Environment) and the Commanding General of Army Materiel Command meet with private housing providers and senior Army leaders to assess the portfolio's status and develop solutions to address prevailing challenges. Additionally, the Commanding General, Installation Management Command, continues to hold weekly meetings with privatized housing providers and stakeholders throughout the installation community to review the physical conditions of privatized housing and to receive an update on the status of displaced families.

Other Facilities

The Army's inventory includes a wide variety of facilities beyond housing, from equipment maintenance shops to unit headquarter office buildings. We must maintain and improve all Army facilities to enable our mission. With guidance from the Congress, Army senior leaders continue to prioritize investment of limited resources and provide the Congress with a list of unfunded priorities. With construction cost growth continuing to outpace core inflation by 2 to 3 percent, Army MILCON project costs sometimes end up being greater than amounts authorized and appropriated. In FY 2023, the Army re programmed over \$364 million to on-going construction and previously authorized project awards, displacing other funding priorities. We continue to look for cost savings in every project to minimize the need to submit request additional funding in the future. We look forward to working with Congress on options for accounting for project cost growth in our original MILCON requests to minimize these cost-to-complete requests in the future.

Childcare

The resiliency of our force is dependent on more than just housing. Our soldiers and their families need access to safe childcare so that they can focus on their missions. To assist our families finding safe childcare, the Army has a robust Child Care Fee Assistance Program that

subsidizes the cost of community childcare for approximately 10,000 children per day when a family has limited access to installation childcare or a family's duty station is off an installation.

For many Army families, Child Development Centers (CDCs) provide important childcare in many places where access may be limited. As the Army is looking to add and improve CDCs and other childcare centers over the next 10 years, the FY 2025 MILCON Budget request includes \$174 million for three CDCs and one Youth Center.

Safety and Occupational Health

The safety of our soldiers and civilians remains at the forefront of our efforts to maintain a resilient force. The Army is undertaking a major evolutionary step forward implementing the Army Safety and Occupational Health Management System, which will move us from a reactive approach to safety and occupational health, where planning was primarily based on historic trends, to a proactive approach. We appreciate Congress' guidance as we move out on a pilot program that will install data recorders on tactical vehicles. These recorders provide critical data to support mishap investigations and give us the capability to proactively improve driver and passenger safety by identifying hazards for mitigation. The recorders will also provide the potential for daily monitoring of each vehicle to provide individual feedback for improving driver confidence and performance.

Installation Resiliency

Ensuring our installations can sustain and protect our soldiers, their families, and our operational capacity through any situation remains a top priority for Army senior leaders. Threats to our installations are more pervasive, diverse, and acute now than ever in history. From securing the land around our training areas to more frequent and severe weather events, the Army must protect our installations from more than just physical threats; we must protect our cyber capabilities, energy infrastructure, and water resources through deliberate investments. For the Army of tomorrow to be able to project force around the world, we must invest in resilient installations today.

To assess risks to our installations, the Army has completed initial Installation Energy and Water Plans (IEWPs) for almost every installation, and we have started developing Installation Climate Resiliency Plans (ICRPs). These assessments are valuable tools to inform installation leaders,

planners, and senior leaders about short- and long-term risks and vulnerabilities to our infrastructure and other assets on our physical installations. To help mitigate risks to our installations' water and energy, the Army has completed 180 of the 189 IEWPs; we are on track to complete the remaining IEWPs in FY 2024. Additionally, ICRPs help inform how our installations and facilities will specifically mitigate or adapt to the effects of climate change. Since my last update, the Army completed ICRPs for USAG Alaska, Anniston Army Depot, Fort Bliss, Fort Carson, Fort Cavazos, Fort Liberty, and Fort Stewart. In addition, two new ICRPs are underway at Fort Detrick and USAG Poland. Significantly, we are working with partners in neighboring communities and academia to share essential regional data in determining risks from climate change. The Army, working with the Congress, will be ready to use these plans to prioritize investments that address our most critical climate, water, and energy vulnerabilities.

To test our resiliency, Army installations conduct Black Start Exercises assessing installations' ability to respond to an electric grid outage. These exercises have been completed at ten installations and planning is underway to execute these exercises at seven additional locations in FY 2024.

The Army continues to explore a wide array of technologies to bolster our installation resilience. Specifically, the Army invests directly in our infrastructure resiliency, by using the authorities Congress has given us. We also enter into private-public-partnerships to bring private sector capital onto installations. For example, there are 33 active technology demonstrations projects underway at 28 Army installations as part of the Department of Defense's Environmental Security Technology Certification Program. Working across the government, the Army leverages expertise of other Federal agencies, such as our four geothermal energy pilot projects with the Department of Energy. Congressional funding for Army research labs has also increased installations' ability to test and leverage resilient technologies. In February 2024, a ribbon cutting was held for a new microgrid at Fort Cavazos, Texas, which will support 43 facilities and was made possible, in part, by \$9 million in congressional research funding provided to the U.S. Army Corps of Engineers' Engineering Research Development Center.

Microgrids are a central feature of the Army's resilience planning. They can include on-site power generation, controllable distribution systems, and energy storage. Microgrids promote resilience by islanding on-base power in the event of an off-base power interruption. The carbon

neutral energy that they can provide for our installations also supports the Army's Climate Strategy goal to be net zero by 2050. To date, the Army has 29 operational microgrids, with 9 in construction, 29 in design, and over 50 in early stages of planning. To continue this effort, the FY 2025 MILCON budget request includes \$248 million to invest in these types of energy resilience projects.

Installation resiliency is about more than just fortifying our energy and water supply and distribution. The buildings we construct must last longer and use less energy over the long term. This is especially important for the Army which has more buildings on our installations than the other military services combined. These buildings are the source of the vast majority of Army's greenhouse gas emissions. Last month, the Army released guidance for installations to design and construct more resilient buildings. That guidance follows guidance from OSD and the Biden Administration to transition to all-electric technologies for building operations. Consolidating our energy demand to electricity, which has many more generation and storage options than other types of energy, allows the Army to focus on sourcing and securing only one energy source. The investment in higher quality, more efficient building materials, coupled with efficient design considerations, will reduce building operational costs, while creating more durable and higher quality facilities that are better able to withstand severe weather events.

The Army continues to follow the Congress's lead in exploring the viability of nuclear energy as a stable and reliable source of energy for our mission critical operations. The FY 2019 NDAA directed the Department to undertake a pilot program in for a small modular advanced nuclear reactor, which is being led by the Department of the Air Force. The Army continues to monitor the progress of that pilot program and consider if the technology would be viable to supply power to critical missions on our installations.

Industrial Base and Supply Chains

The security of our defense and industrial base is critical to support our soldiers on the front lines. The Army's FY 2025 MILCON request includes \$276 million to invest in the capacity of our organic industrial base. These investments will pay dividends for years to come, increasing the Army's capacity to meet every size and type of mission.

Beyond our Organic Industrial Base, the Congress and Administration have taken many steps to ensure our supply chains supporting resilient energy projects are protected from our adversaries.

Being able to look beyond just the end-product to the source of our raw materials allows the Army to assess any potential long-term risks to our missions. In the near term, we are working with like-minded allies to achieve mutually beneficial supply chains to safeguard our investment in resilient energy. The Army's efforts to "Buy American" and standardize batteries across our partners will help to ensure we do not trade a dependence on overseas fossil fuels for other overseas dependencies.

Installation Management Innovation

The Army continues to improve and innovate to efficiently manage the financial and physical resources entrusted to us by the American people. Beyond using the existing authorities provided by the Congress to improve management of housing, the Army is exploring how geospatial information technology and analysis can optimize our use of land. These innovative tools and methods, as authorized in the FY 2021 NDAA, provides us detailed insights about how we are occupying our property, and where we are not fully occupied, allowing the Army to advertise available land for use by other agencies.

In addition to making efficient use of land, the Army is actively reducing our holdings, when appropriate. During FY 2023, the Army disposed of over 9,000 acres of surplus property. We have completed transferring all surplus acres at Fort Gillem, completed a long-awaited transfer at Fort Ord, California to the Bureau of Land Management, and are close to completing an Economic Development Conveyance that will transfer 5,400 acres at Pueblo Chemical Depot, Colorado. We are also close to completing major real estate transactions at Stratford Army Engine Plant, Connecticut and Riverbank Army Ammunition Plant, California.

The Army is proud of local community redevelopment efforts at previously transferred properties. Fort McPherson, Georgia has a thriving movie studio and production complex; Fort Monmouth, New Jersey is on the cusp of a massive redevelopment deal; Sunflower Army Ammunition Plant, Kansas will soon be producing electric vehicle batteries; Walter Reed Army Medical Center now has hundreds of new housing units, a Whole Foods, and Children's National Medical Center has invested over \$200M into a world-class medical research campus. Fort Gillem, Georgia has more jobs today than when it was an Army installation, built millions of square feet of new distribution space, and has a movie studio opening soon.

The Army continues to work towards a resolution on the Army and Navy Hospital Complex in Hot Springs, Arkansas. We appreciate the Congress elevating the issue and we continue to work with the State to come to a resolution.

Beyond land planning considerations, the Army continues to look for new and innovative ways to reduce installations operation costs, leverage public private partnerships to finance conservation efforts, and reinvest savings into our installations. These efforts reduce cost for our installations and the American taxpayer, while freeing up Army resources to other strategic investments.

In addition to reducing operating costs, the Army's active energy and water conservation efforts help to build resiliency by reducing the amount of energy and water that needs to be sourced for our installations. In FY 2023, Army installations used slightly over 29.5 billion gallons of potable water, a reduction of 100 million gallons from previous years. In FY 2023, the Army captured, treated, and re-utilized nearly 695 million gallons of water from alternative sources such as rainwater harvesting systems. At Fort Leonard Wood, Missouri, the Army re-treated wash water and at Fort Irwin, California, recycled and treated wastewater resulted in an annual decrease of 3.6 million gallons of potable water use. Our efforts to reduce our installations water usage is especially important in communities that are suffering from severe water shortages and insecurity, like the Southwest and island communities.

The Army's use of Energy Savings Performance Contracts (ESPCs), Utility Energy Savings Contracts (UESC), and Intergovernmental Service Agreements (IGSAs) continue to improve installation efficiency and lower facility operational costs across all utilities and services. In FY 2023, the Army awarded two ESPCs and four UESC projects totaling \$156 million, delivering the Army 3.5 megawatts of onsite carbon-free energy generation with 7.5 megawatt hours of battery energy storage. The Army is working to award nine ESPCs and UESCs totaling \$354 million in FY 2024, with more to follow in FY 2025 and FY 2026. The Army's 160 IGSAs include agreements for environmental services, waste management and dozens of other community partnerships. The Army is ready to sign an IGSA with Sourcewell, a service co-op of the Minnesota state government, for blanket Purchasing for Municipal Supplies and Services. This exciting approach to obtaining goods and services is anticipated to initially save the Army approximately \$3.75 million per year.

Going forward, we continue to innovate on our use of ESPCs, UESCs, and IGSA's to reduce the long-term cost of our facilities. Recently, the Army announced a fence-to-fence ESPC at Fort Drum. Combining multiple energy saving projects into one ESPC reduces overall administrative burdens while achieving the same operational savings. Additionally, the Army continues to reward innovations on our installation that promote energy efficiency. The Resilient Energy Funding for Readiness and Modernization program, authorized by the Congress in the FY 2006 NDAA, provides savings back to installations to reinvest in energy and quality of life programs. Since the inception of the program, the Army provided over \$174 million in energy cost savings back to installations.

Historic Housing

The Army has a growing inventory of historic housing—which will grow from 30,000 to over 100,000 in the next few years as more homes reach fifty years of age. We have worked with the Advisory Council on Historic Preservation (ACHP) to develop programmatic solutions known as Program Comments with renovation guidelines for some of the historic housing—with one more currently being considered by the ACHP. These guidelines have allowed the Army to use appropriate substitute building materials to maintain the historical nature of the homes, while increasing usability and reducing costs. At Fort Belvoir, historic homes have benefited from new windows that improve occupant comfort and decrease utility costs, while at the same time keep exterior historic characteristics of the home. At Fort Leavenworth, the housing provider estimates they will save over \$14 million by using these types of substitute building materials. We look forward to ACHP's approval of our proposed Program Comment for pre-1919 homes next month. After that approval, we will be able to use an efficient, balanced approach that allows for renovations and modernization, while preserving the history of 99 percent of our current historic housing inventory.

The Army has a distinct culture of respecting and honoring our history. From unit heritage to our historic facilities, the Army looks to our past to inform our future. However, while preserving our history we must balance the readiness of tomorrow's Army. Our current agreements with the ACHP only cover historic homes, but not the hundreds of thousands of other historic facilities that are located on Army installations. We must develop a long-term solution to be able to

renovate all historic buildings in a way that is not cost prohibitive. We look forward to working with the Congress for these solutions.

Natural Resources Stewardship and Restoration

Preserving and restoring natural resources enables the Army to provide realistic training environments and recreational areas for our soldiers and families, while at the same time protecting natural resources and endangered species entrusted to our care. Through the Army's Readiness and Environmental Protection Integration Program (REPI), we have preserved over 760,000 acres in 29 states. The Army and its partners have invested over \$1.2 billion to support the protection of natural resources.

The Army is also taking responsibility for our past actions that caused releases of hazardous substances, pollutants, or contaminants to the environment. We must continue to invest in these remediation efforts, because the environmental issues will not go away on their own and the cost to clean up these releases only continues to grow. Among these chemicals, the Army recognizes that exposure to unacceptable levels of per- and polyfluoroalkyl substances (PFAS) poses a risk to our soldiers and surrounding communities. While PFAS was used in many industrial and consumer products around the country, the Army is evaluating the extent to which its prior use of PFAS containing materials has impacted soils and ground water. The Army has been taking action to address PFAS in a transparent manner by testing for and mitigating risks from PFAS in drinking water, characterizing and remediating past releases, and transitioning to PFAS-free alternatives to aqueous film-forming foam (AFFF).

Conclusion

The importance of building high quality facilities and developing resilient installations is more evident now than ever. In Europe, the operational readiness training complex at Grafenwoehr supports soldier and ally training. In the Arctic, deterring aggression and protecting Alaska is a priority. In the Pacific, Hawaii, Guam, and Kwajalein are geostrategic footholds not just for the Army, but the entire Department of Defense. Ensuring we have resilient installations at these locations—and around the globe—helps ensure our operational advantage. Thank you for your time today and we look forward to your questions.