

RECORD VERSION

**STATEMENT BY
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ENERGY, AND ENVIRONMENTAL PROGRAMS**

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Introduction

Chairman Garamendi, Ranking Member Lamborn, and distinguished members of the Committee, thank you for this opportunity to testify on the “Fiscal Year 2020 Budget Request for Military Construction, Energy, and Environmental Programs” and answer any questions you may have. I want to begin by thanking the committee for its continued support and commitment to our Soldiers, Families and Civilians. Your leadership and guidance were instrumental in the successes we achieved last year, and I look forward to working with the Committee to achieve our mutual goals of Readiness, Modernization, and Reform throughout the programs and initiatives I oversee.

Modernization Strategy

The Army’s modernization strategy focuses on making soldiers and units more lethal to win the Nation’s wars and come home safely to our installations. The Army’s Military Construction (MILCON) request demonstrates our continued effort to modernize facilities and maximize available resources to provide secure, sustainable facilities that will meet the Army’s emergent needs in three critical subsets of installation Readiness: Power Projection, Mobilization, and Warfighter Lethality. For FY 2020, we apply \$1.8 billion of our budget request to Strategic Power Projection; \$1.4 billion for the Regular Army; \$211 million for the Army National Guard (ARNG); \$61 million for Army Reserve (USAR); and \$66 million for the Army portion of the Base Closure Account.

The \$1.4 billion Regular Army MILCON request will allow us to move forward with critical projects that enhance the Army’s ability to compete against our Nation’s adversaries. FY 2020 projects include a Cyber Instructional Facility (\$107 million) at Fort Gordon, Georgia; an Aircraft Maintenance Hangar (\$62 million) at Hunter Army Airfield, Georgia; and a Powertrain Facility Maintenance Shop (\$86 million) at Corpus Christi Army Depot in Texas.

Our \$211 million ARNG budget request is focused on recapitalizing readiness centers — the heart and soul of the National Guard — as well as ranges to allow the Guard to perform federal missions. Several of these projects will consolidate units and functions into a single facility, allowing the Guard to close multiple older facilities.

The \$61 million FY 2020 budget request for the USAR replaces our most dilapidated and failing facilities, and an additional \$9 million will support critical needs through the Unspecified Minor Military Construction account.

We appreciate the funding Congress provided the Army in recent years to meet the most pressing needs on our installations. The FY 2020 \$5.9 billion Facilities Sustainment Restoration Modernization budget request sustains this trend and gets us closer to meeting our full sustainment requirements. The \$3.5 billion sustainment portion of the request increases to 85 percent the total modeled requirement and will allow us to conduct more deliberate preventive maintenance activities. The \$2.2 billion restoration and modernization portion of the request, an increase of \$600 million over the FY 2019 request, will enable the Army to continue addressing our most critical maintenance backlog requirements. Commanders continue to optimize their resources and facilities by consolidating units into our best facilities, maximizing space utilization, and disposing of excess facilities.

Providing Safe, Quality Army Family Housing

Soldier and Family Housing as well as Quality of Life programs are an investment in the Army's most valuable asset — our people. I have been deeply troubled by reports in the media and concerns expressed by our Soldiers and Families of poor conditions and poor customer service associated with privatized housing. We have prioritized this matter and implemented changes in processes and procedures across the installation management enterprise to address known issues, and our assessments continue. The Army remains committed to improving infrastructure and services that foster Soldier

readiness and support Soldier and Family resilience, thus allowing Soldiers to focus on their mission.

The Army Family Housing budget allows us to provide homes and related housing services to Soldiers and their Families living around the world. For FY 2020, the Army requests \$141 million for Family housing construction. This will fund the fourth and final increment of \$83 million for new housing at Camp Humphreys, South Korea, which meets the requirements of Commander, U.S. Forces Korea for on-post housing. The request also directs \$30 million to improve poor and failing housing units in Baumholder, Germany, and \$19 million to address failing housing at Tobyhanna Army Depot, Pennsylvania.

We are requesting \$358 million to sustain all Family Housing operations, cover utility costs, ensure proper maintenance and repair of government Family Housing units, lease properties where required, and provide privatized housing oversight. We are committed to providing our Soldiers and Families the best possible living conditions, commensurate with their service to our nation.

We are also investing in our unaccompanied Soldiers' quality of life by constructing a \$32 million permanent-party barracks at Fort Hood, Texas. To address deficits at our Initial Military Training locations, we are requesting funds for Advanced Individual Training (AIT) barracks complexes at Fort Sill, Oklahoma, and Joint Base Langley-Eustis, Virginia for \$73 million and \$55 million respectively, and \$54 million in addition for a reception barracks complex at Fort Jackson, South Carolina.

Reform through Optimizing the Army's Footprint

Reforming how the Army manages its real estate assets is a continuous process. The Army balances mission-required sustainment and improvement investments with the divestiture of excess facilities and infrastructure, consistent with the Facility Investment

Strategy (FIS) annually distributed to all Army Commands and Components to help shape MILCON and Operations and Maintenance (O&M) requests.

The Army's FIS framework optimizes investments in construction, sustainment, improvement, and disposal of facilities to meet mission requirements, enhance Readiness, and lower costs with a balanced and funded investment plan. The tenets of the FIS are: (a) sustain enduring facilities, (b) improve facility quality and function, (c) dispose of facilities no longer needed, and (d) build out only the most critical shortfalls by optimizing and rebalancing facility investment.

Demolition is the most common method of facility reduction, but it is part of a system-wide approach that includes the use of recently enacted conversion authority (FY 2017 National Defense Authorization Act, Section 2802) to re-purpose and better utilize existing facilities as a cost-effective alternative to military construction.

As installation tenants are relocated out of leased, temporary, failing, or failed buildings and into more compact and/or better quality facilities, the Army is programming and executing necessary demolition projects to reduce permanently future Army sustainment requirements. This, in turn, generates re-occurring savings that can be put to better use.

One example of Army Reform efforts already paying dividends is since 2013, the Army has disposed of over 16 Million Square Feet (MSF) of facilities, mostly through demolition. In addition, the Army has reduced its sustained inventory an additional ~3.5 MSF by transferring property back to host nations (~2.6 MSF) and improving its real property data and records through ongoing audit activities (~0.9 MSF).

Among the benefits of footprint optimization through demolition, existing units and tenants are prevented from spreading into vacant or underutilized facilities simply because they can. When needed demolition and facility reduction efforts are deferred,

units move into available vacated space, sustainment resources are spread too thin, and the entire Army facility inventory degrades faster than anticipated.

These are efficiency measures the Army can and is taking using current authorities, but I should also point out some challenges to significant reoccurring savings. For example, overhead costs for operating an installation are relatively inelastic regardless of changes in that installation's population or building square footage. In other words, if the population of an installation drops by 20 percent, the overhead costs of that installation do not drop on a one-to-one basis. Rather, they typically decrease by a much smaller percentage.

Energy and Water Resilience

We appreciate Congressional support for the FY 2019 National Defense Authorization Act, which includes a \$43.39 million plus-up for the FY 2019 Energy Resilience and Conservation Investment Program (ERCIP), of which the Army received \$9.33 million.

Energy and water resilience provides support to our Soldiers and joint service partners across the installation portfolio and is a critical component of Army Readiness. Energy and water resilience enhances our ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from utility disruptions that impact critical operations on military installations, bases, and camps. Uninterrupted access to energy and water is essential to sustaining critical Army missions, providing installation support to operational warfighters, and enabling Army Readiness.

This last point, Readiness, is the Army's number one priority, and the resilience goal supports this objective by aligning with the Secretary of Defense and the Secretary of the Army's efforts to build, sustain, and ensure warfighting capabilities. As outlined in the National Defense Strategy, Army modernization efforts support our Readiness priority, so we can meet both current and future threats. Army installations are

Readiness platforms where our Soldiers live, train, and work. Attaining desired Readiness levels requires both a system-wide assessment of current conditions and a modernization effort that seeks to mitigate risk, while setting conditions to meet all threats. The Army's 156 installations must be ready, secure, and capable of deploying and sustaining forces in contested environments, anytime and anywhere the Army may be called upon to fight and win our Nation's wars.

Energy resilience requires on-site energy production, which is also an example of how installations can both contribute to Army Readiness and Modernization. The Army prioritizes energy infrastructure projects that will provide assured energy at key installations for critical mission Readiness. These projects seek to modernize energy systems that will mitigate against increasing threats from manmade and natural disasters. In Hawaii, the Army worked with Hawaiian Electric Company to develop a 50-megawatt multi-fuel project capable of providing secure energy during emergencies to Schofield Barracks, Field Station Kunia, and Wheeler Army Airfield. The project is located above the tsunami inundation zone and will establish a "black start" capability, thereby enhancing grid resilience to the benefit of both the Army and the community. In partnership with OSD, the Army also has conducted energy resilience readiness exercises, which shut off commercial power and test the readiness of our energy systems and infrastructure at Fort Greely and Fort Stewart. The Army also independently conducted a readiness exercise on Fort Knox. These exercises are vital to ensure mission-critical operations can continue on our bases and identify mission risks for funding consideration.

Safeguarding our Environment

The Army defends those things most prized by all nations – our land, our natural resources, and our people. We are obligated to protect those resources that we so faithfully defend.

As mentioned before, the Army is prioritizing Readiness and Modernization. Readiness training for multi-domain, high intensity conflict and Modernization of warfighting materiel require access to realistic environmental conditions that would be experienced during combat, including large scale landscapes with diverse and complex terrain. Natural resources are strategic assets critical to the Army's warfighting Readiness and Modernization.

We have come to learn that the training potential of our lands is directly affected by the loss or alteration of natural landscapes. Limitations on timing of training and testing activities, loss of range facilities and assets due to increases in wildfires and floods, and training constraints due to protected species and habitats are some of the documented impacts. Endangered species and their habitats exist as integral parts of Readiness training, and these landscapes contain some of the last, best habitats for endangered species. In fact, the Department of Defense (DoD) has a greater density of threatened and endangered species than any other Federal agency, and the Army has the greatest density of threatened and endangered species in the DoD. Currently, 126 Army installations contain 254 threatened and endangered species, which is why two million acres of Army training lands have management requirements for threatened or endangered species, which allows Army personnel to train, but with restrictions on those activities.

However, we have numerous recovery success stories. Habitat conservation and recovery of our installation populations of the American Bald Eagle at Aberdeen Proving Ground, MD; Red-cockaded Woodpeckers at Fort Bragg, NC and Fort Stewart, GA; Black-capped Vireos and Golden-cheeked Warblers at Fort Hood, TX; in addition to the Karner Blue Butterfly at Fort McCoy, WI and the Lesser Log-nosed Bat at Fort Huachuca, AZ have proved to be a win-win for the Army and endangered species. Habitat conservation and species recovery have maintained training landscape realism and relieved endangered species training limitations on more than 325,000 acres of Army mission landscape. These conservation efforts have resulted not only in

endangered species recovery but also increased access to capable and realistic Army landscapes that support tough, realistic, large scale combat training operations.

These are important successes; however, the Army's tremendous obligation to protect the land and important natural resources under its control is not without challenges. Based on Army endangered species trends (analyses spanning nearly 20 years), we expect that as more species are listed, and as new Army training missions are identified, Army-wide endangered species expenditures will continue to increase, and new training constraints will occur. As endangered species recovery populations increase at specific installations, expenditures and training restrictions may decrease at those locations, but installation-specific decreases in costs and species restrictions due to local endangered species population increases are not likely to offset the Army-wide impacts of overall increasing numbers of listed endangered species.

The Army is participating in important environmental initiatives to address challenges and grow those populations in order to prevent additional threatened or endangered listings. These efforts include: Off-installation species conservation crediting for Endangered Species Act compliance, Department of the Interior / DoD endangered species action plans to address continued listing of recovered species, and conservation plans for candidate species such as the gopher tortoise at Fort Benning, GA.

These challenges must be met through cooperation, and success does not occur in isolation. In each instance of species recovery at an Army installation, partnering with stakeholders has been a key factor. The Army's working relationships with state and federal agencies, universities, non-governmental organizations, and neighboring private property owners are important to the success of our conservation program and the Army's mission.

Readiness and Modernization depend on the environmental infrastructure and necessitate access to realistic natural landscapes and environmental conditions that

Soldiers experience during combat. The Army sustains our environment by making certain that our air and water are clean and safe, and rare and vanishing ecosystems including endangered species and their habitats are conserved. In sustaining the environment, the Army secures the mission by ensuring installation lands have the capabilities to support readiness and modernization.

Other Installation Modernization and Reform Efforts

Army installations are now clearly included in the battlespace under the Army's Multi-Domain Operations construct. This means that installations, as part of the Strategic Support Area, are considered vulnerable to new threats from a range of potential adversaries. Cities across America are taking advantage of new and emerging technologies that deliver enhanced public services to their populations at significant cost savings, and the Army is similarly exploring ways to implement technology that will support Readiness and resilience within a modernization framework. Accordingly, one of my top priorities is to prepare our installations for the future using a deliberative process. This "Installations of the Future" effort is leveraging innovation, technology, and partnerships to ensure a modern Army has modern installations capable of serving as our initial maneuver platforms. This technology theme was further endorsed by congress when the FY 2019 NDAA was passed with language supporting smart basing. During FY 2019, we are exploring further private sector partnership and contracting opportunities that test additional technologies including sensor technology and analytics for security, Readiness, training and modernization. Our intent is to undertake a limited number of demonstration projects that allow the Army to collect data, perform deep analytics, and apply an artificial intelligence to enhance Readiness. Successful pilots will inform future budget requests. I would welcome the chance to provide you or your staff a more detailed briefing on this initiative.

As you are all aware, the entire Department of Defense is undertaking dedicated management reform efforts to reduce costs and improve the delivery of goods and services. The Army's installation management community is an active participant in a

wide variety of Department of the Army and Department of Defense-led efforts, ranging from contract reform, space utilization, and facilities/lease consolidation. Additionally, I intend to work with Army senior leaders to continue to optimize our approach to installation management, including structure, major processes, and operations.

Conclusion

Army Readiness begins on Army installations. We need ready and resilient installations that ensure our Soldiers are properly trained and can be deployed anywhere in the world in order to fight and win our Nation's wars.

The Army is methodically increasing its facility sustainment levels and focusing its infrastructure investments on Readiness, Modernization, and Reform priorities that support power projection, mobilization, and the warfighter. Predictable, adequate, sustained, and timely funding allows the Army to maintain critical infrastructure and training lands to support Soldiers, Civilians, and Families.

We greatly appreciate the funding provided in FY 2019 and commit to being responsible stewards of the resources entrusted to us.

Thank you for the opportunity to present this testimony and for your continued support of our Soldiers, Civilians, and Families.