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S. HRG. 110–394, PT. 3

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON

S. 3001

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2009 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

PART 3
READINESS AND MANAGEMENT SUPPORT

MARCH 12 AND APRIL 1, 2008

Printed for the use of the Committee on Armed Services

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009—Part 3
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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

WEDNESDAY, MARCH 12, 2008

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

MILITARY INSTALLATION, ENVIRONMENTAL, AND BASE CLOSURE PROGRAMS

The subcommittee met, pursuant to notice, at 2:35 p.m. in room SR–232A, Russell Senate Office Building, Senator Daniel K. Akaka (chairman of the subcommittee) presiding.

Committee members present: Senators Akaka, Chambliss, and Thune.

Majority staff members present: Peter K. Levine, general counsel; and Michael J. McCord, professional staff member.

Minority staff members present: David M. Morriss, minority counsel; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Ali Z. Pasha and Benjamin L. Rubin.

Committee Members' assistants present: Bonni Berge, assistant to Senator Akaka; Christopher Caple, assistant to Senator Bill Nelson; M. Bradford Foley, assistant to Senator Pryor; Clyde A. Taylor IV, assistant to Senator Chambliss; and Jason Van Beek, assistant to Senator Thune.

OPENING STATEMENT OF SENATOR DANIEL K. AKAKA, CHAIRMAN

Senator AKAKA. Good afternoon to our witnesses and to all of you here. Today the Readiness and Management Support Subcommittee meets to review the military installation programs of the Department of Defense (DOD) and the fiscal year 2009 budget request for those programs.

This will be the third year we have heard from the same team representing the three military departments. Secretary Eastin, Secretary Penn, and Secretary Anderson, it is good to have all of you back here with us again. We have one new witness and I want to personally welcome him.

Wayne Arny recently left his position in the Navy to become the new Deputy Under Secretary of Defense for Installations and Environment. Mr. Arny is new in this position but he is already well

known to this subcommittee. I congratulate you on your appointment to this important position and I look forward to continuing to work with you.

Mr. ARNY. Thank you, sir.

Senator AKAKA. We meet this afternoon to discuss DOD's military construction, housing, and environmental programs as well as the implementation of the 2005 Base Realignment and Closure (BRAC) round. We have many challenges to discuss today, as was the case last year. This year we have before us the largest funding request for military construction and base closure that any of us have ever seen. The fiscal year 2009 budget request for military construction, base closure, and family housing programs is $24.4 billion. These funds represent primarily the new investment in our facilities.

As our witnesses describe in their testimony, they are also responsible for billions of additional dollars requested for repair and maintenance, base operations, and environmental programs to keep those bases running. It is my understanding that additional construction funds will also be requested later this year as part of an emergency supplemental funding request for fiscal year 2009. Some of these funds will be requested for operations in Iraq.

While that may well prove controversial, depending on whether a Status of Forces Agreement (SOFA) with Iraq is negotiated, what the terms of that agreement are, and the degree of consultation with Congress during the process, there is another aspect of this future emergency funding request that I wish to speak about now.

I am concerned to hear that this forthcoming supplemental is expected to request additional funds to rebuild facilities to house wounded soldiers in so-called warrior transition units (WTUs) and to build additional soldier family assistance centers. I had hoped that we all learned a lesson last year that caring for our wounded warriors was of the highest priority. Yet there are no funds in the fiscal year 2009 budget request for this purpose.

I am also troubled to hear that additional funds may show up later in a supplemental. Caring for our wounded warriors and their families is a core, long-term requirement of this government. As chairman of the Veterans Affairs' Committee as well as a member of the Armed Services Committee, it is certainly a top priority of mine.

I do not understand why funding for an issue of this importance was not included in the base budget. I am concerned that this may indicate the leadership of the DOD does not fully understand how important this is. I hope that this is not the case.

As was the case last year, the military construction budget is at record levels for two reasons. First, the proposal to increase the size of the Army and Marine Corps. Second, continued growth in the estimated costs to implement the 2005 base closure round. With respect to the grow the force proposal, I wanted to express the subcommittee's continuing concern that growing the force should be done in a way that gives our military personnel, certainly a top priority of mine, and their families the quality of life they deserve.

I understand that current plans still envision the use of temporary facilities. The use of temporary facilities should be held to

a minimum for two reasons. First, because we want all our personnel to work in high quality, permanent facilities. Second, because whenever we are using temporary facilities it means the taxpayers are paying twice, once for the temporary facilities and a second time for the permanent ones that follow.

With respect to base closing, another unfortunate parallel to last year is that the Department is sill waiting to receive the full funding of their base closure request. I hope our witnesses will discuss the impact of that funding shortfall today. I hope we will also discuss joint basing today.

Deputy Secretary England recently signed out some guidance on this matter, but that is only a first step. It is crucial that the Services give their full cooperation to this effort so that the soldiers, sailors, airmen, and marines, who are assigned to joint bases such as Pearl Harbor-Hickam, a joint base that will be created in Hawaii, receive the benefits that greater jointness promises. If our leaders in the Pentagon fail to cooperate and joint basing is not done properly it will be our young men and women who will pay the price. We cannot allow that to happen.

Turning to housing for our military families. We have all gotten used to hearing mostly good news about how well housing privatization is going. Without a doubt it has been a successful program. We are now dealing with, perhaps, the biggest failure this program has seen. That's a collapse of four Air Force projects due to the failure of one company, American Eagle, to meet its obligations.

I know several members of this committee have constituents affected by this failure. Senator Nelson of Florida, who is not a member of this subcommittee, has asked to attend today's hearing specifically because of this issue. I share the concern of my colleagues.

This problem must be corrected. But we must do so in a way that preserves the benefits of a housing privatization program that has done so much good at so many other bases. So we cannot let one bad apple spoil the whole bunch. Secretary Anderson, we will be looking to you to tell us today what steps the Air Force is taking to get these projects back on track.

Finally, with respect to the environmental and energy aspect of your responsibilities, we certainly have challenges, but also, opportunities. I am pleased that the legal impediments to basing the Stryker brigade in Hawaii appear to be nearing an end. Yet legal challenges at other bases loom on the horizon.

The Navy's use of sonar in its training exercises is also before the courts. Clearly it is imperative that the Department work as cooperatively as possible with the local communities to resolve as many issues as possible without litigation, and that you also do your homework in case litigation cannot be avoided.

I'm also a member of the Energy and Natural Resources Committee. Like every American, I'm well aware that oil prices are at record levels, and we need to conserve energy, increase our use of renewable energy, and find other innovative ways to reduce our energy consumption and dependence. I look forward to discussing that with our witnesses as well.

Senator Thune.

STATEMENT OF SENATOR JOHN THUNE

Senator THUNE. Thank you, Mr. Chairman. Thank you all very much for being with us today, and I thank you for calling this important hearing to review an unprecedented budget request for installation and environmental programs for 2009.

I do want to thank our witnesses for their dedicated public service over the past 3 years. I hope for them this will be last opportunity to have to appear before this committee. As I review their testimony and this budget request I'm struck by the sheer magnitude of the range and difficulty of issues they wrestle with every single day. They deserve our gratitude and sincere appreciation for serving our Nation in this capacity.

I also want to welcome Wayne Arny, who has recently assumed this solemn responsibility on behalf of the Secretary of Defense to clean out the extremely high inbox of his predecessor, Mr. Philip Grone. [Laughter.]

Mr. Arny, who is appearing before us for the first time and most likely the last as well, is no stranger to these halls either. I see that you served on the staff of the Senate Armed Services Committee back when Ronald Reagan was President. I note that you are a former Navy pilot with a lifetime of public service to your credit. So I thank you for your commitment to taking on this daunting challenge.

Mr. Chairman, we've many issues to discuss with our witnesses today as we review the largest President's budget request for military construction in recent memory. I look forward to a frank discussion about the progress of the 2005 BRAC round. Costs continue to rise, there's pressure to cut the size of projects, communities are concerned that the Department will not meet the mandatory 2011 deadline, and there's still confusion about how many people and families will be moving. We need to know from the witnesses how we can address these issues for the benefit of our military personnel and the local communities that support them.

I'd also like the witnesses to provide details on their efforts to support the President's initiative to Grow the Army and Marine Corps. I am concerned about the timing and intensity of the construction required to support the new forces. I'd also like to hear from Secretary Eastin and Secretary Penn their plans to ensure additional forces are not living and working in trailers for the next 10 years.

I note that we may have a discussion today about the pros and cons of the privatization of military housing and barracks. I realize that among the more than 70 transactions conducted over the past 8 years to eliminate 92 percent of the DOD's inadequate housing, the Air Force has one company that is failing to perform. Unfortunately, this failure is causing a great deal of consternation and the Air Force has limited options to correct the problem. I look forward to working with my colleagues in ways to protect the government's interests while preserving the basic tenants of an outstanding program for military personnel and their families.

Turning to environmental programs during 2007, the Army, Navy, and Marine Corps face significant challenges that cause delays in major service initiatives that could impact their ability to deploy and maintain readiness as a result of environmental litiga-

tion. The Army's plan to transform units of the 25th Infantry Division in Hawaii to a Stryker brigade combat team to support deployments in the Pacific region and to the Central Command for operations in Iraq and Afghanistan has been frustrated by a lawsuit challenging the adequacy of the Army Environmental Impact Statement (EIS) and whether the Army should have considered alternative sites outside of Hawaii.

The Navy's struggled with multiple lawsuits and restrictions imposed by Federal courts on the Navy's ability to train using both mid-frequency active (MFA) and low-frequency active (LFA) sonar. In addition, public opposition and environmental litigation forced the Navy to abandon years of effort and planning to build an outlying landing field (OLF) in Washington County, NC. The Navy considers an OLF essential to preserve the ability to effectively train Navy and Marine Corps aviators in the most difficult task in military aviation, that of landing high performance jets on an aircraft carrier in the dark of night.

Just last month a Federal court in San Francisco blocked efforts by the government of Japan and the U.S. Marine Corps to solve longstanding complaints about the impact of Marine Corps aviation on civilians living in Okinawa. The court halted development of a new offshore aviation facility because of potential impact on a native species of marine mammal, the Dugong, revered in Okinawa's culture. These are troubling developments.

As a nation, we demand that our armed forces are ready to fight when needed. For the last 6½ years, we've put them to the test in combat. We need to understand how these impacts came about and what we can do to solve or mitigate their impact on readiness.

I also look forward to a discussion about the Department's plans to relocate 8,000 marines from Okinawa, Japan, to Guam by 2014 and the impact of these environmental rulings on those plans. I also have questions about enhanced use leases, family housing in Korea, and use of alternative energy sources, among others. I, too, have many issues to cover in today's session so I'll be submitting some questions for the record and would ask that the witnesses provide prompt replies.

Again, I thank the witnesses for their service, and I thank the chairman for the opportunity of this hearing today.

Senator AKAKA. Thank you very much, Senator Thune. Now we will hear from our witnesses. May I call on Secretary Arny for your statement?

STATEMENT OF HON. L. WAYNE ARNY III, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

Mr. ARNY. Thank you, sir. Senator Thune's statement about my being here during the Reagan administration, I want to clear up some things. I was dropped on the doorstep as an infant, and raised by the committee, so I'm not quite that old. [Laughter.]

I want to thank you, Chairman Akaka, Senator Thune, and distinguished members of the subcommittee. I'm honored to appear before you this afternoon in my new capacity to discuss the President's budget request for fiscal year 2009.

I don't need to tell you that I believe installations are the foundation of America's security. They are critical assets that must be

available when and where needed with the capabilities to support current and future mission requirements. Our installations are the core of U.S. combat capability. They are an inseparable element of the Nation's military readiness and wartime effectiveness. Our 2009 budget request supports a number of key elements of the Department's efforts to maintain and manage these assets.

First, we continue to recalibrate our bases overseas and in the U.S. through global basing and BRAC. To ensure the flexibility we need to respond to our 21st century security challenges, the budget supports our global restationing efforts. We're continuing our efforts to transfer overseas legacy forces, Cold War basing structures, host-nation relationships, and forward capabilities.

We're requesting $9.2 billion for BRAC 2005 implementation, and $393.4 million for prior BRAC clean-up to support the stateside portion of our reconfiguration efforts. These amounts are approximately $1.1 billion over the 2008 request. The $9.2 billion represents full funding for BRAC 2005 implementation assuming the $939 million reduction to the 2008 appropriation is restored.

Regarding that reduction, we greatly appreciate this committee's action to provide authorization of the full amount. We're still analyzing the consequences of the reduction. But we believe that if it is not restored, it will be extremely difficult, if not impossible, to meet the September 15, 2011, statutory deadline without extraordinary measures.

We're working very hard to continue our execution at an efficient and effective pace. The point at which we find ourselves right now in the BRAC implementation period underscores that requirement because every delay makes it increasingly difficult to complete implementation by that deadline in a sane fashion.

Second, we continue to renew and take care of our own. Our goal has been to achieve a recapitalization rate of 67 years, and the 2009 budget request, if enacted, exceeds that goal by funding recap at a rate of 56 years. This is an improvement over the 76-year rate achieved in the 2008 budget and is due in part to the impact of funding for BRAC and global basing implementation.

It equates to an increase of $2.8 billion compared to the 2008 budget request. We have however, understood for years the limitations of this metric, but it was better than what we had before, and we've been working with the Services to change it. Next year we will transition to a more comprehensive measure that we hope will provide a broader, more meaningful index to the Department and Congress and also less volatile.

For sustainment, this budget request reflects an additional $796 million which results in the Department-wide funding rate increasing from last year's 88 percent to 90 percent this year. We'd like to hit 100 percent for obvious reasons, but we've had to make difficult trade-offs with our budget.

Third, we continue to work to provide the best housing available for our military members and their families primarily, as you discussed, through privatization. We will continue, however, to operate housing overseas and in a few stateside locations on our own. To date, the military Services have leveraged DOD housing dollars by 12 to 1 with $2 billion in Federal investments, generating $24 billion in housing development privatized installations. In military

construction, the appropriation for a significant source of facilities investment funding totals $24.4 billion, which is an increase of $3.235 billion over last year's budget request.

Bachelor quarters. The Department is also committed to improving housing for our unaccompanied servicemembers. DOD continues to encourage the modernization of all our bachelor quarters to improve privacy and provide greater amenities. In December 2007 the Navy executed its second unaccompanied housing privatization pilot in Hampton Roads following the success of the one in San Diego.

This project alone will construct 1,187 new apartment units and privatizes 726 existing units at Naval Station Norfolk. The Navy pilot projects enabled by use of partial allowance have successfully improved the quality of life of our unaccompanied personnel. We're considering how to use this more in the future.

In 2007, the Army added bachelor quarters and senior enlisted bachelor quarters to its existing privatization projects at a number of installations around the country.

Energy Management. The Department continues to aggressively implement energy conservation measures and avoid associated costs while improving utility system reliability and safety. Our efforts are beginning to pay off.

DOD is the single largest energy consumer in the Nation, although we don't exceed 2 percent, but we're the single largest. We consumed $3.4 billion in facility energy in 2007, a modest, but significant savings of $80 million from fiscal year 2006. In our facility energy consumption intensity is down more than 10 percent from the 2003 base line.

We've significantly increased our focus on purchasing renewable energy and developing resources on military installations. Renewable energy projects are consistently more expensive than similar, conventional energy projects, resulting in limited opportunities that are life cycle cost-effective. So we are employing innovative strategies.

We are making continued progress in the area of geothermal energy. A 270-megawatt power plant in Naval Warfare Center, China Lake, CA, supplies enough electricity to serve 180,000 homes annually. The base gets a reduction in its energy bill.

The second geothermal plant is under construction in Fallon, NV. Three additional plants are being planned. We're doing the exploration for two in California, one at El Centro and one at Twentynine Palms, and a third one at the Chocolate Mountain Aerial Gunnery Range in Yuma.

We are also examining ways with the Office of Management and Budget (OMB) to exploit other forms of traditional and renewable energy on our facilities. We have a number of existing solar arrays set up at bases throughout the country, and we're continuing that effort. The Air Force just brought a 15-megawatt solar array online at Nellis Air Force Base. We're pushing into ocean thermal technology, ocean and tidal wave technology, and working to set up wind farms wherever they make sense for us.

Environmental management is critical to our stewardship of what we own. Employing a strategy that goes beyond mere compliance with environmental laws and regulation, the Department's

transforming its business practices by integrating environment into our acquisition process, maintaining a high level of environmental quality in all our defense activities, and preventing pollution at its source. We're also working to forecast the impact of emerging contaminants.

Last, but not least, we continue to fulfill our commitment to work with communities and States affected by our closure and growth initiatives assisting them in collaboration with other Federal resources to respond to their needs.

Mr. Chairman, the Department is working hard to reposition, to reshape, to take care of our installations for the future. We need the items we've requested in this budget, especially the $939 million for BRAC execution that was cut from last year's appropriation. We're going to do all that we can to make the Department successful.

We deeply appreciate all this committee has done for us over the years. It has demonstrated repeatedly its support for our installations, and we look forward to continuing to work with you this year to advance our mutual interests. Thank you.

[The prepared statement of Mr. Arny follows:]

PREPARED STATEMENT BY HON. WAYNE ARNY

Chairman Akaka, Senator Thune, distinguished members of the subcommittee: I appreciate the opportunity to appear before you today to address the President's budget request for fiscal year 2009 and to provide an overview of the approach of the Department of Defense (DOD) to the management of the Nation's military installation assets.

OVERVIEW

Installations are the foundation of America's security—these assets must be available when and where needed, with the capabilities to support current and future mission requirements. As the enterprise managers of the defense installations portfolio, we recognize the importance of ensuring their capabilities are delivered—effectively and efficiently.

America's military installations, including their associated environment, must sustain the home station and forward presence of U.S. forces and support training and deployments to meet the Nation's defense needs. They must provide a productive, safe, and efficient workplace, and offer the best quality of life possible for our military members and their families, as well as the civilian and contractor workforce.

The President and the Secretary of Defense challenged the military to transform itself to meet current and future threats to America's security. In addition to leading-edge weapon systems, doctrinal innovation, and the employment of technology, this transformation also requires a similar change in our approach to the fundamental infrastructure business practices and to the infrastructure "backbone" of DOD.

The Office of the Deputy Under Secretary of Defense (Installations and Environment) is a focal point in this transformation by fostering the best management practices in our traditional areas and by extending these practices as our force and base structures evolve.

GLOBAL DEFENSE POSTURE

Supporting the warfighter involves much more than episodic spurts of support during combat and other operational missions. Supporting the warfighter requires a long-term, day-to-day commitment to deliver quality training, modern and well-maintained weapons and equipment, a safe, secure, and productive workplace, a healthy environment, and good living conditions for our members and their families. Our installations are the core of U.S. combat power—and our installation assets are an inseparable element of the Nation's military readiness and wartime effectiveness.

The fiscal year 2009 request continues the Department's efforts to strengthen foward U.S. military presence, including facilities, personnel, infrastructure, and

equipment. The Department continues to realign U.S. global defense posture to better contend with post-September 11 security challenges by transforming overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible, forward network of access and capabilities with allies and partners. These efforts include:

- Continued force posture realignments within and from Central Europe which enable advanced training and lighter, more flexible ground force capabilities to support NATO's own transformation goals;
- Shifting our European posture south and east by transforming the 173rd Airborne Brigade in Italy and establishing a headquarters and infrastructure support for rotational presence in Romania and Bulgaria;
- Setting conditions for future realignments in the Pacific as part of U.S.-Japan force posture changes that will have far-reaching, beneficial impacts for the U.S.-Japan alliance;
- Continued consolidation and reduction of forces on the Korean peninsula to strengthen our overall military effectiveness for the combined defense of the Republic of Korea; and
- Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other war on terrorism operating regions.

Additionally, the fiscal year 2009 request supports new Departmental initiatives, including the establishment of U.S. Africa Command, as DOD's global defense posture plans evolve and mature.

The Department continues to maintain and strengthen host-nation partnerships supporting support for these posture changes. The fiscal year 2009 global defense posture projects ensure continued strengthening of forward capabilities for the global war on terror and other expeditionary nontraditional missions, commitment to alliance goals, and collective defense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

IMPLEMENTING BASE REALIGNMENT AND CLOSURE (BRAC) 2005

As previously discussed to before this committee, BRAC 2005 is the largest round of base closures and realignments undertaken by the Department. After an exhaustive examination of over 1,200 alternatives, the Secretary of Defense forwarded 222 recommendations to the BRAC Commission for its review. The Commission accepted about 65 percent without change and its resulting recommendations were approved by the President and forwarded to Congress. Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval by November 9, 2005; therefore, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. These decisions affect over 800 locations across the Nation and include 24 major closures, 24 major realignments, and 765 lesser actions. The BRAC Act requires that the Department begin implementation of each recommendation within 2 years of the date the President transmitted the Commission's report to Congress and complete implementation of all recommendations within 6 years of that date which is September 15, 2011.

Beyond the comparative size, it is important to note that BRAC 2005 is the most complex round ever. This complexity is not merely a function of its magnitude, but is, to the largest extent, a function of the original goal established for this round: that BRAC 2005 would focus on the reconfiguration of operational capacity to maximize warfighting capability and efficiency. Focusing on operational capacity requires that we appropriately assess the increased military capabilities we are achieving through these recommendations.

The BRAC program is substantial; it represents a $33.2 billion requirement over 2006–2011 and $4 billion in annual savings after full implementation (after fiscal year 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at $22.5 billion (adjusted for inflation) with Annual Recurring Savings of $4.4 billion. When compared to our current requirement there is a $10.7 billion or 48 percent increase in these costs.

There are a number of reasons for this increase, and even though the reasons have been discussed in previous hearings they deserve repeating. The "COBRA" model used in arriving at the original estimates is a tool for comparative analysis that ensures all installations were treated equally as required by the BRAC law. As an analytical tool it is dependent on the quality of the input, which is based on the known conditions at the time the recommendations were developed without the benefit of detailed site surveys and thorough planning charrettes. As such, resulting estimates were never intended to be budget quality.

As a consequence, the primary cost increase drivers were market driven military construction (MILCON) factors and Army specific investments. MILCON makes up approximately 70 percent of this BRAC program (compared to about 33 percent in previous BRAC rounds). Therefore, this round was particularly influenced by price growth in the construction industry. Given the significance of MILCON on this round's implementation, it is not surprising that 85 percent of the cost growth is associated with construction.

Equally significant was the Army leadership's decision to invest an additional $4 billion to recapitalize its total force, accommodate larger Army units and a growing force, and address the inflation addressed above. The Army leadership consciously chose to ensure that its troops had improved warfighting facilities such as training ranges, robust Reserve component infrastructure, and quality of life facilities.

DOD also chose to make similar investments in other areas. For example, acting on the recommendations of the Independent Review Group that examined conditions at Walter Reed, the Department committed to accelerate the closure of Walter Reed. In addition, DOD leadership directed that the quality and scope of the new National Military Medical Center and the Fort Belvoir Community Hospital incorporate lessons learned from the current conflict. Investments in improvements, such as more single patient rooms and wounded warrior support infrastructure, increased costs. Similar cost growth has occurred for largely the same reasons in the San Antonio Military Medical Center.

Other DOD components chose to recapitalize (build new) rather than renovate and expand existing facilities to accommodate mission change and incorporate lessons learned. For example, both the Missile Defense Agency and the National Geospatial Intelligence Agency determined that increased costs to build special compartmental intelligence facilities were worth the added investment to meet mission needs. The Army originally intended to use existing space at Fort Knox, KY, for the co-location/consolidation of its military personnel and recruiting command with the Accessions and Cadet Command creating a Human Resources Center (HRC) of Excellence. The Army determined the increased cost to build a "new" HRC complex was more cost effective than renovating 1950's era facilities spread throughout the installation.

Finally, there were also increases in non-MILCON cost categories; such as environmental cleanup costs. Theses costs were not included in the original COBRA estimates by design. If clean up costs had been incorporated in COBRA, the process would have had an artificial bias to close only "clean" bases.

Congress provided $7.2 billion to the Department in fiscal year 2008 to continue implementation of the BRAC recommendations, $939 million less than what the fiscal year 2008 President's budget requested. This cut compounds the problems already created from delayed appropriations in the last 2 fiscal years. Delays and cuts adversely affect construction timelines because approximately 70 percent of the BRAC 2005 effort directly supports MILCON. Delays in funding and the $939 million reduction present severe execution challenges and seriously jeopardize our ability to meet the statutory September 15, 2011 deadline. This will mean sacrificing savings that could have been achieved and delaying movement of operational missions.

If the $939 million reduction is not restored, or even if it is restored late in the process, we will have to work, very, very hard to meet the statutory deadline. The magnitude of the reduction requires careful evaluation to support allocating the reduced funding within the Department so that only those projects with the highest priority, as determined by their operational and/or business case effects, go forward on the schedule previously provided to Congress.

The $9.2 billion for BRAC 2005 implementation and $393.4 million for continuing environmental cleanup and caretaker costs at previous BRAC sites requested in the fiscal year 2009 President's budget is approximately $1.1 billion more than the fiscal year 2008 President's budget request. The $9.2 billion request represents full funding for BRAC 2005 implementation assuming the fiscal year 2008 reduction is restored.

As my predecessor previously testified, the Department recognized the challenges for this BRAC round and responded by initiating a process to develop Business Plans that establish the requisite actions, the timing of those actions, and the costs and savings associated with implementing each recommendation. The documentation of savings in Business Plans directly responds to the observations made by the U.S. Government Accountability Office in previous reports regarding the Department's BRAC implementation process. Additionally, the Office of the Secretary of Defense (OSD) Office of the General Counsel has been a key player in reviewing the Business Plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

During the past year of BRAC implementation, the Department has several significant efforts that are underway. Specifically the award of a $429 million (first increment) MILCON project for the National Geo-Spatial Agency headquarters at Fort Belvoir, VA, and award of 17 MILCON projects at Fort Bliss, TX, to support Army Global Rebasing, Transformation, and BRAC. At Fort Sill, OK, the MILCON project supporting the establishment of the Net Fires Center that will improve training capabilities while eliminating excess capacity at institutional training installations is progressing. At Fort Bragg, NC, two BRAC projects totaling $80 million were awarded and at Fort Riley, KS, there are 6 BRAC MILCON projects that support Global Rebasing currently ongoing. We continue to make great progress at Fort Lee, VA, with the award of the projects that will support the creation of a Combat Service Support Center of Excellence and at Fort Benning, GA, with the consolidation of the Armor and Infantry schools. The Navy's largest BRAC 2005 operational action is to close Naval Air Station Brunswick, ME, and consolidate the east coast maritime patrol operations in Jacksonville, FL. The Navy awarded contracts for the final two increments to complete the contracting actions required to build a new hangar ($123 million) for the P–3 squadrons that will move to Jacksonville. When completed in fiscal year 2011, the Navy will have streamlined east coast maritime patrol operations and expects to save over $100 million per year.

ASSISTING COMMUNITIES

The Department, through the Office of Economic Adjustment (OEA) and the Defense Economic Adjustment Program (DEAP), continues to work with States and the more than 175 communities across the country impacted by the effects of BRAC 05, Global Defense Posture Realignment, Army Modularity, and "Grow the Force" actions.

To date, the Department has recognized Local Redevelopment Authorities (LRAs) for 110 BRAC sites, encompassing more than 47,000 acres of surplus property. These LRAs are expected to provide leadership and develop a redevelopment plan at each location. In some instances LRAs may also direct implementation of the redevelopment plan. The Department is assisting these LRAs as they conduct homeless outreach and seek to balance the needs of the communities in the vicinity of the installation for economic redevelopment and other development with the needs of the homeless as established by statute. Efforts to date have yielded completed redevelopment plans at 62 locations. Once completed, a redevelopment plan is to be included as part of an application to the U.S. Department of Housing and Urban Development (HUD) for that Department's review for compliance with the statute.

Following HUD's review, the military departments work closely with affected LRAs to tailor disposal actions that consider local circumstances. The Department has an array of legal authorities by which to transfer property on closed or realigned installations. These include public benefit transfers, economic development conveyances at cost and no cost, negotiated sales to State or local government, conservation conveyances, and public sales, and the Military Department's National Environmental Policy Act analyses give substantial deference to the LRA's redevelopment plan.

The Department has disposed of approximately 481,290 acres, or 95 percent of the real estate made available in prior BRAC rounds (1988, 1991, 1993, and 1995). Federal assistance to these locations has exceeded $1.9 billion to date, and local redevelopment efforts in turn have resulted in the creation of over 137,500 jobs, more than offsetting the 129,600 civilian jobs that were lost as a result of the BRAC actions.

In addition to those communities that are affected by the closure and downsizing of military installations, OEA is working with locations experiencing a growth of missions and/or personnel. These locations are in close dialogue with their local installations to understand the timing and scope of this growth and many are developing growth management plans for additional community services and facilities to ease the absorption of the new DOD associated population. OEA hosted a December 2007 "Growth Summit" in St. Louis, bringing more than 260 Summit participants from affected communities and their neighboring military installations, where mission growth is expected, together with cognizant Federal agencies. The Summit introduced communities and these Federal agencies to each other and provided an opportunity for participants to share their challenges, plans, and experiences regarding a variety of specific community growth issues including education, housing, transportation, workforce adjustment, infrastructure, health care, and compatible use/sustainability.

The challenge for many of these locations is to respond to a myriad of hard infrastructure (road, schools, houses, water and sewer) and soft infrastructure (public services, health care, child care, spousal employment) issues that directly bear on

the quality of life for our warfighters, their dependents, and the homeowners, businesses, and workers in the surrounding communities. A primary concern is how to blend and apply local, State, and private resources to address local needs. Through this process, potential gaps in these civilian sources are emerging and OEA is working with each affected State and locale to understand these gaps and raise them with other Federal agencies for consideration and action.

The ability to support States and communities affected by these DOD actions goes beyond the Department's capacities, resources, and authorities. Accordingly, the Department relies upon the Economic Adjustment Committee (EAC) to implement the DEAP pursuant to Executive Order 12788 (as amended). The EAC is comprised of 22 Federal agencies to coordinate interagency and intergovernmental adjustment assistance and serve as a clearinghouse for the exchange of information between Federal Government, State, and community officials involved in the resolution of economic adjustment concerns resulting from DOD actions. To help facilitate this exchange of information, OEA has begun a major initiative this fiscal year to develop an information portal to support the mission of the EAC. By providing all stakeholders with a shared understanding of planned drawdowns, increases, and other vital information, the EAC will be able to best facilitate cooperation among Federal, State, local and regional partners, in order to minimize confusion, delay, and suboptimal progress.

In response to BRAC 2005, approximately $300 million in Federal grants, loans, and technical assistance has been was provided to date to assist State and local governments, businesses, and workers to date. Efforts under the auspices of the EAC are presently concentrated on worker assistance, education and transportation support for "growth" communities, public benefit property conveyance issues, and economic development assistance. For example, senior Defense and Education officials have already visited some growth locations to better understand the issues associated with changes in school age dependent student enrollment and to develop an understanding of responses necessary to assist local education efforts to adjust to these changes.

MANAGING INFRASTRUCTURE

Along with continued improvement in business practices, the Department is focused on improving the quality of military installations as evidenced by the emphasis on more accurate Quality Ratings, which are currently being collected by the military departments. Managing DOD real property assets is an integral part of comprehensive asset management. The Department currently manages over 545,000 facilities on approximately 30 million acres of land.

The Department's Real Property Asset Management plan, recently published in the form of the 2007 Defense Installations Strategic Plan, directly supports the President's Management Agenda by identifying specific goals and objectives to improve the fidelity of inventory reporting and tracking the metrics designed to monitor improvement progress. This plan also focuses on improved asset management planning, inventory submission and performance measure data, and the disposal of unneeded assets. The Department's progress in meeting these goals is monitored and reported quarterly through the President's Management Agenda scorecard. As part of the Federal Real Property Council's government-wide initiatives to improve real property inventory reporting, the Department continues to provide inventory and performance data to the Federal Real Property Profile annually.

One of the primary tools contributing to the improvement of data integrity has been the implementation of DOD's Real Property Inventory Requirements document. This document refines the quality of data collected by improving the specificity of the data elements requested for submission and by standardizing the data elements collected among the Military Departments. Our annual data collection process is currently undergoing a significant upgrade with the development of a net-centric data warehouse that will soon directly interface with the Military Department's native real property inventories and eliminate the old painstaking manual data collection processes that had a high potential for unintended errors.

Facilities sustainment is a key element of our approach to maintaining our real property. Sustainment represents the funds for necessary maintenance and for the major repairs or replacement of facility components that are expected to be made periodically throughout the life cycle. Sustainment prevents deterioration, maintains safety, and preserves performance over the life of a facility. It has been and continues to be the top priority in the Department's facilities strategy. To forecast sustainment funding requirements, DOD developed the Facilities Sustainment Model several years ago using standard benchmarks for sustainment unit costs by facility type (such as cost per square foot of barracks) drawn from the private and

public sector sources. The cost factors used to establish those benchmarks are updated on a regular basis. Our Department-wide, long-term goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. As a reflection of the importance of facilities sustainment to the overall health of our inventory, the fiscal year 2009 budget request reflects an increase in the Department-wide sustainment funding rate from 88 percent in the fiscal year 2008 budget request to 90 percent, which equates to a $796 million increase.

SUSTAINMENT AND RECAPITALIZATION REQUEST

[President's budget in millions of dollars]

	Fiscal Year 2008 Request	Fiscal Year 2009 Request
Sustainment (O&M-like) [1]	6,686	7,482
Restoration and Modernization (O&M-like plus) [1]	1,193	1,780
Restoration and Modernization (Military Construction)	5,908	8,102
TOTAL SRM	13,787	17,364

[1] Includes Operations and Maintenance (O&M) as well as related military personnel, host nation, and working capital funds and other appropriations such as Research, Development, Test and Evaluation (RDT&E)

Another key element of our stewardship is recapitalization. Recapitalization includes restoration and modernization, using the resources necessary for improving facilities. It is the second element of the Department's facilities strategy. Recapitalization is funded primarily with either Operations and Maintenance or MILCON appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years. Our DOD goal has been to achieve a recapitalization rate of 67 years, and the fiscal year 2009 budget request exceeds that goal by funding recapitalization at a rate of 56 years. This is an improvement over the rate of 76 years achieved in the fiscal year 2008 budget, and is due, in part, to the impact of BRAC and Global Basing. The fiscal year 2009 budget request increased by $2.781 billion from the fiscal year 2008 budget request for recapitalization.

We are in the process of refining the way that we measure our investment in recapitalization, and will no longer be measuring a rate in years. The new method, which will be implemented in fiscal year 2010, will focus on the modernization of the inventory of existing facilities, and will be tailored to the actual inventory of facilities within each military department.

The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities while at the same time replacing facilities in support of efforts to reshape and realign infrastructure. However, as the Department consolidates and reshapes its infrastructure, it will also experience localized growth in the size of the facilities footprint. This is necessary to provide the quality and quantity of facilities and assets necessary to support military personnel and their families. These efforts include facilities to support Army Transformation, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems, such as F–22 and the Joint Strike Fighter.

Elimination of excess and obsolete facilities in the inventory, an effort separate and distinct from the BRAC process, continues to be another key element of the Department's asset management plan. The Military Departments continue to maintain and execute robust disposal and demolition programs in order to reduce overall operating costs associated with facilities sustainment and installation support, improve the overall safety and aesthetics of our installations, and ensure that only essential infrastructure is retained in the inventory. In July 2007, the military Services and selected Defense Agencies updated their disposal targets, and our goal now is to eliminate over 60 million square feet of facilities and additional excess infrastructure by 2013. But there is much more work to be done.

We are continuing our efforts to forecast our disposals more accurately, to capture that information in the real property inventory, and to assess the impact of disposals on the entire inventory of facilities more accurately. We are doing this by assessing the net result of a comparison of the value of infrastructure removed from the inventory with the value of infrastructure added to the inventory. This will con-

tribute to a more accurate view of the level of recapitalization of our global inventory of facilities.

The fiscal year 2009 budget request includes $7.72 billion for Facilities Operations, formerly referred to as "Real Property Services." This program provides the municipal services on our installations, such as utilities, fire protection, custodial services, grounds maintenance, and other related functions. To forecast Facilities Operations requirements, DOD developed the Facilities Operations Model using commercial and public sector benchmarks to determine the funding requirements for the essential services at our installations.

We continue to make progress in defining common standards and levels of support for a variety of services provided on our installations. We are in the process of realigning the manner in which we track individual services so that we can more effectively determine the budget requirements for those services that are essential to the health, welfare, and quality of life of the servicemembers, families, and civilian employees who live and work on our installations. The processes that are being developed are included in our implementation of the BRAC 2005 Joint Basing recommendation. We have made considerable progress in that area and are on track to meet the statutory deadline for the establishment of joint bases. The initial implementation guidance for the joint bases was recently issued, and the specific details for implementing this BRAC recommendation and achieving its benefits are well underway.

The MILCON appropriation is a significant source of facilities investment funding. The Fiscal Year 2009 Defense MILCON and Family Housing Appropriation request totals $24.4 billion, which is an increase of $3.235 billion from the fiscal year 2008 budget request. This funding will enable the Department to respond to warfighter requirements rapidly, enhance mission readiness, and provide for its people. In addition to new construction needed to bed-down forces returning from overseas bases, this funding is used to restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the increase in the MILCON requirements ($1.86 billion) supports the President's Grow-the-Force initiative, projects needed to support the realignment of forces, projects to improve and update facilities used by the Guard and Reserves Forces, and facility projects needed to take care of our people and their families, such as family and bachelor housing, Wounded Warrior housing, and child development centers.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

[President's budget in millions of dollars—Budget Authority]

	Fiscal Year 2008 Request	Fiscal Year 2009 Request
Military Construction	$9,480	$11,283
NATO Security Investment Program	201	241
Base Realignment and Closure IV	220	393
Base Realignment and Closure 2005	8,174	9,065
Family Housing Construction/Improvements	1,080	1,457
Family Housing Operations and Maintenance	1,851	1,741
Chemical Demilitarization	86	134
Family Housing Improvement Fund	0.5	1
Energy Conservation Investment Program	70	80
Homeowners Assistance		5
TOTAL	$21,165	$24,400

In January 2006, the Department joined 16 other Federal agencies in signing a Memorandum of Understanding (MOU) for Federal Leadership in High Performance and Sustainable Buildings. The guiding principles of sustainable design defined in the MOU are to employ integrated design principles, optimize energy performance, protect and conserve water, enhance indoor environmental quality, and reduce environmental impact of materials. The Department is committed to incorporate sustainable design principles through a comprehensive approach to infrastructure management. We are pursuing Leadership in Energy and Environmental Design Silver as a goal for nearly 70 percent of the Fiscal Year 2009 MILCON Program. In addition, the Department is working to assess and address existing facilities' sustainable practices.

IMPROVING QUALITY OF LIFE

Access to quality, affordable housing is a key quality-of-life factor affecting servicemember recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DOD has made great strides in increasing servicemembers housing choices. Privatization allows for rapid demolition, replacement, or renovation of inadequate units and for the sale without replacement of inadequate units no longer needed. Privatization enables DOD to make use of a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers.

To date, the military Services have leveraged DOD housing dollars by 12 to 1, with $2 billion in Federal investments generating $24 billion in housing development at privatized installations. The fiscal year 2009 budget request includes $3.2 billion, an increase of $300 million above the fiscal year 2008 enacted level, which will construct new family housing to accommodate Grow the Force, improve existing housing, eliminate inadequate housing overseas, operate and maintain government-owned housing, and fund the privatization of 12,324 additional homes.

The housing privatization program was created to address the oftentimes poor condition of DOD-owned housing and the shortage of affordable private housing of adequate quality for military servicemembers and their families. Privatization allows the military Services to partner with the private sector to generate housing built to market standards for less money and frequently better quality than through the MILCON process. Additionally, and almost of greater importance, the projects include 50 years of maintenance and replacement where necessary. Although nearly all projects have been awarded, we are still in the early stages of the program since the housing will be privately owned for 50 years. With privatization deal structures and an income stream in place, full revitalization will be completed within a 10-year development period.

As of the end of 2007 through the privatization program, and some MILCON projects, we have privatized over 80 percent of the domestic inventory. Additionally, DOD has eliminated 92 percent of inadequate family housing units in the Continental United States and territories including all inadequate units for the Army, Navy, and Marine Corps. While there are some remaining inadequate Air Force units, these are being addressed in fiscal year 2008. Inadequate units are considered to be eliminated when they are conveyed to the private owner, who then revitalizes the housing.

Tenant satisfaction is high, particularly for revitalized and newly constructed housing. Given DOD's objective of improving quality of life for its servicemembers, the degree of satisfaction service personnel experience in privatized housing units is a critical indicator of overall program success. Since DOD provides military families with Basic Allowance for Housing at privatized bases, a military family's decision to live in privatized housing is a significant measure of satisfaction. The occupancy rate of nearly 90 percent program-wide demonstrates the overall success of the program in providing suitable housing.

A number of installations face changes and challenges as military family housing requirements expand and contract due to BRAC restructuring, global re-posturing, joint basing, or Grow the Force requirements. While some installations may find they have a surplus of housing as a result of these changes, others may experience a deficit. However, even as needs for military family housing may change, ensuring that our servicemembers and their families have access to safe, desirable, and affordable housing will remain constant. The Services continue to evaluate installation housing requirements and the opportunities to meet additional housing needs through privatization continue to expand.

Under the Military Housing Privatization Initiative (MHPI), private sector developers and lenders develop, maintain, and operate the privatized housing and resolve issues when they arise. Market forces drive contractor performance and the primary enforcement mechanism is the ability of the military members to choose where to live. If a housing project is not meeting performance expectations, lenders have the option, with the approval of the Department, to replace the owner with a more viable entity. One developer, American Eagle, currently owns five projects and is experiencing financial difficulties. American Eagle was the general partner or owner of six MHPI projects, including one Navy project, one Army project, and four Air Force projects. The company sold its Navy project in late 2007 and is in the process of selling its remaining five projects. The Army project, at Fort Leonard Wood, MO, is stable and in the process of being sold to another developer. American Eagle continues to fund maintenance of the existing inventory of homes for the four Air Force projects. The Air Force is maintaining constant dialogue with the projects' owner and bondholders while American Eagle pursues the transfer to another developer.

The Department recently conducted an assessment of the overall financial condition of DOD housing privatization owners. This assessment shows that with the 87 awarded MHPI projects involving over 173,000 units, the likelihood of developers experiencing financial stress is low across the board.

The fiscal year 2009 budget request includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a MILCON cost of $125 million for the Army to construct 216 family housing units in Korea as an alternative to the build-to-lease effort.

The Department is also committed to improving housing for our unaccompanied servicemembers. DOD continues to encourage the modernization of Unaccompanied Personnel Housing to improve privacy and provide greater amenities. In December 2007, the Navy executed its second Unaccompanied Housing privatization pilot project. The Hampton Roads, VA, unaccompanied housing project will construct 1,187 new apartment units and privatizes 726 existing unaccompanied housing units at Naval Station Norfolk. Navy pilot projects, enabled by use of partial allowance, have successfully improved the quality of life of unaccompanied personnel. The Department is now considering future uses of this methodology.

In fiscal year 2007, the Army added bachelor officer quarters and senior enlisted bachelor quarters to its existing privatization projects at Fort Bragg, NC; Fort Stewart, GA; Fort Drum, NY; Fort Bliss, TX/White Sands Missile Range, NM, and Fort Irwin, CA. In fiscal year 2008, the Army will complete and begin implementing a Lodging Development Management Plan covering the 13 installations that are part of the Privatization of Army Lodging program Group A.

ENERGY MANAGEMENT

The Department continues to aggressively implement energy conservation measures and avoid associated costs while improving utility system reliability and safety. To that end, the Department developed comprehensive policy guidance incorporating the provisions and goals of Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management which the President signed on January 24, 2007. This policy guidance will continue to optimize utility management by conserving energy and water usage, and improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities present themselves. Requirements of the recently passed Energy Independence and Security Act of 2007 will be incorporated as Federal guidance is developed. The Department is in the process of developing implementation guidance.

The Department's efforts to conserve energy are paying off. DOD is the largest single energy consumer in the Nation and consumed $3.4 billion in facility energy in fiscal year 2007, a modest but significant savings of $80 million from fiscal year 2006. DOD facility energy consumption intensity is down more than 10 percent from the 2003 baseline, and non-tactical vehicle petroleum consumption has dropped 5.4 percent since fiscal year 2005. Our program includes investments in cost-effective renewable energy sources or energy efficient construction designs and aggregating bargaining power among regions and the Services to achieve more effective buying power.

DOD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are life cycle cost effective, so innovative strategies have been employed, such as the power purchase agreement resulting in 14 megawatts of solar electrical production at Nellis Air Force Base, NV. The Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from $5 million in fiscal year 2003 to $28.2 million planned in fiscal year 2008, and plans call for ECIP to increase $10 million per year, up to $120 million in fiscal year 2013, and renewable energy projects will continue to be a high priority. The Department exceeded the Energy Policy Act (EPAct) 2005 renewable energy goal of 2.5 percent in fiscal year 2007, reaching 5.5 percent of facilities electrical consumption under the Department of Energy accounting guidelines. In 2005, DOD set a goal to reach 25 percent renewable energy procured or produced by fiscal year 2025 and Congress placed this goal in the National Defense Authorization Act 2007. I am pleased to say that the Department reached 11.9 percent renewable energy procured and produced for fiscal year 2007, placing it well on track to achieve the goal. While EPAct 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a goal of a 2 percent water reduction per year. The Department began tracking water consumption in fiscal year 2002. By fiscal year 2007, DOD has reduced water consumption intensity by an impressive 25 percent and total water consumption by 27 percent or 43.8 million gallons per year. While we

will continue to strive to exceed the requirements, our prior achievement has served to set the baseline low, so continuing the trend will be a challenge.

ENVIRONMENTAL MANAGEMENT

The Department continues to demonstrate leadership in protecting and conserving the natural resources on the approximately 30 million acres entrusted to it. Through our environmental management programs we are integrating environmental sustainability into all aspects of the day-to-day operations of the Department, helping us to achieve our goals for pollution prevention, cleanup, and conservation. Over the last 10 years, the Department has invested almost $42 billion to ensure the success of our environmental programs, and the fiscal year 2009 budget request of $4.3 billion will sustain our environmental progress in support of the warfighter.

Executive Order 13423, "Strengthening Federal Environmental, Energy, and Transportation Management", directed Federal agencies to "lead by example in advancing our nation's energy security and environmental performance." Since signature of the Executive Order last January, the Department has established an Executive Steering Committee of senior officials from across the Department to develop the long-term strategic goals necessary to implement this order. These goals and supporting policies will integrate and strengthen our existing environmental, energy, and transportation programs to improve our management of toxic and hazardous chemicals, further enhance management of our natural resources, encourage sustainable development, and improve the management of energy use.

Our ability to link the natural and built infrastructure with national security and readiness enables the Department to integrate environmental sustainability into all aspects of military operations—from design to disposal. Our Natural Infrastructure Management (NIM) initiative provides a framework for identifying and managing the Department's natural assets—air, land, and water—together with operational or mission requirements, so that the Department can predict current and future natural infrastructure needs and investment needed to sustain those assets. The Department piloted a NIM prototype at representative installations in 2005 and 2006, and is now developing policy and guidance to ensure that natural infrastructure assets are recognized and leveraged effectively to support current and future mission capability.

The Department uses Integrated Natural Resource Management Plans (INRMPs), critical habitat designations have been avoided at 35 installations. That, coupled with our conservation efforts to protect species at risk and common species before they become rare, provides the Department more flexibility in its mission activities.

The Department conducts environmental cleanup or restoration in cooperation with Federal and State agencies due to past use of hazardous substances, pollutants, contaminants, and military munitions on areas of active and former installations. The Department prioritizes resources for Installation Restoration Program (IRP) sites to address past releases of hazardous substances, pollutants, and contaminants, and Military Munitions Response Program (MMRP) sites to address hazards associated with unexploded ordnance and discarded military munitions on a "worst first" basis. By the end of fiscal year 2007, the Department had completed cleanup at 69 percent or 21,600 of the 31,500 IRP and MMRP sites. For IRP, the Department achieved a remedy in place (RIP) or response complete (RC) at 89 percent of active installation sites, 68 percent of sites at Formerly Used Defense Sites (FUDS), and 85 percent of sites on installations closed or realigned in the first four rounds of BRAC and BRAC 2005. For MMRP, the Department has fulfilled its cleanup obligations at over 53 percent of BRAC installation sites, and 24 percent of the sites at FUDS, with the remaining MMRP, as well as IRP, sites either undergoing cleanup actions or investigations.

Employing a strategy that goes beyond mere compliance with environmental laws and regulations, the Department is transforming our business practices by integrating environment into our acquisition process, maintaining a high level of environmental quality in defense activities, and preventing pollution at its source. From fiscal year 2000 through 2007 there was a 23 percent reduction in the number of new Federal and State enforcement actions received despite an 8 percent increase in the number of regulatory inspections. For January through June 2007, the latest information available, installations achieved a 95 percent compliance rate with wastewater treatment permits, and 98 percent of the 3.6 million customers served by DOD drinking water systems received drinking water that met or exceeded Safe Drinking Water Act standards, which compares favorably with the Environmental Protection Agency's goal of 95 percent. Using an integrated approach that enhances waste reduction and optimizes solid waste reduction, in 2007 the Department diverted almost 3.5 million tons or 60 percent of our solid waste from landfills avoid-

ing approximately $180 million in landfill costs, and reducing hazardous waste disposal by 20 percent compared to 1999. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 728 tons in 2006. To further reduce waste and resource consumption, in 2004 the Department established a Green Procurement Program (GPP), which encourages Components to buy recycled, recovered, and bio-based products whenever feasible. Through the GPP, the Department has become the leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction in December 2007 requiring DOD contracting officers to use a contract provision giving preference to biobased products. Through GPP and all other environmental programs we will ensure a more secure and sustainable future for the environment and our Armed Forces.

EMERGING CONTAMINANTS

Our experiences with the mission and environmental consequences associated with perchlorate, ozone depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a proactive program to make earlier, better-informed, enterprise-wide risk management decisions regarding these emerging contaminants (EC). This new program is already helping us better protect human health and the environment, and enhance military readiness. Simply put, the EC program identifies risks early in the process, before regulatory actions take place or materials become unavailable, thus protecting our people, assets, and mission.

Within the EC program we have established a three-tiered process to: (1) identify and inform DOD decisionmakers early, (2) assess the impacts of evolving science and the potential risks to human health and DOD's mission implied by that science, and (3) develop appropriate risk management options for DOD program managers. Twenty EC impact assessments have been completed in the past 18 months for chemicals that include explosives, fuel constituents, corrosion preventatives, firefighting foams, and industrial degreasers. Examples of risk management options resulting from these assessments include conducting research to fill basic science gaps, improving material handling and personal protection practices, developing new or improved remediation technologies, and developing less toxic substitute materials or processes. One of the major thrusts of the program is to work closely with the DOD industrial base to conduct life-cycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and equipment.

Because of the many national policy issues related to ECs, we are working with a variety of external stakeholders, including a number of Federal and State regulatory agencies, industry, academia, and professional organizations. As an example, we formed an EC working group with the Environmental Protection Agency and the Environmental Council of States. That working group has four consensus work products aimed at resolving issues and clarifying policies and practices involving ECs—all in various stages of completion.

Our experience with Perchlorate is particularly instructive. Perchlorate has been used by DOD since the 1940s as an oxidizer in explosives, pyrotechnics, rocket fuel, and missiles. Its high ignition temperature, controllable burn rate, and stable chemical characteristics reduce handling and storage risks and the likelihood of unexpected detonations which makes it among the safest and least expensive explosive we use. DOD was quickly blamed for perchlorate found in drinking water supplies in over 34 States.

DOD has acted responsibly as the science and understanding of perchlorate has evolved—including sampling, cleanup activities, and $114 million in research focused on perchlorate treatment technologies, substitutions, and analytical techniques. To ascertain our responsibility for perchlorate releases and public exposure, DOD issued clear policy in 2006 requiring sampling and compliance with applicable Federal and State standards. The latest round of DOD-wide sampling data shows that we are taking appropriate response actions and that DOD installations, overall, do not appear to be a significant source of perchlorate contamination in the Nation's drinking water. In California, where perchlorate has been a particular concern, our joint review with the State has found that of the 924 current and formerly used Defense sites, 99 percent do not appear to pose a current threat to drinking water. The remaining 1 percent has some confirmation sampling underway or the assessments are still being reviewed by Californian regulatory agencies.

DOD also demonstrated that the sources of widespread, low levels of perchlorate exposure are complex. For example, we now know that annual imports of perchlorate in fireworks alone exceed the amount of perchlorate annually purchased by DOD. Road flares may also be a significant source of groundwater contamination.

Other DOD investments are paying dividends—we have found suitable substitutes for a number of military pyrotechnics and research for other applications is ongoing. DOD can now differentiate natural from manmade sources of perchlorate and is working on refining this technique to distinguish the different manmade sources to ensure that DOD only pays for clean up for which it is responsible.

SUSTAINING THE WARFIGHTER

Our Nation's warfighters require the best training and the best equipment available. This means sustaining our vital range and installation infrastructure where we test equipment and conduct training. Incompatible land use in the vicinity of DOD installations and ranges continues to challenge sustainability. The unintended consequences of this encroachment upon our ranges and installations are varied and include such challenges as more noise complaints from new neighbors, complaints about smoke and dust, diminished usable airspace due to new structures or increased civil aviation, a loss of habitat for endangered species, and a compromised ability to test and train with the frequency needed in time of war.

History and experience gained over decades demonstrate that realistic and proper training of U.S. troops will result in victory. Assured access to operational ranges is the only way to continue that training. In 2001 the Department undertook the Readiness and Range Preservation Initiative to achieve a balance between national defense and environmental policies. As a result, DOD is successfully balancing environmental statutory and regulatory requirements with our national defense mission requirements.

In 2002, Congress provided statutory authority to use Operations and Maintenance (O&M) funds to create buffers around our ranges and installations. Using this authority the Department established the Readiness and Environmental Protection Initiative, or REPI, and has worked with willing partners to cost-share land conservation solutions that benefit military readiness and preserve natural habitat. In fiscal year 2005, REPI leveraged $12.5 million of O&M funding to secure $58 million worth of buffer land and easements, encompassing 14,688 acres at seven installations. In fiscal year 2006, REPI leveraged $37 million of O&M funding to secure $71 million worth of buffer land and easements, encompassing 18,833 acres. The fiscal year 2006 acreage will increase pending the completion of some unfinished projects. The 2007 and 2008 projects will continue to leverage REPI funds against partner contributions. REPI and partner funding has allowed DOD to protect the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; to keep training areas open at Marine Corps Base Camp Lejeune, NC; and buffer live-fire training ranges at Fort Carson, CO; just to name a few projects. Overall in fiscal year 2007, REPI initiated 26 projects in 17 States, and for fiscal year 2008 an additional 46 projects have been identified for funding. For fiscal year 2008 Congress appropriated $46 million for REPI. The President's budget request for fiscal year 2009 for REPI is $40 million.

After several years of implementing REPI projects, the DOd asked the RAND Corporation to assess the program's effectiveness. In 2007, RAND issued its report, titled The Thin Green Line: An Assessment of DOD's Readiness and Environmental Protection Initiative to Buffer Installation Encroachment. The report found that REPI projects were beneficial to the military, to the environment, and they improved the quality of life in communities where the projects were located. REPI projects are providing land buffers around military installations and ranges, and have been proven effective in relieving military training and testing activities from encroachment pressures.

The RAND report shows that REPI projects have had a wide range of environmental benefits; including helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and helping with water quality and supply concerns. REPI's benefits not only help buffer military activities and enhance DOD environmental programs; they also improve the military installation's reputation with surrounding communities. For example, according to the RAND report, REPI has also affected the quality of life around Fort Carson by protecting large open spaces. Similarly, REPI projects such as the ones near Naval Air Station Fallon in Nevada can also help preserve the local agricultural way of life.

Many of the issues that concern the DOD are also of mutual concern to other Federal agencies and State governments. These issues cross administrative boundaries and occur at the regional scale. The DOD is working in partnership at the regional level with State governments and Federal agencies to facilitate dialogue and to address issues of mutual concern. These partnerships are proving essential to sustaining our ranges and installations. For example, the DOD continues to work with State governments and other Federal agencies in the Southeast Regional Partner-

ship for Planning and Sustainability (SERPPAS). The States of Alabama, Florida, Georgia, North Carolina, and South Carolina are engaged with the DOD and other Federal agencies in this important regional scale initiative. Through the SERPPAS process, the partners are promoting better planning related to growth, the preservation of open space, and the protection of the region's military installations.

In 2007, DOD continued to work closely with other Federal agencies to sustain military readiness. On energy issues, the DOD continues to work with other Federal agencies to ensure that wind farm projects and energy transmission corridors are compatible with military readiness activities. The Department also continues to work with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are not impacted by new security measures. Outreach to non-Federal and non-governmental organizations continues to be a significant part of the Department's sustainability program, and today we are working with State, county, and local governments, Tribal, and environmental groups on issues of mutual concern to seek win-win solutions. Overseas, DOD continues to develop mission sustainment procedures to work with our host nations Global Defense Posture partners. To sustain today's warfighters, and our Nation's future warfighters, the DOD will continue its engagement and partnering efforts.

SAFETY AND HEALTH RISK MANAGEMENT

A significant responsibility of Installations and Environment is oversight of occupational safety and health. Secretary Gates has challenged us to reduce preventable accidents and this has driven real improvements. Over the last year, the Department experienced an overall improvement in its safety and health performance.

For civilian employees, we are meeting the President's goals in the Safety, Health and Return-to-Employment initiative by decreasing our lost time injury rate by 5 percent. We plan to continue to improve by increasing the number of installations participating in OSHA's Voluntary Protection Program. This program engages every person—commanders, middle managers, employees, and military members—in changing attitudes toward accident prevention.

For motor vehicle safety, motor vehicle crashes—both in military operations and on U.S. highways—continue to be the number one cause of military fatalities outside of direct combat. We continue to work with tactical vehicle developers to provide safer vehicles for combat operations, and work with the Services and combatant commands to improve operating doctrine for using the vehicles in a manner that minimizes crashes. The greatest risk to our soldiers returning from Iraq is being the victim of a crash on U.S. highways. The military Services recognize this challenge, and have aggressive programs to reorient soldiers back to safe driving habits in the U.S. While our highway crash experiences are very similar to the general public, we still work to prevent each of these losses. Every fatality still means that one of our Nation's sons or daughters has been needlessly lost.

For aviation safety, we have made long-term progress in reducing aviation accidents, reducing the overall rate of Class A accidents by 20 percent since fiscal year 2002. The military Services continue to improve aircraft technology to provide our pilots with more capable and safer aircraft, and to improve training and information needed for improved pilot performance. Strategic improvements in aviation safety will be supported through our partnership on the Next Generation Air Transport System (NextGen) Joint Planning and Development Office.

Future improvements in DOD Safety and Health performance will be guided by our principles of applying management systems for continuous improvement, and engaging all of the risk decisionmakers in improve awareness and attitudes toward reducing risk.

INTEGRATING BUSINESS ENTERPRISES

We have made significant and tangible progress implementing the core capabilities of the Real Property Accountability (RPA) business enterprise priority. This effort spans all components, applying best business practices and modern asset management techniques to provide the warfighter access to secure, reliable information on real property assets and environment, safety, and occupational health sustainability. RPA is one of the six overall DOD business enterprise priorities articulated in the DOD Enterprise Transition Plan, which is the Department's roadmap for the improvement of critical business operations. As DUSD(I&E), I am the lead in the Department for ensuring that RPA stays on schedule.

RPA is aligning end-to-end business processes and enhancing management visibility into operations by establishing and integrating common processes and data standards, redefining defense business in terms of functions managed and customers served rather than who performs the task.

RPA correlates directly to the Under Secretary of Defense (Acquisition, Technology, and Logistics) goal of "Capable, Efficient, and Cost Effective Installations" and will help us to improve installation planning and operations by embracing best business practices and modern asset management techniques. The RPA initiatives have already improved awareness of the importance of accurate inventories, optimized resources, and enhanced access to real property information.

The groundwork for RPA is nearly complete. Over the past few years, the Department has developed enterprise-wide capabilities for real property accountability and visibility, environmental liabilities accountability and valuation, and hazardous materials operational controls. These capabilities are founded on requirements for a common business process model, standard data elements and data definitions, business rules, and recommendations for policy changes. The components are fine-tuning and implementing plans to fully integrate these requirements into their operating environments.

Another key accomplishment in this area was the establishment of the Real Property Unique Identifier Registry which reached full operational capability for assigning real property unique asset identifiers in December 2007. An initial step forward into a federated location construct, the registry will provide authoritative physical location information for DOD real property to communities outside of the real property and installations management core business mission. Other successes over the past year include:

- Assignment of unique identifiers to all DOD's real property assets to provide more granular physical location data for DOD's legal interests in all user communities. Current accurate location information provides enhanced access to essential data for strategic decisions, increasing accountability, and reducing costs.
- Incorporation of fundamental geospatial standards in the Business Enterprise Architecture, the Department's business information infrastructure. Utilization of these standards provide a common set of mapping information and tools which enhance geospatial visualization capabilities while avoiding redundant acquisition of geospatial resources across the Department.
- Real property inventory tools and procedures have been developed, and we have made progress towards implementing and maintaining consistent, accurate, and complete information on the real property portfolio across the Department.
- Initial operating capability for the Hazardous Material Master Data Capability, a year ahead of schedule, which placed the chemical and regulatory data essential for safe and effective handling of hazardous materials in a production environment. In partnership with the Defense Logistics Agency, we will improve the availability of accurate, authoritative hazard data while eliminating redundant data purchases, entry, and maintenance burden across the Department.

Over the past few years, the Department has developed enterprise wide capabilities for real property accountability and visibility, environmental liabilities accountability and valuation, and hazardous materials operational controls. Accurate and timely data is fundamental to effective management of assets, and ultimately to military success.

CONCLUSION

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's successes and outline its plans for the future. To meet the ever changing warfighting landscape our military must be flexible and responsive and our installations must adapt, reconfigured, and be managed to maximize that flexibility and responsiveness. I appreciate your continued support and I look forward to working with you as we transform these plans into actions.

Senator AKAKA. Thank you very much, Mr. Arny. Now we will hear from Secretary Eastin.

STATEMENT OF HON. KEITH E. EASTIN, ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

Mr. EASTIN. Good afternoon, Mr. Chairman. I can't speak for Secretary Anderson, but I'm feeling ganged up on by one Navy guy on my left and one on my right here. [Laughter.]

Mr. ARNY. But you used to be Navy too?

Mr. EASTIN. Well, we don't get into that. [Laughter.]

I have a statement here and I have a more lengthy one for the record if you include that I will be brief. We have a very ambitious program this year, $11.4 billion in military construction which, as you alluded to before, with our Grow the Army Initiative, $4.2 billion of that is for directly related to Growing the Army. Another $4.5 of that is in the BRAC accounts and in putting those changes together and meeting that deadline.

While we're on that and this will sound like a broken record up here, $560 million of that $900 million that Wayne Arny mentioned, was taken away from us, it is imperative that we get it back in supplemental funding so that we can meet our BRAC deadlines. I can't sit here and say we'll not meet them, but it is going to be exceptionally hard to do if we have $560 million taken away that is not restored.

We're looking at 35 projects, many of them are at Armed Forces Reserve Centers spread around the country. Those are the ones that are going to fall and break that deadline. So your help in getting that restored would be greatly appreciated.

We have an ambitious program, we are very confident that we are going to be able to execute. We have a good record of executing. If that's of the committee's concern I'll be happy to discuss that later.

Other than that, I'll turn it back to you, Mr. Chairman. Thank you.

[The prepared statement of Mr. Eastin follows:]

PREPARED STATEMENT BY HON. KEITH E. EASTIN

INTRODUCTION

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2009. Our request is crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force. We appreciate the opportunity to report on them and respond to your questions. We would like to start by thanking you for your support to our soldiers and their families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and their ability to successfully perform their missions depends upon congressional support.

The Army's strength is its soldiers—and the families and Army civilians who support them. The quality of life we provide our soldiers and their families must be commensurate with their quality of service. Our budget request, if approved, will enable soldiers and their families to receive the facilities, care, and support they need to accomplish the tasks our national leaders ask them to perform.

OVERVIEW

Rebalancing the Force in an Era of Persistent Conflict

Installations are the home of combat power and a critical component of the Nation's force generating and force projecting capability. Your Army is working hard to deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. In the 21st century, warfare is increasingly becoming a contest between America and its allies trying to build up human resources, authority, and physical infrastructure faster than the enemy can tear it down. People and the knowledge, experience, and skills they can bring to bear in this contest, will often be equally or more decisive to the outcome than sophisticated technology and massive firepower. This is a key difference from the industrial age warfare of the 20th century.

To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring we can successfully carry out Army roles, missions, and tasks to safeguard our security at home and abroad.

Army infrastructure enables the force to successfully accomplish missions and generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure. We will accomplish these efforts by translating the Army's four major imperatives (Sustain, Prepare, Reset, Transform) into initiatives such as Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, the Army Medical Action Plan, the Soldier and Family Action Plan, and the President's Grow the Force initiative.

FORGING THE PIECES TOGETHER: STATIONING

The Army's stationing initiative is a massive undertaking, requiring the synchronization of base realignments and closures, unit activations and deactivations, and the flow of forces to and from current global commitments. Our decisions to synchronize activities associated with the aforementioned initiatives continue to be guided by the following key criteria:

- Meeting operational requirements
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws
- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity

Completion of this combined set of initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st century security environment, with our soldiers and families living at installations that are truly the centerpiece of the Army.

Infrastructure Quality

In addition to mission support, our installations provide the base of support for soldiers and their families. The environment in which our soldiers train, our civilians work, and our families live plays a key role in recruiting and retaining the high quality people the Army needs. Through efforts such as Barracks Modernization and Residential Communities Initiative (RCI) for family housing privatization programs, the Army has made tremendous progress in improving the quality of life for soldiers and their families. These efforts will combine with the Army's stabilization of the force to strengthen the bonds between units, soldiers, families, and the communities in which they live.

The quality of our installations is critical to support the Army's mission, its soldiers, and their families. Installations serve as the platforms to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

Global Defense Posture Realignment

The United States' global defense posture defines the size, location, types, and roles of military forces and capabilities. It represents our ability to project power and undertake military actions beyond our border. Together with our overall military force structure, our global defense posture enables the United States to assure allies, dissuade potential challengers, deter enemies, and, if necessary, defeat aggression. The new global defense posture will be adjusted to the new security envi-

ronment in several key ways: (1) expand allied roles, build new partnerships, and encourage transformation; (2) create greater operational flexibility to contend with uncertainty; (3) focus and act both within and across various regions of the world; and (4) develop rapidly deployable capabilities. Lastly, the United States and its allies and partners will work from a different paradigm than in the past: GDPR will relocate over 41,000 soldiers and their families from Europe and Korea to the United States by 2011. These moves are critical to ensure Army forces are properly positioned worldwide to support our National Military Strategy. The new posture will yield significant gains in military effectiveness and efficiency in future conflicts and crises and will enable the U.S. military to fulfill its many global roles. The new posture will also have a positive effect on our military forces and families. While we will be moving toward a more rotational and unaccompanied forward presence, these rotations will be balanced by more stability at home with fewer overseas moves and less disruption in the lives of spouses and dependents.

Army Modular Force

The Army Modular Force initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of approximately 3,500 to 4,000 soldiers. BCTs increase the Army's combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands. The main effort of Army transformation is the Army Modular Force, which reorganizes the Total Army: the Active component, Army National Guard, and Army Reserve into modular theater armies, theater support structure, corps and division headquarters, BCTs, and multi-functional and functional support brigades. The Army is reorganizing from a division-based to a modular brigade-based force to achieve three primary goals:

First, to increase the number of available BCTs to meet operational requirements while maintaining combat effectiveness equal to or better than previous divisional brigades. Second, create brigade-size combat support and combat service support formations of common organizational designs that can be easily tailored to meet the varied demands of the geographic combatant commanders and reduce the complexities of joint planning and execution. Third, redesign organizations to perform as integral parts of the joint force, making them more effective across the range of military operations and enhancing their ability to contribute to joint, interagency, and multinational efforts. By implementing the Army Modular Force, the Army is better prepared to wage full-spectrum operations in a persistent conflict against an adapting enemy.

The fiscal year 2009 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support soldiers where they live and work. The Army is requesting $321 million for fiscal year 2009 through the Military Construction, Army program to provide permanent facilities to support the conversion of existing BCTs to new, modular BCTs. In addition, all new Grow the Army BCTs will be modular.

Grow the Army

The President's Grow the Army initiative, announced last year, will increase the Army's end strength by 74,000 soldiers, bringing the inventory to 48 active duty BCTs. Given current operational requirements, the decision was made to accelerate Grow the Army. One BCT, previously budgeted to be cut from the force (the 43rd BCT), was retained at Fort Carson, and five new BCTs will be stationed at Fort Bliss, Fort Stewart, and Fort Carson. Additional stationing decisions for combat service and combat service support units have also been provided to Congress.

At the same time these announcements were made, the Army notified Congress of the decision to temporarily keep two BCTs in Europe for up to 2 years longer than originally planned. In fiscal years 2012 and 2013, these BCTs will be restationed at Fort Bliss and White Sands Missile Range.

Part of this year's request Military Construction, $4.195 billion, supports the Grow the Army initiative. Grow the Army projects include essential facilities required to support the increase in end strength such as brigade complexes and associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is requested for planning and design and military construction

projects in the active Army, Army National Guard, Army Reserve, and Army Family Housing.

THE WAY AHEAD

To improve the Army's facilities posture, we have undertaken specific initiatives or budget strategies to focus our resources on the most important areas—Range and Training Lands, Barracks, Family Housing, and Workplaces.

Range and Training Lands

Ranges and training lands enable our Army to train and develop its full capabilities to ensure our soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Barracks

Providing safe, quality housing is a crucial commitment the Army has made to its soldiers. We owe single soldiers the same quality of housing that is provided to married soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single soldiers is paramount to success on the battlefield. The Army is in the 16th year of its campaign to modernize barracks to provide 147,700 single enlisted permanent party soldiers with quality living environments. Because of Grow the Army, the requirements have increased, and for fiscal year 2009, a total of $1,003.6 million will be invested in new barracks complexes that will meet the Department of Defense's (DOD) "1+1" or equivalent standard. These units provide two-soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks. We are on track to fully fund this program by 2013.

Family Housing

This year's budget continues our significant investment in our soldiers and their families by supporting our goal to have contracts and funding in place to eliminate remaining inadequate housing at enduring overseas installations by the end of fiscal year 2009. The U.S. inadequate inventory was funded for elimination by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units and reliance on off-post housing. For families living off post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

Workplaces

Building on the successes of our Family housing and barracks programs, we are moving to improve the overall condition of Army infrastructure by focusing on revitalization of our workplaces. Projects in this year's budget will address requirements for operational, administration, instructional, and maintenance facilities. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet its national security mission.

Leveraging Resources

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as RCI and utilities privatization represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation-funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing program and to exchange facilities in high-cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce unfinanced facilities requirements.

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage nontraditional builders to

compete. Small business opportunities and set-aside programs are being addressed. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

Action Plans for Soldiers, Families, and Medical Programs

In a persistent conflict, sustaining the All-Volunteer Force is a fundamental strategic objective for the Army. The most important element in sustaining our Army is the quality of life we provide to our soldiers and their families. At the core of the Army's strategy lie two programs the Army leadership has developed: the Soldier and Family Action Plan and an Army Medical Action Plan. Both initiatives will integrate programs spanning a range of Army budget accounts. At the core of the Soldier and Family Action Plan is the Army Family Covenant that conveys our commitment to support all members of the Army Family in five general areas: standardizing and funding existing family programs and services; increasing accessibility and quality of health care; improving soldier and family housing; ensuring excellence in our schools, youth services, and child care facilities; and expanding education and employment opportunities for family members.

The budget includes $70.6 million for child development centers and youth centers. We will also be using the extended authority granted in the National Defense Authorization Act for Fiscal Year 2008 to fund child development centers using Operation and Maintenance, Army funds. Once Congress completes its deliberations for the fiscal year 2008 supplemental, Army Medical Action Plan projects will proceed as planned.

MILITARY CONSTRUCTION

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	$4,178,513,000	$4,615,920,000	$4,615,920,000
Military Construction Army National Guard (MCNG)	N/A	539,296,000	539,296,000
Military Construction Army Reserve (MCAR)	N/A	281,687,000	281,687,000
Army Family Housing Construction (AFHC)	678,580,000	678,580,000	678,580.000
Army Family Housinq Operations (AFHO)	716,110,000	716,110,000	716,110,000
BRAC 95 (BCA)	72,855,000	72,855,000	72,855,000
BRAC 2005 (BCA)	4,486,178,000	4,486,178,000	4,486,178,000
TOTAL	$10,132,236,000	$11,390,626,000	$11,390,626,000

The Army's fiscal year 2009 budget request includes $11.4 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and BRAC.

MILITARY CONSTRUCTION, ARMY

The Active Army fiscal year 2009 Military Construction budget request is $4,178,513,000 for authorization and $4,615,920,000 for authorization of appropriations and appropriation, including $3,483,664,000 (including planning and design) for Grow the Army.

Sustain (Barracks and Quality of Life Projects)

The well-being of our soldiers, civilians, and families is inextricably linked to the Army's readiness. We are requesting $1.3 billion of our Military Construction, Army budget for projects to improve soldier quality of life in significant ways.

The Army continues to modernize and construct barracks to provide soldiers quality living environments. We will provide new permanent party barracks for 6,362 single soldiers. For soldiers in a training environment, this year's budget request includes 6,864 training barracks. With the approval of $503.6 million for these training barracks, 38 percent of our requirement will be funded at the standard.

We are requesting the second increment of funding, $81.6 million, for the previously approved, incrementally funded, SOUTHCOM Headquarters at Miami-Doral, FL. In addition, we are requesting the third increment of funding, $102 million, for the Brigade Complex at Fort Lewis, WA. The budget also includes $15 million for a Brigade Complex-Operations support facility and $15 million for a Brigade Complex-Barracks/Community, both projects at Dal Molin, Italy.

Overseas Construction

Included in this budget request is $275 million in support of high-priority overseas projects. In Germany, a Command and Battle Center located at Wiesbaden and

an Aircraft/Vehicle Maintenance Complex at Katterbach are included. In Korea, we are requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the U.S. and Republic of Korea Ministry of Defense. A vehicle maintenance shop is included. Our request for funds in Italy funds continuing construction for a BCT, as described above. The bulk fuel storage and supply projects (phase 5 and 8), and the joint special operations forces headquarters facility in Afghanistan and the Sensitive Compartmented Information Facility and the Battle Command Training Center, both in Japan, are the remaining overseas projects.

Mission and Training Projects

Projects in our fiscal year 2009 budget will provide maintenance, infrastructure, utilities, operational and administration facilities, and training ranges. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our national security mission.

We will also construct a military operations urban terrain, tracked vehicle drivers course, automated anti-armor range, stationary tank range, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our soldiers realistic, state-of-the-art, live-fire training. We are requesting a total of $242 million for these high-priority projects. We are also requesting funding of $9.1 million for range access roads.

Army Modular Force Projects

Our budget continues support of the transformation of the Army to a modern, strategically responsive force and contains $321 million for four brigade complexes and other facilities. The new barracks will house 988 soldiers in support of the Army Modular Force.

Other Support Programs

The fiscal year 2009 budget includes $177 million for planning and design of future projects, including $69 million to Grow the Army. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The fiscal year 2009 budget requests $24 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe.

The budget request also contains $23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's fiscal year 2009 Military Construction request for $539,296,000 (for appropriation and authorization of appropriations) is focused on Mission and Training, Transformation, Growth of the Force/Army, and other support and unspecified programs.

Mission and Training

In fiscal year 2009, the Army National Guard has requested $192.5 million for 12 projects to support preparing our forces. These funds will provide the facilities our soldiers require as they train, mobilize, and deploy. Included are two logistics facilities, two training institutes, four range projects and four Readiness/Armed Forces Reserve centers.

Transformation

This year, the Army National Guard is requesting $199 million for 10 projects in support of our new missions. There is one Aviation Transformation project to provide facilities for modernized aircraft and change unit structure. Also in support of the Modular Force initiative we are asking for four readiness centers, three range projects, one aviation facility, and one headquarters building.

Growth of the Force/Army

Improving the Army National Guard's ability to deal with the continued high levels of Force Deployment, under the category of growth of the Force/Army, we are submitting a request of $87.2 million for seven readiness centers, and included within the total Planning and Design request of $4.5 million for Growth.

Other Support Programs

The fiscal year 2009 Army National Guard budget also contains $48.8 million for planning and design of future projects and $11.8 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2009 Military Construction request for $281,687,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

Preparation

In fiscal year 2009, the Army Reserve will invest $72.2 million to build four Army Reserve Centers and modernize one Army Reserve center, in four States. The five Reserve centers will support over 1,200 Army Reserve soldiers and civilian personnel. In addition, the Army Reserve will invest $13.7 million to construct four training ranges, which will be available for joint use by all Army components and military Services.

Transformation

The Army Reserve plan to transform from a Strategic Reserve to an operation force includes converting 16,000 soldiers positions from generating force structure to operational forces. The Army Reserve will construct 10 Army Reserve centers in 10 States, with an investment of $178,731,000. The transformation projects will provide operational facilities for over 3,600 Combat Service and Combat Service Support units in support of Army BCTs.

Other Unspecified Programs

The fiscal year 2009 Army Reserve budget request includes $13.9 million for planning and design for future year projects and $3.1 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2009 family housing construction request is $678.6 million for authorization, authorization of appropriation, and appropriation, including $333.8 million for Grow the Army. It finalizes the successful Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and our RCI program.

The fiscal year 2009 new construction program provides a Whole Neighborhood Revitalization by replacement projects at Wiesbaden, Germany, in support of 326 Families for $133 million using traditional military construction. Also included for new construction is $125 million for family housing at Camp Humphreys in Korea to support relocation of forces south of Seoul.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2009, we are requesting $333.8 million in support of Grow the Army, as well as $66.2 million for direct equity investment in support of the privatization of 3,936 homes at Forts Wainwright and Greely, AK, as well as Fort Carson, CO; Fort Stewart, GA; and Fort Bliss, TX, in support of Army Growth. The Improvements program also provides $20 million for traditional revitalization of 97 homes in Wiesbaden, Germany.

In fiscal year 2009, we are also requesting $579,000 for planning and design for final design on fiscal year 2009 and 2010 family housing construction projects as well as for housing studies and updating standards and criteria.

Privatization

RCI, the Army's housing privatization program, is providing quality housing that soldiers and their families can proudly call home. The Army is leveraging appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI program will include 45 locations, with a projected end state of over 89,000 homes—98 percent of the on-post family housing inventory in the U.S. At the end of fiscal year 2008, the Army will have privatized 38 locations, with an end state of over 83,000 homes. Initial construction and renovation at these 38 installations is estimated at $11.2 billion over a 3 to 10 year development period, of which the Army will contribute about $1.287 billion. Although most projects are in the early phases of their initial development, since 2001 our partners have constructed 12,418 new homes, and renovated 10,662 homes. In addition to the 2,225 additional homes that will be constructed to support Grow the Army, the fiscal year 2009 budget request provides funding for additional homes at Forts Wainwright and Greely, AK. In total, the Army will expand the portfolio of privatized Family housing, transferring six additional installations during fiscal year 2009.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2009 Family Housing Operations request is $716 million (for appropriation and authorization of appropriations). This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased Family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations ($126 million)

The operations account includes four subaccounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities ($113 million)

The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing with the reduction in supported inventory.

Maintenance and Repair ($252 million)

The maintenance and repair account supports annual recurring projects to maintain and revitalize family housing real property assets. Since most family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact soldier and family quality of life.

Leasing ($193 million)

The leasing program provides another way of adequately housing our military families. The fiscal year 2009 budget includes funding for 9,119 housing units, including 1,080 existing section 2835 ("build-to-lease"—formerly known as 801 leases) project requirements, 2,017 temporary domestic leases in the United States, and 6,022 foreign units.

Privatization ($32 million)

The privatization account provides operating funds for implementation and oversight of privatized military Family housing in the RCI program. RCI costs include selection of private sector partners, environmental studies, real estate surveys, and consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

BASE REALIGNMENT AND CLOSURE (BRAC)

The Army is requesting $4,486,178,000 for BRAC 2005 which is critical to the success of the Army's new initiatives, and $72,855,000 for legacy BRAC to sustain vital, ongoing programs.

BRAC 2005 is carefully integrated with the Defense and Army programs of GDPR, Army Modular Force, and Grow the Army. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units. The elimination of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources to allow the Army to better focus on its core warfighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to efficiently and effectively respond to the needs of the Nation.

As an essential component of Army transformation, BRAC 2005 decisions optimize infrastructure to support the Army's current and future force requirements. Under BRAC 2005, the Army will close 13 Active component installations, 387 Reserve component installations and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes training centers of excellence, joint bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve centers and realigns the Army Reserve command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational

demands now and in the future. BRAC 2005 better postures the Army for an increase in end strength by facilitating the Army's transformation to a modular force and revitalizing and modernizing the institutional Army through consolidation of schools and centers.

In total, over 150,000 soldiers and civilian employees will relocate as BRAC is implemented over the next 3-plus years. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our soldiers, civilians, and family members living, working, and training on our installations.

BRAC 2005 Implementation Strategy

The Army has an aggressive, carefully synchronized, fully resourced, BRAC fiscal years 2006–2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. National Environmental Policy Act (NEPA) requirements necessary to support our implementation plan were initiated in fiscal year 2006 to enable the early award of essential construction projects. Our BRAC construction plan is fully coordinated and carefully synchronized to support our overall strategy for re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation initiatives. This construction plan identifies requirements, defines scope, and considers existing installation capacity and infrastructure needs. It is an extremely complex plan that manages numerous construction projects, re-stationing actions, BRAC moves, and deployment timelines to allow the Army to implement the BRAC statute while supporting critical missions worldwide.

Seventy-seven percent of all required construction projects are planned for award by the end of fiscal year 2009, and 100 percent by fiscal year 2010. This will enable the major movement of units and personnel in fiscal year 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

In fiscal year 2006 the Army awarded 11 BRAC military construction projects to support re-stationing and realignments, including: 3 projects to support GDPR; 2 incremental projects for BCTs, and 5 Armed Forces Reserve Centers, totaling over $789.1 million. In fiscal year 2007, the Army awarded 61 projects: 20 projects to support GDPR; 20 Reserve component projects in 12 States; and 21 other Active component projects totaling over $3.3 billion, including planning and design for fiscal year 2009 and 2010 projects. This will lay the foundation for follow-on projects, and in earnest, start the implementation of our synchronized construction program.

As signed into law, the Consolidated Appropriations Act for Fiscal Year 2008 (Public Law 110–161) contained a very significant reduction in BRAC funding of $938.7 million (of which $560 million is reduced from the Army's BRAC budget). I cannot overstate the difficulties that repeated cuts or delays in BRAC funding have, and will continue to pose to the Army as we implement BRAC construction projects. It directly threatens to derail our carefully integrated implementation plan. If the Army program is not fully funded, we will be significantly challenged to execute BRAC as intended. Construction of required facilities will be delayed and cause increased cost, uncertainty for mission commanders, and the resulting impact will cascade through our re-stationing, transformation, and growth plans for years to come. The net impact from shortfalls in BRAC funding will likely be felt by funds from the military construction programs as they are shifted to plug the gaps in BRAC.

BRAC 2005 Fiscal Year 2009 Budget

The Army's fiscal year 2009 budget request of $4,486,178,000 will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 83 military construction projects, plus planning and design for fiscal year 2009 and 2010 projects. This is estimated to cost $3,792 million and includes: 5 additional GDPR projects, 37 Army National Guard and Army Reserve projects, and an additional 41 Active component projects.

A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC military construction projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The fiscal year 2009 budget request also funds projects supporting Reserve component transformation in 22 States and Puerto Rico.

The BRAC budget request will also fund furnishings for BRAC projects awarded in fiscal year 2006 and 2007 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with BRAC Commission Recommendations.

The Army will continue to procure investment type equipment in fiscal year 2009 in support of our BRAC military construction program as part of the "other procurement" budget line. This equipment exceeds the investment and expense unit cost threshold of $250,000 each and includes information technology infrastructure and equipment for the previously awarded BRAC projects, which will be impacted if fiscal year 2008 funding is not fully restored.

In fiscal year 2009, the Army will continue environmental closure and cleanup actions at BRAC properties. These activities will continue efforts previously ongoing under the Army Installation restoration program and will ultimately support future property transfer actions. The budget request for environmental programs is $54.8 million, which includes Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

Prior BRAC

Since Congress established the Defense Base Closure and Realignment Commission in 1990, the DOD has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately $12.6 billion in savings through 2008—nearly $1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting $72,855,000 million in fiscal year 2009 for prior BRAC rounds ($4.9 million to fund caretaking operations of remaining properties and $68 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent $2.8 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. We disposed of 235,480 acres (93.5 percent of the total acreage disposal requirement of 259,674 acres), with 24,194 acres remaining.

Homeowners Assistance Program

The Army is the DOD Executive Agent for the Homeowners Assistance Program (HAP). This program provides assistance to eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions as a result of DOD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market. For fiscal year 2009, HAP will execute the approved program for Naval Air Station (NAS) Brunswick, ME, and complete a market impact study expected to result in an approved program at Naval Station (NS) Ingleside, TX. NAS Brunswick was approved 2 years earlier than anticipated due to the more rapid departure of personnel and a marked decline in areas markets.

The numerous government employee and servicemember homeowners who are required to move with their transferred organizations, or to new jobs beyond the commuting distance from their present homes, will benefit from this program during periods of fluctuating home values. We are requesting an appropriation of $4.46 million for the Homeowners Assistance Program.

OPERATION AND MAINTENANCE

The Army's fiscal year 2009 Operation and Maintenance budget includes $2.85 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and $8.61 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding.

Sustainment, Restoration, and Modernization (S/RM)

S/RM provides funding for the Active and Reserve components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for the Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America's Army and must be properly maintained to be ready to support current missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regu-

latory changes to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support

This account funds programs to operate the bases, installations, camps, posts, and stations for the Army worldwide. The program includes municipal services, government civilian employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services, and installation support contracts. Army Community Service and Reserve component family programs include a network of integrated support services that directly impact soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

SUMMARY

Mr. Chairman, our fiscal year 2009 Military Construction and BRAC budget requests are balanced programs that support our soldiers and their families, the global war on terrorism, Army transformation, readiness, and DOD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

Military Construction:

- 2,225 New homes for Grow the Army
- 1,117 Additional homes privatized (230 require government contribution, 1,481 do not require government contribution)
- 423 homes replaced or renovated
- 30,845 government-owned and leased homes operated and sustained at the end of fiscal year 2009
- Portfolio management of 87,691 privatized homes
- 13,962 soldiers get new barracks
- 30 new training ranges/facilities
- $11 billion invested in soldier/family readiness
- $4.2 billion to Grow the Army
- Over 3,300 soldiers training in 16 new or improved Readiness Centers and Armed Forces Reserve Centers
- 14 New Army Reserve Centers
- One Modernized Army Reserve Center
- 4,954 soldiers get new Reserve Centers

Base Realignment and Closure:

- Statutory compliance by 2011 for BRAC
- 83 Military Construction projects
- Planning and Design for fiscal year 2009–2010 projects
- Remaining NEPA for BRAC 2005 actions
- Continued Environmental Restoration of 24,194 acres

Base Operations Support:

- Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.

Sustainment/Restoration and Modernization:

- Funds Sustainment at 90 percent of the OSD Facility Sustainment model requirement.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve soldier and family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.

Senator AKAKA. Thank you very much, Secretary Eastin.

Secretary Penn?

STATEMENT OF HON. B.J. PENN, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)

Mr. PENN. Chairman Akaka, Senator Thune, I'm pleased to come before you today to discuss the Department of Navy's installation and environmental efforts.

I would like to touch on a few highlights in this year's budget request, the largest facilities budget in well over 15 years. Our request is a robust $14.3 billion, 9.6 percent of the Department's Total Obligation Authority. Most apparent is our increased infrastructure investment, both in Facilities Sustainment, Restoration, and Modernization (SRM) and the construction accounts.

With regard to SRM, the Navy acknowledges that years of underfunding have degraded the shore infrastructure to below industry standards, and that a substantial shot in the arm of 41 percent this year is necessary to reverse course and maintain these systems so that we can maximize their full service life. The increase in construction, 45 percent for military construction (MILCON), 13 percent for family housing, continues the trend begun last year with the Marine Corps Grow the Force initiative to ensure their bases are ready to house and operate with the additional end strength.

Our MILCON program also includes a number of projects to enhance the quality of life of our sailors and marines, including four fitness centers, six child development centers, and four enlisted dining facilities. Our fiscal year 2009 budget also includes the second increment of our two MILCON projects that were proposed last year for full funding by the administration but selected by Congress for incremental funding. While we do not consider any of these projects in our fiscal year 2009 program to be viable candidates for incremental funding, we have taken the lead in drafting criteria for incrementing costly construction projects and are working with DOD and OMB. We commit to work with Congress to reestablish mutually acceptable and objective criteria in time for the next budget cycle.

Fiscal year 2009 marks the first year since 2005 that we've asked for appropriated funds for prior BRAC. We've been able to finance all or part of our prior BRAC with land sale revenue. But we've used all but $25 million which we are applying to this year's program.

Our fiscal year 2009 request includes $179 million for prior BRAC. We will need appropriated funds in future years to complete our clean-up work despite the prospects of some limited land sale revenue from Roosevelt Roads in Puerto Rico and some other small parcels. We've disposed of 91 percent of the prior BRAC properties so there is little left to sell. The real estate market is not as lucrative as it was a few years ago.

With respect to the BRAC 2005 program, we have several good news items to share. Nearly all impacted communities have established local redevelopment authorities to guide local planning and redevelopment efforts. We were able to facilitate the reversion of the former Naval Station Pascagoula to the State of Mississippi last June. We've been able to hold down our cost increases to a modest 2 percent for the implementation period of fiscal year 2006 through 2011.

However, our ability to meet the statutory deadline of September 15, 2011, hinges on the prompt restoral of the fiscal year 2008 reduction of $939 million. I ask the committee's support to help restore these funds as soon as possible.

We continue to improve where our sailors, marines, and their families live. We have awarded a second barracks privatization project in December 2007, this one in Hampton Roads, VA. We're almost finished evaluating our third pilot project in the Jacksonville area.

Surveys of our residents, both in family and unaccompanied housing, show that satisfaction has increased significantly since privatization began. As a Department we emphasize and participate in communication at all levels of management from the installation level where focus groups bring together their residents, command representatives, and property managers to the annual meetings with partner CEOs, the Department remains engaged throughout all levels of management. The objective is to identify issues early and take prompt corrective action when required.

In fiscal year 2009 the Department is investing over $900 million in its various environmental programs. We were recognized last year for our efforts in several areas, winning six Ozone Protection Awards from the Environmental Protection Agency (EPA) and a White House Closing the Circle Award for progress in alternate fuels and fuel conservation.

I am troubled though by the press coverage lately about how the Navy's training and sonar testing affects marine mammals. One of the most challenging threats that our naval forces face is a modern, quiet diesel submarine and the tactical use of MFA sonar that's the best means of detecting these potentially hostile vessels. The inability to train effectively with active sonar literally puts the lives of thousands of Americans at risk.

The Navy is operating under an exemption to the Marine Mammal Protection Act (MMPA) through January 2009 to give the Department enough time to complete the required EIS and obtain letters of authorization for sonar use on our maritime ranges and operating areas. What gets less air time is that the Navy will invest $18 million or more in fiscal year 2008 for marine mammal research, more than any other single agency. This research aims to develop effective mitigation and monitoring methods to reduce any potential effects of sonar and other human induced sound on marine mammals.

We have made significant progress in the past year in planning for the relocation of the marines from Okinawa to Guam. We established a joint program office, both the headquarters and forward elements. The EIS for Guam is underway with a target Record of Decision in January 2010 in time for the construction to begin in fiscal year 2010.

We're working closely with our counterparts in the Government of Japan to prepare the details for construction requirements, their phasing and funding priorities, and we are working with our domestic partners, the Government of Guam, the Department of Interior, OMB, and other Federal agencies to ensure the island can meet the challenges of such a concentrated influx of people and workload.

Finally, it has truly been an honor and privilege to serve this great Nation and the men and women of our Navy and Marine Corps team, the military and civilian personnel and their families. Thank you for your continued support and the opportunity to testify before you today.

[The prepared statement of Mr. Penn follows:]

PREPARED STATEMENT BY HON. B.J. PENN

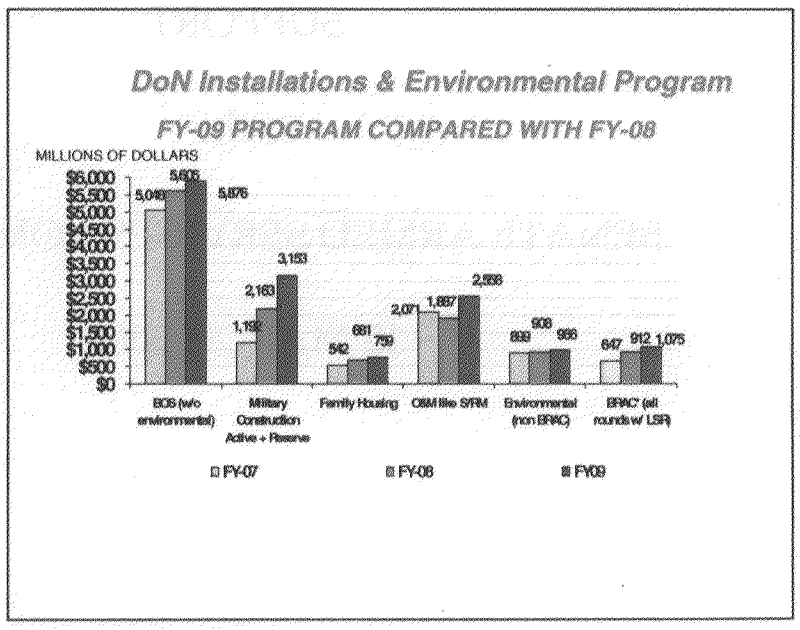
Chairman Akaka, Senator Thune, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

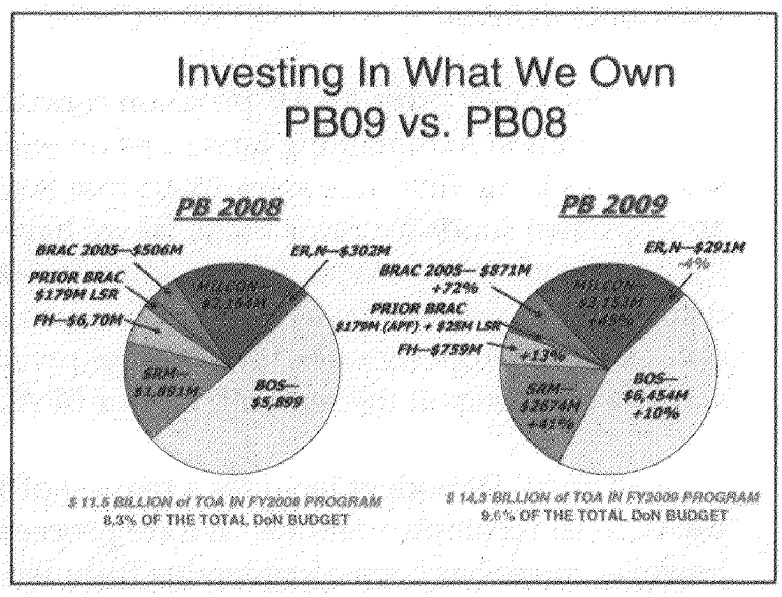
We live in an increasingly globalized and interlinked world—through our economic, communication, and financial networks, yet a world in which rogue nations, terrorists, and even the forces of nature disrupt the delicate balance between war and peace on a daily basis. A Cooperative Strategy for 21st Century Seapower establishes that we must not only be capable of winning wars, but must also strive to prevent war by fostering the collective security of all by working with our interagency, international, and private sector partners.

To fulfill this challenge we must ensure our sailors and marines have the training, education, and tools necessary to prevail in conflict and promote peace abroad. The Department of Navy's (DoN) investment in our shore infrastructure represents our deepening commitment to this goal. Our installations are where we homeport the Fleet and her Marine forces, train and equip the world's finest sailors and marines, and develop the most sophisticated weapons and technologies. Our fiscal year 2009 shore infrastructure baseline budget totals $14.3 billion, representing 9.6 percent of the DoN's fiscal year 2009 baseline request of $149 billion.

The Base Operating Support (BOS) request of $6.5 billion, excluding environmental, comprises the largest portion of the Department's facilities budget request. This account funds the daily operations of a shore facility, e.g., utilities; fire and emergency services; air and port operations; community support services; custodial and grounds maintenance costs.



Our fiscal year 2009 request of $6.5 billion for BOS reflects a 9.4 percent increase from the fiscal year 2008 request. The Navy request of $4.3 billion includes an increase of $348 million over last year's request and matches the budget request with recent execution performance. The Marine Corps request is $2.1 billion, an increase of $207 million over last year's request, and is consistent with their execution experience.



The fiscal year 2009 military construction (Active + Reserve) request of $3.2 billion is $1.1 billion more than the fiscal year 2008 request. This is a 50 percent increase above the fiscal year 2008 request, and nearly three times the size of the fiscal year 2007 request. This unprecedented growth in Department's military construction request is primarily due to the Marine Corps' "Grow the Force "initiative.

The fiscal year 2009 Family Housing request of $759 million represents a 13 percent increase over our fiscal year 2008 request. This growth is also spurred by the need for additional family housing for the Marine Corps' Grow the Force initiative. The Navy and Marine Corps have continued to improve their overseas housing, which is not eligible for privatization as has been done in the U.S.

Sustainment, Restoration, and Modernization (S/RM) includes military construction and operation and maintenance funds. Our fiscal year 2009 request of $2.7 billion funds the Department at 90 percent of the DOD sustainment model requirement and includes only the amount of S/RM funded with Operations and Maintenance. It represents a 41 percent increase over our fiscal year 2008 request to improve sustainment of existing facilities and rehabilitate older buildings to meet current standards.

Our fiscal year 2009 request of $966 million for environmental programs at Active and Reserve bases is comprised of operating and investment appropriations [1], roughly $58 million more than our request for fiscal year 2008 due to higher compliance and conservation costs.

Our BRAC program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

Our fiscal year 2009 prior BRAC program consists of $179 million in appropriations and $25 million in remaining land sales revenue from past prior BRAC property sales. This is the first time since fiscal year 2005 that the Department has requested appropriated funds for prior BRAC as we have exhausted our land sales revenue from previous sales. We anticipate some limited future revenue as we move to dispose of the former Naval Station Roosevelt Roads in Puerto Rico and some

[1] Includes the following accounts: RDT&E,N; MC,N; OP,N. Excludes BRAC environmental.

other smaller property sales. We will use revenue from these future sales to accelerate cleanup at the remaining prior BRAC locations.

The fiscal year 2009 budget includes a request of $871 million to implement the BRAC 2005 recommendations. We are proceeding apace with implementation; however, there has been considerable turbulence in execution in part due to the late receipt of congressional appropriations. The fiscal year 2008 $939 million congressional reduction to this DOD account, for which the Navy share is $143 million, adds additional execution concerns which I will address later in the statement. I urge Congress to promptly restore the fiscal year 2008 reduction.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's fiscal year 2009 Military Construction program requests appropriations of $3.2 billion including $239 million for planning and design and $13.7 million for Unspecified Minor Construction.

The Active Navy program totals $1.1 billion and includes:

- $176 million to fund five waterfront projects: Wharf Upgrades in Diego Garcia to support stationing of a Land-class tender; Berth Lima Conversion at Naval Air Station North Island, CA to accommodate homeporting an additional third nuclear powered aircraft carrier, subject to the completion of an ongoing Supplemental Environmental Impact Statement; the second increment of the Magnetic Silencing Facility in Naval Station, Pearl Harbor, HI; a pier replacement project at Submarine Base New London, CT; and Improvements to Alpha Wharf at Naval Station Mayport, FL, to make structural and utilities repairs to the existing bulkhead.
- $62 million to fund three airfield projects: the second increment of the Hangar 5 Recapitalization at Naval Air Station, Whidbey Island, WA; an Aircraft Maintenance Hangar and Aircraft Parking Apron at Camp Lemonier, Djibouti.
- $60 million to fund four expeditionary operations projects, including headquarters for the 25th Naval Construction Regiment in Naval Construction Battalion Center, Gulfport, MS; two projects supporting Joint Forces Command, one in Naval Station Pearl Harbor to build a Deployment Staging Area and another at MacDill Air Force Base, FL, to construct a Communications Squadron Equipment Facility.
- $111 million to fund two training projects: a Special Programs Barracks to conduct remedial training at Recruit Training Command, Great Lakes, IL; and an Integrated Training Center for the P–8A, the replacement for the Maritime Patrol aircraft.
- $102 million to fund two weapons related projects: the 5th of 7 increments of the Limited Area Production and Storage Complex at Naval Submarine Base, Bangor, WA; and the second increment of the Kilo Wharf Extension in Guam.
- $91 million to construct four research and development facilities, including a new laboratory in the District of Columbia that will consolidate 17 separate labs conducting research in unmanned systems.
- $60 million to support ship maintenance operations, including dredging the Norfolk Harbor Channel to enable carriers to navigate up the Elizabeth River to Norfolk Naval Shipyard without risk to the propulsion system.
- $268 million to increase the quality of life for our sailors and their family members, including two Bachelor Enlisted Quarters (BEQs), five child development centers, and three fitness centers.
- $57 million for planning and design efforts.

The Active Marine Corps program totals $2 billion, a $989 million increase over the fiscal year 2008 Military Construction and global war on terror requests. This program includes:

- $1.3 billion for facilities to support the "Grow the Force" initiative, which I will discuss in greater detail below;
- $312 million for the Marine Corps BEQ Initiative to build over 3,600 spaces and an additional $856 million in the Marine Corps Grow the Force to build over 8,700 permanent party/trainee spaces. The total funding devoted to BEQs is $1.2 billion.
- $133 million in operations and training facilities and an additional $121 million in the Grow the Force initiative funds Military Operations in Urban Terrain facilities at Twentynine Palms, CA, and Ranges at Camp Pendleton, CA, and Camp Lejeune, NC; Academic training facilities for The Basic School at Marine Corps Base Quantico, VA, the School of Infantry at

Camp Pendleton, CA, and the Marine Aviation Weapons and Tactics Squadron at Marine Corps Air Station Yuma, AZ; operational facilities for V–22 aircraft support at Marine Corp Air Station Miramar and Marine Corps Air Station New River, NC, and apron space at Marine Corps Air Facility Quantico, VA.

• $36 million and an additional $73 million accelerated with the Marine Corps Grow the Force initiative funds Quality of Life facilities such as enlisted dining facilities at Marine Corps Air Station, New River, NC and Camp Lejeune, NC, and a Child Development Center at Camp Lejeune, NC;

• $64 million and an additional $62 million from the Grow the Force initiative funds new recruit quarters at Marine Corps Recruit Depot Parris Island, SC and Marine Corps Recruit Depot San Diego, CA as well as Student Officer Quarters for The Basic School at Marine Corps Base Quantico, VA;

• $53 million in Grow the Force funding will accelerate additional utility infrastructure improvements at Camp Pendleton, CA.

• $67 million and an additional $10 million accelerated from our Grow the Force initiative funds aircraft maintenance facilities at Marine Corps Air Facility Quantico, VA, Ordnance Facility at Marine Corps Air Station Beaufort, SC and Communications and Electronics Maintenance Facilities and Regimental Maintenance Facilities at Camp Pendleton, CA.

• $44 million supports other facilities such as the replacement of the 2nd Marine Air Wing Headquarters facility at Marine Corps Air Station Cherry Point, NC, destroyed by fire in 2007, a satellite fire station for Marine Corps Air Station Miramar, CA; and road improvements for entry into Marine Corps Base Quantico, VA.

• $183 million for planning and design efforts.

The Navy and Marine Corps Reserve Military Construction appropriation request is $57 million to construct a total of five Reserve centers: two Navy; two Marine Corps; and one joint Armed Forces center.

Marine Corps Grow the Force

To meet the demands of the global war on terrorism as well as the uncertainty of our Nation's security environment, the Marine Corps must be sufficiently manned, well trained, and properly equipped. Like the Cold War, the global war on terrorism is a generational struggle that will not be measured by the number of near-term deployments or rotations; it is this long-term view that informs our priorities and plan for growth.

To fulfill its obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active component marines. This increase will enable the Marine Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges in an uncertain environment. This growth will enable the Marine Corps to recover its ability to respond in accordance with timelines outlined in combatant commander war plans—thereby reducing operational risk. It will also relieve strain on those superb Americans who have volunteered to fight the Nation's battles. This growth includes:

• Adequate expansions of our infrastructure to provide for our marines, their families, and their equipment; and

• The right mix of equipment for the current and future fight.

Exacerbating our requirements, the Marine Corps for many years funded only its most critical needs. As a result, Marine Corps installations are in a poor position to properly house and operate with additional marines. Most of the efforts in fiscal years 2007, 2008 and proposed 2009 accelerate non-unit specific facilities which benefit all those aboard the installation—such as bachelor quarters, family housing, ranges, operational facilities, and landfills. This will assist in getting our installations ready to support our Grow the Force initiative. Beginning in fiscal year 2010, we are planning facility programs to support the final unit specific end strength growth. Unit-specific construction will begin in fiscal year 2010 in concert with the expected completion of the National Environmental Policy Act review. Because marines will begin to arrive before construction at many locations is complete, the Marine Corps is planning to lease, or purchase temporary support facilities.

As a result of the rapid, but rigorous planning process, the Marine Corps submitted its end strength growth stationing plan to Congress in October 2007. Our proposed fiscal year 2009 request is based on that stationing plan. This plan will ensure that adequate facilities are available to support the phase-in and Full Operating Capability of a 202,000-Marine Corps while meeting our environmental stewardship requirements.

Incrementally funded MILCON projects

Our fiscal year 2009 budget request complies with Office of Management Policy and the DOD Financial Management Regulation that establishes criteria for the use of incremental funding. Furthermore, we do not consider any of the projects in our program to be viable candidates for incremental funding based on the mutual understanding between Congress and the Department of Defense (DOD).

The DOD and OMB commit to work with Congress to reestablish mutually acceptable and objective criteria for the funding of DOD military construction projects.

Meeting the Energy Challenge

In August 2006, I directed that all new Department of Navy facilities and major renovations be built to U.S. Green Building Council "LEED Silver" standards starting in fiscal year 2009. In addition, the Energy Policy Act of 2005 set new standards for energy performance in Federal facilities, including a 30 percent energy reduction over current design standards and the specification of devices that measure and reduce energy consumption. A modest 3 percent investment will contribute to the reduction of life cycle costs of our facilities and will improve the quality of life of our personnel through better indoor environmental air quality and improved levels of comfort within the facilities.

The Continued Need for a Mid-Atlantic Outlying Air Field

The Navy has decided to terminate the draft Supplemental Environmental Impact Statement (SEIS) that conducted further court-directed analysis at five alternative sites for a new Outlying Landing Field (OLF) to support introduction of F/A–18 E/F (Super Hornet) aircraft on the east coast. The Navy will prepare a new Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA) that analyzes five new potential OLF sites. This decision followed careful consideration of the public comments received on the draft SEIS, review of new information provided by the State of North Carolina and the Commonwealth of Virginia, and a reassessment of the Navy's operational requirements. It is consistent with the action taken by Congress in the National Defense Authorization Act for Fiscal Year 2008 to rescind the authority to construct the OLF at Site C in Washington County, NC. The new EIS will analyze potential environmental impacts at three sites in Virginia, and two sites in North Carolina that were provided by the respective States. Based on our evaluation of available information, these new sites each have operational, environmental, and population characteristics that make them viable site alternatives. The EIS will further analyze potential environmental impacts at each location and will result in a future decision about a new preferred OLF site. We expect this process will take about 30 months, so we have not requested any construction funds in fiscal year 2009. The five sites analyzed in the draft SEIS, including the Washington County location, are no longer under consideration as potential OLF sites.

The OLF is required to satisfy training capacity requirements under the Fleet Response Plan, and to reduce the impacts of encroachment on operations at existing facilities. While recent actions initiated by jurisdictions in the vicinity of Naval Air Station Oceana and Navy Auxiliary Landing Field Fentress in response to recommendations of a Joint Land Use Study may mitigate further encroachment, both capacity and encroachment continue to form the basis for the OLF requirement. Throughout this process the Navy will continue to work closely with the Commonwealth of Virginia and the State of North Carolina. The Navy believes that by working with state and local officials, we can understand their perspective on the issues and seek common ground on ways to mitigate impacts and identify potential benefits.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration, and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are 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 responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems).

% Sustainment	FY-07	FY-08	FY-09
USN Budget	95%	83%	90%
USN Actual/Plan	91%	83%	
USMC Budget	93%	93%	90%
USMC Actual/Plan	113%	111%	

Restoration and modernization provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and Military Personnel funds. The DOD uses a recapitalization metric to gauge investment levels. The "recap" metric is calculated by dividing the plant replacement value by the annual investment of funds and is expressed in years. The DOD goal is to attain a 67-year rate by fiscal year 2008. This continues to be a relatively coarse metric, as demonstrated by the effect of past Supplemental funds, BRAC construction projects, and recap projects to support Grow the Force. The Navy and Marine Corps continue to work with the Office of the Secretary of Defense and the other Components to develop a recap model similar to the Sustainment model, planned for release in the next budget cycle.

Recap years	FY-07	FY-08	FY-09
USN Budget	83	63	50
USN Actual/Plan	62	60	
USMC Budget	112	103	33
USMC Actual/Plan	117	61	

Naval Safety

The Department of the Navy strives to be a world class safety organization. In fiscal year 2007 the we achieved our lowest rate ever recorded for total Class A Operational Mishaps.[2]

The Department has embraced the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), which fosters a cooperative relationship between management, labor, and OSHA to improve workplace safety. DoN has achieved "Star" status, OSHA's highest level of achievement, at five sites representing over half of the VPP star sites in DOD. The Navy activities include all four Naval Shipyards, our largest industrial facilities, and the Navy Submarine Base in Kings Bay, GA. In 2007 DON was one of six Federal departments and independent agencies to meet all four of the goals specified by the President's Safety, Health and Return-to-Employment (SHARE) program.

Noise is also a safety concern in the workplace. Hearing loss is not reversible, it's often not painful and it won't kill you, but it sure is a quality of life issue for our sailors and marines when they leave the Service. We are engineering systems to be quieter, improving our training, and making sure our people have the best personal protective equipment.

Encroachment Partnering

The Navy has established an encroachment management program to acquire real property interests in the vicinity of our installations. Long-term encroachment partnering agreements have been established with Churchill County, NV, and a local land trust for NAS Fallon; with the City of Virginia Beach for NAS Oceana;

[2] A Class A mishap is one where the total cost of damages to Government and other property is $1 million or more, or a DOD aircraft is destroyed, or an injury and/or occupational illness results in a fatality or permanent total disability. An operational mishap excludes private motor vehicle and off duty recreational mishaps. Mishaps exclude losses from direct enemy action.

with Ocean County, NJ, for NAEWC Lakehurst; and with the State of Florida and Santa Rosa County, FL, for NAS Whiting Field. These long-term agreements enable the Navy to join with others to acquire easements that preclude incompatible development around our installations. We are working to establish a long term encroachment agreement to protect lands under the supersonic operating corridor at NAWS China Lake and Edwards AFB, CA.

The Marine Corps secured easements on 2,715 acres at a cost of $6.9 million in fiscal year 2007 while our partners contributed $6.8 million to prevent incompatible development and protect vital ecological resources. Marine Corps projects in progress and planned for fiscal year 2008 are expected to reach $30 million in DOD and partner funds to address encroachment at MCB Quantico, MCAS Cherry Point, MCB Camp Lejeune, MCAS Beaufort, and MCB Camp Pendleton.

Energy

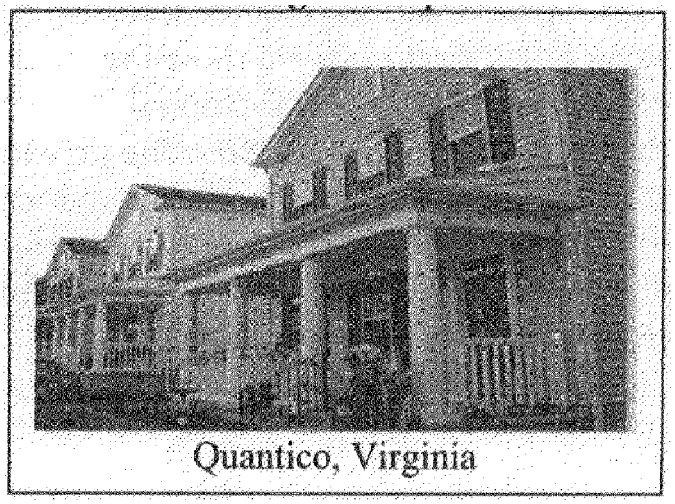
The Department of Navy is committed to achieving the energy efficiency, water conservation, and renewable energy goals that Congress and the President have directed. DoN last year reduced energy consumption by 10.8 percent compared to the 2003 baseline. DoN is increasing use of renewable energy through evaluation of geothermal, solar, wind, biomass, and ocean energy technologies, as well as implementing highly efficient cogeneration systems, efficient lighting, motors, HVAC and other energy systems. Nearly 3 percent of the total energy consumed by the Department comes from renewable sources including wind, solar and thermal. The Navy plans to award $210 million per year in energy, water, and renewable projects. We continue to leverage new technologies including ocean thermal energy conversion, tidal energy, and fuel cells. Targeting energy systems at the "per building" level itself is promising, particularly with the use of photo-voltaic cells.

HOUSING

Our fiscal year 2009 budget continues to improve living conditions for sailors, marines, and their families. Thanks to the support of Congress, we met the goal to program the necessary funds and have contracts or agreements in place by the end of fiscal year 2007 to eliminate all inadequate family housing. Renovation or replacement of inadequate Navy housing will be complete by the end of fiscal year 2011. Marine Corps families will be out of inadequate family housing by fiscal year 2014. This time has been extended from previous projections to maintain a supply of housing for additional marines associated with Grow the Force until additional housing is constructed through privatization initiatives. We continue to provide homes ashore for our junior shipboard unaccompanied sailors, to provide appropriate living spaces for our junior enlisted bachelor marines, and to address long standing family housing deficits. In our fiscal year 2009 budget, we are requesting the necessary funding to eliminate the remaining inadequate permanent party unaccompanied BEQs facility spaces still featuring "gang heads."

Family Housing

As in past years, our family housing strategy consists of a prioritized triad:


Quantico, Virginia

• Reliance on the Private Sector. In accordance with longstanding DOD and DoN policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community.
• Public/Private Ventures (PPVs). With the strong support from this committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.
• Military Construction. Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

Planned Privatization Awards

Location	# homes
Fiscal Year 2008	
MCB Camp Pendleton (Phases 6, 6A, and 6B)	367
MCB Camp Lejeune (Phase 4)	451
MCAGCC 29 Palms (Phases 2 and 2A	285
FY 2008 Total	**1,103**
Fiscal Year 2009	
Navy Southeast (Gulfport)	46
MCB Camp Pendleton	351
MCAGCC 29 Palms	600
MCB Hawaii	520
MCB Camp Lejeune	394
FY 2009 Total	**1,911**
Total FY2008 to FY2009	**3,014**

FY-2008 locations include GWOT-funded projects.

As of the end of fiscal year 2007, we have awarded 30 privatization projects for over 61,000 homes. As a result of these projects, over 30,000 homes will be replaced or renovated, about 5,000 new homes will be built, and the remaining 15,000 were privatized in good condition and did not require any improvements. Through the use of these authorities we have secured approximately $8 billion in private sector investment from approximately $800 million of our funds, which represents a ratio of almost ten private sector dollars for each taxpayer dollar.

Our fiscal year 2008 and outyear family housing privatization projects are targeted at reducing family housing deficits by constructing additional housing for our families where the private sector cannot accommodate their needs. This includes locations where increased requirements associated with the Grow the Force initiative will add to projected housing deficits. During fiscal year 2008, we plan to award three Marine Corps family housing privatization projects that would build an additional 1,100 homes.

Our fiscal year 2009 budget includes $383 million for family housing construction and improvements. This amount includes $259 million for the Government investment in family housing privatization projects planned for fiscal year 2009 award. It also includes the replacement or revitalization of housing in Cuba and Japan where privatization is not planned. Finally, the budget request includes $376 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

Unaccompanied Housing

Our budget request includes $1.3 billion for 37 unaccompanied housing projects at 10 Navy and Marine Corps locations. The budget continues the emphasis on improving living conditions for our unaccompanied sailors and marines. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. With its fiscal year 2008 request, the Navy completed programming for military construction associated with the Homeport Ashore initiative to provide ashore living accommodations for E1–E3 unaccompanied sailors who otherwise would live aboard ship even while in homeport.

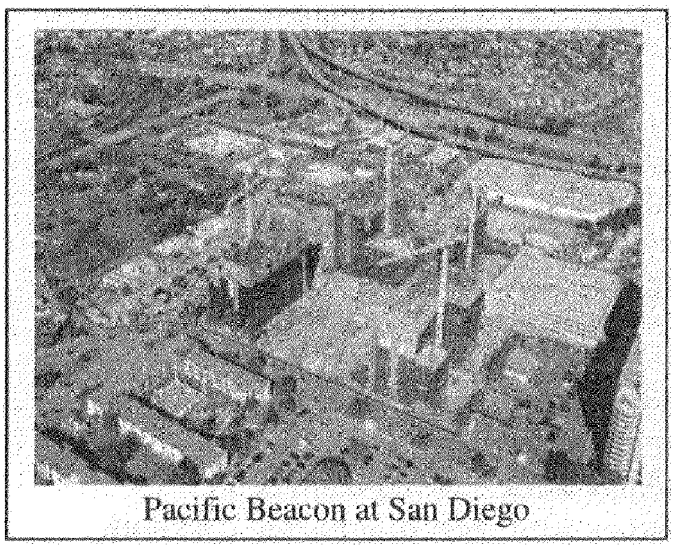
In addition to the E1–E3 shipboard sailors, there are approximately 5,000 unaccompanied E–4 sailors with less than 4 years service who are assigned to sea duty. In fiscal year 2001, Congress extended the BAH entitlement

to all unaccompanied E–4 sailors assigned to sea duty. Funding for the E–4s with less than 4 years' service remains unprogrammed. The Navy is evaluating housing strategies for its unaccompanied sailors including this segment of the population. In the interim, we will accommodate these junior sailors to the greatest extent practible within our existing unaccompanied housing capacity.

2. Ensure our Barracks Meet Today's Standards for Privacy. We are building new and modernizing existing barracks to increase privacy for our single sailors and marines. Reflecting the Commandant of the Marine Corps' priority to ensure single marines are adequately housed, the fiscal year 2009 budget includes $1.2 billion in MILCON funding for the construction of approximately 13,000 permanent party spaces at 8 Marine Corps installations. The Marine Corps has programmed the necessary funding from fiscal year 2008 through fiscal year 2011 to eliminate the BEQ deficit for the Marine Corps pre-Grow the Force end strength requirement by 2012. Additional funding for BEQ requirements specifically related to the "Grow the Force" initiative is planned to begin in fiscal year 2010 after NEPA requirements are met in order to satisfy this requirement by 2014. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps' tenets for unit cohesion and teambuilding.

3. Eliminate Gang Heads. The fiscal year 2009 budget request includes funding to eliminate the last Navy permanent party BEQ with a gang head. The Marine Corps had already accomplished this goal in fiscal year 2005, but will continue to use these facilities on an interim basis to address short-term housing requirements resulting from the additional end strength related to the Grow the Force Initiative.

Unaccompanied Housing Privatization

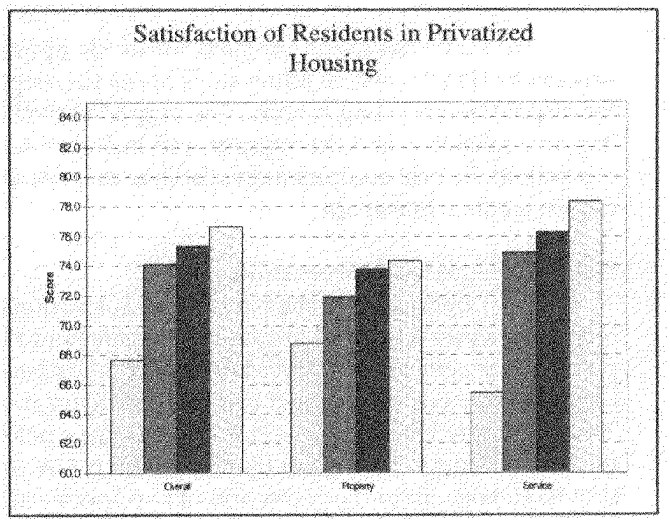

Pacific Beacon at San Diego

The Department awarded our first pilot unaccompanied housing privatization project to Pacific Beacon LLC in December 2006. When complete in 2009, this project will provide 941 new two-bedroom/two-bathroom apartments for E–4 and above enlisted personnel in San Diego, CA, who are unsuitably housed in the private sector or who are living in Government quarters that could be used by shipboard sailors. An existing unaccompanied housing building, containing 258 "1+1E" modules, was also privatized as part of this agreement. Our partner will provide additional quality of life amenities to existing buildings, such as a swimming pool. We expect the first building to be complete by the end of this year and overall project completion in 2009. I am pleased to report the facility that was privatized, "Palmer Hall," won an industry award for improved resident satisfaction based on resident surveys.

In December 2007, we executed business agreements for our second pilot project at Hampton Roads, VA. This project will build more than 1,100 new two-bedroom/two-bathroom apartments and privatize over 700 existing unaccompanied housing modules for unaccompanied shipboard E1–E3 personnel.

We are nearing completion of our evaluation of the Mayport/Jacksonville, FL, area as the candidate for third pilot project. We are also continuing to evaluate additional phases at San Diego and Hampton Roads using the public/private entities previously executed.

Managing Our Privatization Portfolio



We take seriously our responsibility to monitor the privatization agreements to ensure that the Government's long-term interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected. We conduct meetings with senior representatives of our partners and, where necessary, resolve issues of mutual interest. We use focus groups to obtain direct feedback from residents, property managers, and command representatives. Customer surveys show overall improvement in member satisfaction after housing is privatized. Where our projects have encountered difficulties, appropriate corrective actions have been taken. For example, we had concerns regarding performance of the private partner in our Pacific Northwest project. The partner sold its interest as a general partner to another company which has a record of good performance with military housing privatization projects.

ENVIRONMENT

Shipboard Programs

The Navy continues to convert its shipboard air conditioning and refrigeration plants from Ozone Depleting Substances (ODS) to non-ODS refrigerants. As of 1 February 2008, the Navy completed 552 of 690 air conditioning conversions and 595 of 611 refrigeration conversions. The Navy reached a major milestone in 2007 as conversions of the final aircraft carrier air-conditioning systems began. The Navy expects to complete its transition to non-ODS refrigerants by 2017.

In addition to the shipboard air conditioning and refrigeration conversion program, the Navy has taken other ODS management efforts which have reduced our Class I ODS usage by over 95 percent. For example, the Navy is designing and building the first aircraft in the world without halon for fire suppression. In recognition of these many achievements, the Navy garnered six EPA Best of the Best Stratospheric Ozone Protection Awards at the 20th Anniversary Meeting of the Parties of the Montreal Protocol in September 2007.

The Navy has also completed 168 of 334 upgrades to its plastic waste processors (PWPs), which allow ships at sea to compress plastics into a solid disk for disposal or recycling ashore. The upgraded PWPs reduce maintenance, improve reliability and throughput, and include a self-cleaning feature, giving our sailors the best equipment available to meet no-plastics discharge requirements while at sea.

Natural Resources Conservation

The Department of the Navy's natural resources conservation programs rely on Integrated Natural Resources Management Plans (INRMP) to ensure our programs are effective in providing conservation benefits to species and their habitats while ensuring no net loss to the military mission. For example, in 2007, the United States Fish and Wildlife Service determined that the INRMPs for the Marine Corps' Townsend Bombing Range, GA, and Camp Pendleton, CA, provided a benefit to the protection of two species: the Flatwoods salamander (Ambystoma cingulatum) and tidewater goby (Eucyclogobius newberryi), respectively, and the range and base were excluded from Critical Habitat designation.

Since the Endangered Species Act, section 4(a)(3)(B)(i), was amended in the fiscal year 2004 NDAA, U.S. Fish & Wildlife Service and National Marine Fisheries Service determined that the effectiveness of DoN INRMPs outweighed the necessity to make 41 Critical Habitat designations on DoN installations.

Environmental Compliance by Shore Installations

Domestically, 93 percent of Navy and 95 percent Marine Corps permits are in full compliance with Clean Water Act standards, and 98 percent of the Navy and 100 percent of Marine Corps population receives water that meets all Safe Drinking Water Act standards, both increases from recent years. The DoN has made great strides in improving wastewater compliance through significant investments in infrastructure and improved management practices. For example, Marine Corps invested over $109 million in military construction funds at Camp Pendleton between fiscal year 2002 and fiscal year 2008 to meet wastewater requirements, including the construction of a new tertiary treatment system to serve the southern portion of the base. An additional $52.5 million military construction project is budgeted in fiscal year 2009 to reduce the total dissolved solids (TDS) in their drinking water.

Installation Restoration Program (IRP)

The DoN has completed cleanup or has remedies in place at 83 percent of our 3,716 contaminated sites at our active installations. We plan to complete the program by 2014. The cost-to-complete the installation restoration program continues a downward trend with efficiencies of $600 million over the past 10 years. Use of new technologies, land use controls, remedy optimizations, contract efficiencies, and a dedicated professional staff has contributed to these efficiencies. Our fiscal year 2009 request of $293 million consists of $243 million for IRP, and $50.0 million for munitions response.

Munitions Response Program (MRP)

The DoN is proceeding with cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps locations other than operational ranges. We completed the preliminary assessments in fiscal year 2007 at 99 percent of the 239 known sites on 62 active installations and will complete site inspections and sampling by 2010. The data obtained from these inspections and samplings will provide the basis for developing estimates for environmental cleanup.

Range Sustainability Environmental Program Assessment

The Navy has completed environmental operational range assessments on 13 of 22 operational range complexes and is on track to complete the remaining nine operational range complex assessments by the end of fiscal year 2008. The Marine Corps has completed six range assessments and is on track to complete the remaining eight ranges by the end of fiscal year 2009 operational ranges in the United States by the end of fiscal year 2008. To date, neither the Navy nor the Marine Corps has had a release or threat of a release from an operational range to an off-range area that presents an unacceptable risk to human health and the environment.

Alternative Fuel Vehicles

The Department has many initiatives to reduce its reliance on imported oil and increase its fuel conservation efforts. Over the past 5 years, the Navy initiatives have resulted in a 10-fold increase in the use of B–20 (i.e. 20 percent blend of biodiesel in petroleum diesel). The Navy has partnered with the Exchange Services to supply fuel for both government and commercial use at sites such as Naval Station

Norfolk, VA. Biodiesel field testing and integration efforts are underway at several locations to address Executive Order 13423 goals, reduce greenhouse gas emissions, and to increase environmental security.

The Marine Corps has exceeded the Energy Policy Act (EPAct) of 1992 for Alternative Fuel Vehicle (AFV) requirements for the past 5 years and is a leader in DOD and among other Federal agencies in the use of biodiesel and other alternative fuels. It has reduced its consumption of petroleum by 28 percent since 1999 due in part to increased use of alternative fuels (such as biodiesel, ethanol, and compressed natural gas), neighborhood electric vehicles and conservation. For their aggressive pursuit of compliance with Federal mandates well beyond published goals, the Marine Corps received the White House Closing the Circle Award in 2005 and again in 2007.

Navy Marine Mammals/Sonar R&D investments

The Navy remains a good steward of the environment by taking steps to protect marine mammals from anthropogenic sound in the water. Navy has steadily increased annual marine mammal research from $12.5 million in fiscal year 2004 to $22 million in fiscal year 2009. This long-term investment will support more than thirty universities, institutions, and technology businesses worldwide and address critical issues in marine mammal demographics (the "what, where, when, how many, and how much" questions); establish criteria and thresholds to measure the effects of naval activities; develop effective mitigation and monitoring methods to lessen any potential effects; and continue to refine characteristics of the sound field.

MMPA National Defense Exemption

The Navy has been operating for the past year under a National Defense Exemption (NDE) issued in January 2007. Given recent court decisions in California and continuing litigation in California and Hawaii challenging the Navy's use of Mid-Frequency Active (MFA) sonar, the ability to rely on the NDE has been important to the Navy's ability to continue to test and train with MFA sonar. This limited-in-time NDE was necessary to allow the Navy sufficient time to complete the analysis and consultation necessary to support long-term compliance for Navy's MFA sonar testing and training. The Navy is preparing environmental planning and compliance documents in cooperation with the National Oceanic and Atmospheric Administration (NOAA). The process will be complete for the Southern California Range Complex, the Hawaii Range Complex and the East Coast training areas by the time the NDE expires in January 2009. MFA sonar use as analyzed in these documents conservatively accounts for 75 percent of the Navy's testing and training with MFA sonar. The documentation for the remaining ranges will be completed later in 2009.

The NDE requires the Navy to employ 29 specific mitigation measures developed with, and fully supported by, the National Marine Fisheries Service (NMFS) within NOAA. The NDE enables the Navy to employ MFA sonar in a manner that maintains testing and training fidelity while providing protection to marine mammals. By enabling critical MFA sonar testing and training to continue in an environmentally sound manner protective of marine mammals, the NDE serves as a bridge to future compliance with the authorization requirements of the MMPA. NMFS, in recently considering the effects of Navy MFA sonar training exercises on marine mammals in and adjacent to the Navy's Southern California Operating Area, noted that the mitigation measures employed as a result of the NDE will minimize the risk of injury to marine mammals, and concluded that it does not expect the exercises to result in adverse population level effects of any marine mammal populations.

As part of the Council On Environmental Quality's (CEQ) alternative arrangements for Navy compliance with the National Environmental Policy Act (NEPA) for the remaining exercises in the Southern California Operating Area through January of 2009, the Navy will use the NDE mitigation measures as modified by those alternative arrangements, as well as public involvement and best available scientific information to inform long-term range management decisions regarding continued testing and training with MFA sonar. However, while the MMPA has been removed as a basis for legal challenges, the Navy's ability to meet its statutory requirement to train and maintain a ready force, which includes training with MFA, remains at risk due to legal challenges based on other environmental laws, specifically NEPA, the Coastal Zone Management Act (CZMA), and the Endangered Species Act (ESA). Litigation surrounding those issues continues, with two courts recently enjoining MFA sonar use during two U.S. Pacific Fleet major exercise series. The Navy is reviewing its options with the Department of Justice.

RELOCATING THE MARINES TO GUAM

National interests and treaty commitments require the United States to strengthen its military capabilities in the Western Pacific. U.S. forces must be positioned to maintain stability, ensure flexibility to respond to regional threats, project power throughout the Pacific, defend our assets as well as those of our allies, and provide forces to respond to global contingencies.

The relocation of Marine Corps forces from Okinawa to Guam under the October 2005 agreement, "U.S.-Japan Alliance: Transformation and Realignment for the Future" (ATARA) is part of a broader realignment that, when implemented, will strengthen our regional posture, deter potential aggressors, and provide capabilities that can be flexibly deployed in contingencies. This is essential for the defense of Japan and for peace and security in the Pacific.

Plans for implementing the military realignment to Guam have progressed significantly. United States (USG) and Government of Japan (GOJ) representatives meet regularly to develop implementing instructions covering the programming, budgeting, and funding to construct operational facilities, utilities, and housing needed to realign 8,000 marines and 9,000 dependents from Okinawa to Guam. The USG and GOJ have negotiated a GOJ contribution of $6.09 billion of the estimated $10.3 billion cost for infrastructure on Guam. We have budgeted $42 million in various DoN accounts in fiscal year 2009 to continue planning efforts.

We continue numerous studies necessary for preparing an EIS in compliance with the NEPA. The EIS addresses the movement of Marine Corps forces from Okinawa to Guam as well as Navy efforts to construct a transient nuclear aircraft carrier-capable pier at Apra Harbor and Army efforts to locate a ballistic missile defense battalion on the island. A draft EIS is expected in spring 2009, the final EIS in December 2009, and a Record of Decision (ROD) in January 2010.

In parallel with the EIS efforts, we are developing a Guam Joint Military Master Plan (GJMMP). The GJMMP addresses the realignment of Marine Corps forces in the context of other DOD actions on Guam, such as plans to increase intelligence, surveillance, and reconnaissance capabilities and transient forces at Andersen Air Force Base, an increased Navy submarine presence, and the Army effort noted above. A working level draft of the GJMMP will be complete this summer.

We are working closely with the Government of Guam (GovGuam), the Guam community, and other Federal agencies to ensure that social, economic, cultural, and other direct and indirect consequences are considered. DOD officials meet regularly with representatives from local agencies as part of a Civilian-Military Task Force on the island. We regularly meet with key GovGuam officials to coordinate compatibility with Guam's own Master Plan. Several public scoping meetings have been held and future public outreach sessions will be scheduled to ensure the community's concerns and ideas regarding environmental, socioeconomic and cultural impacts are taken into account. Federal support is also provided through DOD's Office of Economic Adjustment (OEA), which has thus far provided nearly $1.7 million in grants to GovGuam to support key planning and impact studies.

The business community, including local industry, is updated semi-annually on the relocation and acquisition effort at the Guam Industry Forum. These gatherings, held on Guam, attract large and small scale businesses and serve to facilitate networking and partnering opportunities.

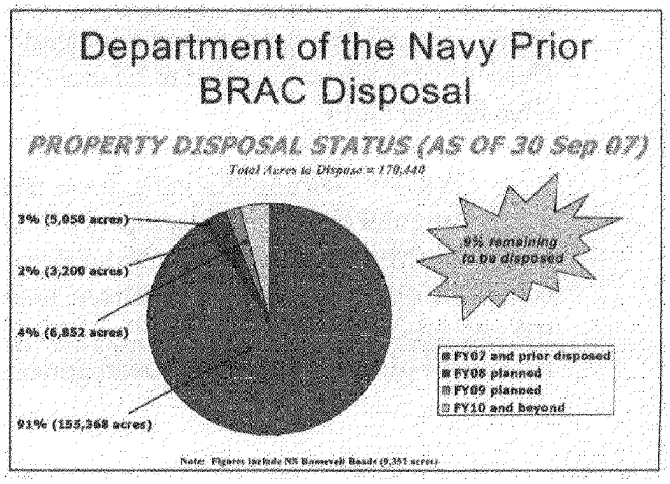
DOD also ensures GovGuam's voice is heard by the rest of the Federal Government by co-chairing with the Department of Interior's Office of Insular Affairs a Federal Interagency Task Force. There are five working groups that bring together representatives from key Federal agencies such as Department of Labor, Health and Human Services, Department of State, Department of Agriculture, Environmental Protection Agency, Department of Homeland Security and others to address issues that will affect Guam during and after the military realignment. GovGuam representatives participate in each of the five working groups. I am pleased to note that GovGuam's Port Authority and the Department of Transportation's Maritime Administration are working together to achieve GovGuam's short-term vision of supporting the military realignment and its long-term goal of becoming a key intermodal transportation hub in the Pacific Rim region.

A critical concern is the availability of an adequate, trained construction workforce. With the need for an estimated 12,000 to 15,000 laborers, a small, but fully employed indigenous workforce on Guam, and a relatively low wage scale that will not attract significant numbers of workers from the continental U.S. or Hawaii, a significant amount of foreign workers will be required. Legislation is pending in Congress to relax the current cap on H2B visas for workers on Guam and the Marianas Islands. We will need a reliable supply of non-immigrant labor throughout the construction phase to complete the relocation of the marines to Guam.

An additional issue of concern is the state of Guam's off-base infrastructure and public services. Although Guam is a U.S. Territory, the condition of much of its infrastructure is inferior to that found in other parts of the U.S. Without major improvements to its infrastructure, Guam may not be able to adequately support the projected increase to its population. We are working with other Federal agencies and the Government of Guam through the Interagency Task Force to identify specific requirements and opportunities within the U.S. Government to finance high priority upgrades to Guam's infrastructure that support the Department's realignment. Ongoing cooperation in this regard will be crucial to ensure a successful relocation effort.

PRIOR BRAC CLEANUP AND PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department has achieved a steady state savings of approximately $2.7 billion per year since fiscal year 2002. All that remains is to complete the environmental cleanup and property disposal on portions of 17 of the original 91 bases and to complete environmental cleanup on 14 installations that have been disposed.



Property Disposal

Last year we conveyed 3,363 acres in 6 separate real estate transactions at three prior BRAC bases. We also completed Findings of Suitability for Transfer (FOST) for 3,397 acres. The FOST certifies that DOD real estate is environmentally suitable for transfer by deed under section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) (42 U.S.C. section 9620(h)). The Department of the Navy has disposed of 91 percent of the 170,000 acres from prior BRAC actions.

The DoN has spent about $3.7 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2007. The current cost to complete cleanup at prior BRAC locations is $1.1 billion in fiscal year 2009 through completion.

DoN completed 12 CERLCA Records of Decisions (RODs) and Action Memos in fiscal year 2007, 7 of which were at Alameda, CA. We sampled over 3,500 monitoring wells, and treated over 350,000 cubic yards of contaminated soil and 4.4 billion gallons of contaminated groundwater. At Hunters Point we have completed the removal of all radiological impacted sewer and storm lines on Parcel B: we removed enough soil to cover a football field twenty-eight feet high! We teamed with the Stanford University to treat PCB contamination in sediment with activated carbon. This innovative technology has proven to be quite successful and could lead to more efficient and faster cleanup across DoN.

In fiscal year 2008 we are continuing progress at Hunter's Point and Alameda, two of our Prior BRAC installations with remaining programs of considerable size. There has been a concerted effort to accelerate environmental and low-level radio-

logical cleanups to support redevelopment initiatives. Admittedly, the radiological component has caused complications and delays not previously anticipated. In fiscal year 2008, DoN will use the $50 million in additional appropriated fiscal year 2008 funds to further cleanup actions at Hunters Point, Adak, Alameda, and Treasure Island. Another $8 million appropriated in fiscal year 2008 for use on groundwater at Hunters Point will be used toward a zero valent iron treatability study. The additional funding allocated to Hunters Point will help expedite cleanup of what has proven to be one of the most unique and difficult BRAC sites for the Navy.

We have continued our success in using property sales to assist in funding environmental cleanup and property disposal as well as recover value for taxpayers from the disposal of Federal property. Through a combination of cost economic development conveyances, negotiated sales, and public sales, the DoN has received over $1.1 billion in revenues from the sale of prior BRAC property. Nearly all of this revenue has been generated since fiscal year 2003. Beginning in fiscal year 2003, we have used these funds to accelerate environmental cleanup, and to finance the entire DoN prior BRAC effort including caretaker costs since fiscal year 2005.

One significant property sale remains for the Navy at the former Naval Station Roosevelt Roads, PR, which is planned for fiscal year 2009. Revenue projections for Roosevelt Roads are unknown, but are expected to be well below that obtained from the sale of California property at El Toro and Tustin. In the absence of additional land sale revenue, we are resuming the need for appropriated funds in the fiscal year 2009 budget.

BRAC 2005 IMPLEMENTATION

The DoN continues to move forward implementing closure and realignment plans that will eliminate excess capacity, improve operational readiness, capitalize on joint basing opportunities with our sister Services, maintain quality of service, and achieve cost savings. In contrast to prior BRAC commissions, the BRAC 2005 recommendations have fewer closures and many more realignments, particularly realignments that involve more than one component. The DoN has 6 "fence line" closures and 81 realignment recommendations involving 129 bases.

Environmental Cost to Complete

Given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades, the DoN's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC. We have spent $128 million in cleanup at BRAC 05 locations through fiscal year 2007. Our remaining environmental cost to complete for fiscal year 2009 and beyond is $74 million and the majority of it will be spent at Naval Air Station Brunswick, ME and Naval Weapons Station Detachment, Concord, CA.

Accomplishments

Nearly all impacted communities have established a Local Redevelopment Authorities (LRAs) to guide local planning and redevelopment efforts. The DOD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts.

One of the success stories of the past year was the establishment of Midcoast Regional Redevelopment Authority (MRRA) as the implementation LRA in Brunswick, ME. In December 2007, the reuse master plans for Brunswick Naval Air Station and Topsham Annex were adopted and MRRA began implementation of the plans in January 2008. Under the reuse plan, 51 percent of the total base property has been allocated for development (approximately 1,630 acres); and 49 percent (approximately 1,570 acres) of the base has been dedicated to recreation, open space, and natural areas.

The former main base of Naval Station Pascagoula (known as Singing River Island) reverted to the State of Mississippi on June 1, 2007. This facility was homeport to 1,000 military members and 100 civilians. Established as an operational homeport in 1992, the Naval Station fulfilled its mission to support and maintain surface combatants in the Southeast Region. The installation closed on November 15, 2006; but severe damage sustained to several buildings and the pier from Hurricane Katrina delayed the reversion to allow repair of the facilities. Through the team efforts of the State of Mississippi, the LRA, and the Navy, the repairs were awarded in January 2007 and completed in May 2007. This reversion represents 528 acres of BRAC 05 property eliminated from the Navy's property account.

Finally, with careful management—such as deploying tiger teams to conduct independent evaluations of site conditions and requirements—we have been able to keep

our cost increases down to a modest 2 percent compared to our fiscal year 2008 budget request.

Joint Basing

There will be 12 joint bases, of which the DoN has the lead on four: Joint Base Anacostia-Bolling, DC; Joint Base Pearl Harbor-Hickam, HI; Joint Base Little Creek-Fort Story, VA and Joint Region Marianas, Guam. DOD issued Joint Basing Implementation Guidance (JBIG) in January 2008, stating that a memorandum of agreement for each joint base site will define the relationships between service components. Under the joint guidance, total obligation authority and real property will transfer to the lead service prior to full implementation. A number of "table top" exercises have been conducted to facilitate a smooth transition in implementing joint basing.

Walter Reed National Naval Medical Center

Naval Facilities Engineering Command is the construction agent for the Army-lead BRAC Recommendation to relocate all tertiary (sub-specialty and complex care) medical services from Walter Reed Military Medical Center (WRNMMC) to Bethesda, MD. The Draft EIS public comment period closed on January 28, 2008, and a Final EIS is being prepared that will address public comments, most of which concerned traffic/congestion and homeland security. The ROD is planned for May 2008.

Two construction contracts are being prepared to meet the full requirements of the BRAC recommendation:

- Contract 1 includes design and construction of Medical Inpatient and Outpatient facilities, Medical renovations of Buildings 1–10, renovation of Building 17 to house administrative functions, and construction of parking structures. This contract is scheduled for award February 2008. Contract language precludes all construction activity until the ROD is signed so as to not prejudice the NEPA process. Award prior to ROD signature allows design to begin and gives the project better assurance of completion within the BRAC statutory deadline.
- Contract 2 includes construction of non-clinical/WTU administrative facilities, WTU and Staff BEQs, and a gymnasium. Contract award is planned for September 2008.

Fiscal Year 2007 Financial Execution

The DoN budget for fiscal year 2007 was $690 million. The OSD Comptroller will release $54 million of that amount once the business plan for Naval Integrated Weapons and Armaments RDT&E Centers at China Lake, Dahlgren, and Indian Head is approved. As of December 2007, the overall obligation rate was approximately 66 percent, which was impacted by the fact that over 90 percent of the funding was received past the midpoint of the fiscal year. Contract awards for 11 of 51 fiscal year 2007 BRAC construction projects have been delayed pending resolution of issues related to business plans, resolution of congressional issues and refinement of project scope requirements. We anticipate having contracts in place for the remaining 11 unawarded projects by the end of the third quarter fiscal year 2008.

Impact of the DOD Fiscal Year 2008 Reduction

Of the DOD fiscal year 2008 congressional budget reduction of $939 million, DoN's share was determined to be $143 million. Lack of funding creates uncertainty with our civilian and military workforce, creates turmoil with the implementation of business plans and causes us to lose momentum. Finally, without full fiscal year 2008 funding the Navy's ability to fully support joint recommendations, where the business plan is led by another component, is severely degraded. We encourage Congress to promptly restore full funding.

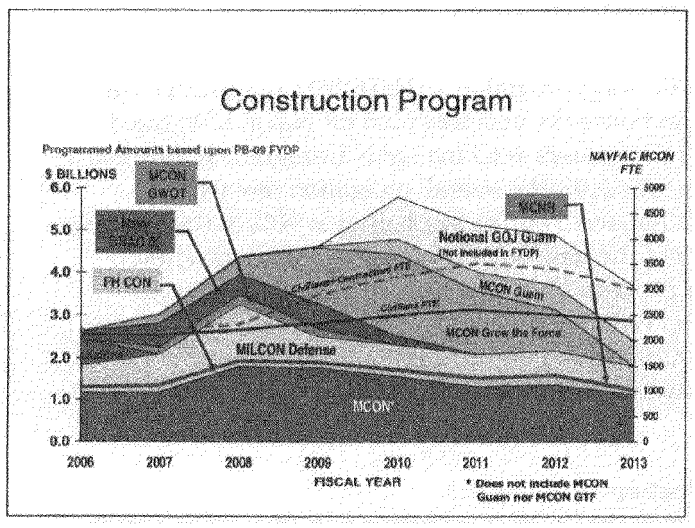
If funding is not restored, we will delay two BRAC construction projects ($97 million) and Operations and Maintenance ($46 million) spending from fiscal year 2008 to fiscal year 2009. Without prompt restoral of these funds, the Navy will jeopardize its ability to implement BRAC 2005 by the September 15, 2011 statutory deadline.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

We have outlined how our facilities investment is at a record setting pace. Yet we are poised to accomplish this tremendous amount of work at hand. The Department's execution agent, the Naval Facilities Engineering Command (NAVFAC), has outlined an aggressive plan to accomplish the in increased volume of work.

Due to market conditions exacerbated by world-wide natural disasters, NAVFAC's execution lagged during fiscal year 2006. At the end of fiscal year 2006, total NAVFAC carry-over was $1,139 million, of which $712 million was DoN. In addi-

tion, there were seven pending reprogrammings. In the subsequent 16 months, we scrubbed these requirements and used innovative acquisition strategies to reduce this backlog. As of the end of January 2008, fiscal year 2007 and prior carry-over is down to $302 million of which $186 million is DoN. NAVFAC acquisition plans for fiscal year 2008 are poised to award all remaining prior year unawarded and fiscal year 2008 MILCON and BRACON projects.



To execute the growing MILCON workload, we are utilizing successful past and innovations practices:

- Use best value source selection procedures.
- Stand-up additional, fully autonomous Officer-in-Charge of Construction offices at Bethesda, Camp Pendleton, and Camp Lejeune to focus on the concentrated workload at these locations
- Package similar and nearby projects over multiple fiscal years to achieve economies of scale. We achieved great success at Recruit Training Command complex at Great Lakes, IL, using this strategy. We will do this where it makes sense while continuing to find opportunities to meet small and disadvantaged business goals.
- Incorporate "best of breed" features and standardize designs, particularly for Marine Corps BEQ projects.
- Apply Common component sourcing to minimize differences in building systems that would otherwise require multiple vendors, maintenance routines, and a wide variety of repair parts.
- Award program support contracts to augment NAVFAC's workforce, while maintaining the Governments acquisition and technical authority.

CONCLUSION

The Sea Services will operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. This requires an ever strong foundation of installations from which to resupply, re-equip, train, and shelter our forces. We must continue to make smart infrastructure investments to prepare for the future and secure the peace abroad. It has been an honor and privilege to serve this great Nation and the men and women of our Navy and Marine Corps team—the military and civilian personnel and their families.

Thank you for your continued support and the opportunity to testify before you today.

Senator AKAKA. Thank you for your statement, Secretary Penn. Secretary Anderson?

STATEMENT OF HON. WILLIAM C. ANDERSON, ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS, ENVIRONMENT, AND LOGISTICS)

Mr. ANDERSON. Mr. Chairman, Senator Thune, good afternoon and to the members of the committee, and to the staff, I want to thank you on behalf of all airmen for your unwavering support of the U.S. Air Force, our families, as the team goes about doing the important work of security for this nation and also delivering humanitarian aid across the world.

This afternoon, I'm going to make some brief introductory comments focusing on five different issues: Air Force installations transformation; joint basing; Federal facilities agreements; housing privatization; and energy. But before I jump into those five topics I hope you'll indulge me for just a moment to tell a little story about some airmen in my part of the Air Force world and the work that they are doing in harm's way.

I know you all know that the Air Force has been in continuous combat operations for 17 years, defending America's interest from above in air space and cyberspace, anywhere and anytime. Although there are many inspiring stories of airmen doing great things, I'd like to talk a little bit about 30 individuals on the Village of Hope team. These 30 individuals are members of the 557th Expeditionary Red Horse Squadron, Balad Air Force Base. It's a mix of Active Duty and Reserve individuals.

Their mission is to work southern Baghdad doing construction trade, acting as construction trade instructors teaching building skills to local residents. Those are local hands sourcing local materials and rebuilding homes and shops that have been destroyed by extremists. In the words of one airman on that team, he's been deployed five times, but he said this is the first time in his military life he's had the chance to change someone else's life. This is a team of great ambassadors for the United States.

Let me jump, if I could, into our transformation efforts on the installation team. While the country and the Air Force is at war, we're also at the same time facing significant transformation, constantly searching for ways to improve efficiencies, improving the quality of the output of the products that we deliver to our airmen in times that our continuing budget pressures put strains across the board.

We started with a concept, what we call, Corps of Discovery. We went out to find the best of the best in industry. Companies like GM, GE, IBM, and Bank of America to benchmark, to determine where we can improve our systems to be efficient and more effective.

We then realigned and restructured both our civil engineering organization and our real property agency. We are also in the process of transforming our information systems to make them better to measure how we're doing. All with the endgame of implementing breakthrough asset management techniques to reduce the risks that are associated with risks that we are taking to recapitalize the Air Force.

Along with that organizational transformation, and Mr. Chairman, you mentioned this earlier in the hearing, we are committed as you say, to make the joint basing a raging success, which is the

second issue that I want to discuss this afternoon. The Air Force has a long and successful history working towards common goals in a joint environment without compromising Air Force principles nor the well being of our people. Joint basing initiatives are no exception.

To guarantee success each joint base should be required to provide a suitable setting for all of its assigned personnel, importantly their families and all the other customers within the local communities that our bases support. To accomplish this we're working with the other Services and with the Office of the Secretary of Defense (OSD) to establish a common base quality of life standard. Our soldiers, sailors, airmen, and marines along with DOD civilians and their families will benefit from efficient, consistent installation support services. Such standards will ensure the Air Force and our sister Services continue to provide all personnel with a level of installation support services they deserve. As we work with OSD and our sister Services, we will ensure all joint basing initiatives contribute to DOD's ability to perform its mission.

The third issue I'd like to talk about a little bit is on the environmental front, the Federal Facility Agreement (FFA). The Air Force has an aggressive goal. We want to get all of our Active Duty bases to a remedy in place status by 2012. That's 2 years ahead of the DOD challenge.

To achieve that all parties need to break out of bureaucratic and administrative procedures and focus on streamlining result-based initiatives. The Air Force is currently working proactively with the EPA to break the paradigm of the inefficiencies of what is called FFAs. If regulation is a sign of design failure, then success over the years and years of working in remediation should put streamlined oversight and return land to productive use quicker and with less burden on the American taxpayer.

The fourth issue I'd like to comment on is housing privatization. That program, housing privatization, has allowed all Services to dramatically and quickly upgrade tens of thousands of housing units, leveraging private equity, debt and private initiatives in industry competencies to provide better housing units for the men and women in uniform and their families. There are many housing privatization success stories.

I've toured a number of these facilities as I know my colleagues have, talked to the residents and by and large they were all very happy. Occasionally, in the private sector, in the real estate environment, deals do go sour. We're currently working through, Mr. Chairman, as you mentioned earlier today, one vendor who impacts four Air Force bases, and who also by the way, had done some deals for one Army and one Navy facility as well, where the deal has gone sour.

Air Force senior leadership is very upset, as I know you all are. We're working within the legal and regulatory system and with the bond holders to resolve these issues as quickly as possible. We're also constantly refining our internal processes to incorporate lessons learned to get better as we move forward. Primarily we are concerned with the airmen, their families, their quality of life in getting the mission done, and will work through these bumps in the road as we move forward.

Finally, I'd like to take a moment just to talk about energy. As many of you know, the Air Force has stepped out aggressively to heed the President's call to wean this country off its addiction to foreign oil. We're not working policy. We're not working subsidies. But we're working from our position as the Federal Government's largest single user of energy and taking that major customer position to drive the market.

Our first program out of the box was to commit ourselves to find a synthetic fuel that we can certify our fleet on and we will certify that fleet by 2011. By 2016, 50 percent of our continental United States (CONUS) aviation fuel buy will be via a synfuel blend. But we didn't stop there.

We've determined our position again as a major consumer, a billion dollars a year consumer of installation electricity to take a leading role there. You heard earlier about Nellis Air Force Base where the largest solar array in the Americas at 14.2 megawatts is installed and running effectively and efficiently. That is renewable energy that doesn't cost the taxpayer more, as a matter of fact it is costing the taxpayer $1 million less to deliver energy to the airmen at Nellis Air Force Base.

Five other major projects are in the works, three solar projects, one each in California, New Mexico, and Arizona, which we expect to be significantly larger than Nellis. Our coal to liquids manufacturing plant at Malmstrom Air Force Base and several of your colleagues have asked the Air Force to look at whether Air Force Bases are appropriate citing locations for small package nuclear. In each of these cases we're talking about private finance, private development, private operation, not using taxpayer money to make this happen all in the commercial world.

At the same time the Air Force recognizes that energy and the environment are tightly linked. Not only have we committed to purchase only alternative energy sources with a greener footprint than current options, the Air Force is committed to be a leader in establishing a global consortium to tackle the reduction, capture, and reuse of greenhouse gas emissions. The Air Force is calling for consortium of organizations to work together for carbon dioxide reduction, capture, and reuse, something we are calling CO2RCR.

In conclusion, the current and future readiness and the capability of our Air Force to deter our enemies and when necessary fight and win this Nation's wars depends heavily on the state of our power projection platforms. Those are our installations. As the Air Force continues to modernize and recapitalize we'll wisely invest our precious funding allocations allocated to MILCON, operations and maintenance, BRAC, the environment, military family housing, and energy. This will enable us to win today's fight, care for our people, and prepare for tomorrow's challenges. Thank you, Mr. Chairman.

[The prepared statement of Mr. Anderson follows:]

PREPARED STATEMENT BY HON. WILLIAM C. ANDERSON

Mr. Chairman, Senator Thune, and distinguished members of the subcommittee, as our Nation and Department finds itself in both a time of war and a time of transition; the Air Force continues to evolve to ensure we stand ready to protect America and its interests. The Air Force is the preeminent force for operations beyond the bounds of earth, and is vital to the success of ground operations as well, which is

being proven daily in Iraq and Afghanistan. Beginning with Operations Desert Shield and Desert Storm, the Air Force has been at continuous combat operations for more than 17 years. We cannot provide Global Vigilance, Global Reach, or Global Power without our warfighting platforms—our installations—and the airmen that construct, operate and maintain those installations. I would like to highlight just a few of the significant ways our Total Force airmen are serving this great Nation in this capacity.

We are firmly committed to supporting the Air Force's number one priority, "winning today's fight." Over 22,000 airmen are currently deployed in direct support of Operations Enduring Freedom and Iraqi Freedom. More than 2,500 are engineers. Forty percent of the engineers are serving side-by-side with our Army comrades-in-arms by filling "Joint Sourced," "in lieu of" or "individual augmentee" positions, often sharing the same level of risk while operating "outside the wire." Our heavy construction Red Horse engineers and our Prime Beef engineers are well-known in the area of responsibility (AOR) for their ability to build and maintain expeditionary installation weapons platforms, whether bedding down Air Force, joint, or multinational forces. Our Air Force Explosive Ordnance Disposal (EOD) airmen make up 37 percent of Central Command's (CENTCOM) joint EOD capability in theatre and in calendar year 2007 they responded to more than 8,400 calls to destroy IEDs, unexploded ordnance, or weapons caches. Sixty six percent of these EOD warriors are operating "outside the wire" alongside their joint peers. Our "customers," whether joint, other Federal agency, or multinational, continually let us know how impressed they are by the capabilities our combat support personnel bring to the fight. While 18 of our logistics and installation airmen have made the ultimate sacrifice in this war, we are proud to be part of the joint effort serving our Nation's call to arms.

The reconstruction effort stands alongside the operational mission in Iraq and Afghanistan. Our Air Force Center for Engineering and the Environment (AFCEE) is successfully executing a robust program to win the hearts and minds of Iraqi and Afghan citizens and help set the conditions for more free societies. Thus far, their efforts have included the execution of more than 576 projects, worth more than $4.6 billion, to construct or repair more than 4,000 facilities, to include government and military facilities, airports, roads, schools, medical clinics, police stations, utilities systems, and more. Much of this work is being done by Iraqi and Afghan citizens making up more than 90 percent of the construction workforce and 70 percent of the project engineers. External audits have validated AFCEE's efficiency: low overhead costs in manpower and financial resources, minimized in-country presence, and successful leveraging of the latest in efficient and effective business processes.

Our capabilities are vital to the global war on terror and other American interests overseas. We are also leading the way in many initiatives on the home front. Let me briefly highlight a few. The Air Force is a great example of leadership in energy, facilities management, and the environment. We have been recognized as the number one Federal purchaser of renewable energy 4 years running, and we are overall number three in the Nation. We will achieve the Department of Defense's (DOD) 2014 goal for environmental restoration 2 years early. Our housing privatization efforts have leveraged more than $350 million taxpayer dollars, bringing in $6 billion in private sector investment, speeding the delivery of adequate housing to our airmen. The Air Force is solidly on track to eliminate inadequate housing overseas, having already received support from this Congress through 2007 to completely fund the elimination of inadequate stateside family housing. Our emergency responders implemented the cross-functional Air Force Incident Management System in December 2007, making us the first Federal agency to meet the Executive Order and the Department of Homeland Security directive for implementing the National Incident Management System, assuring seamless and coordinated emergency response among agencies at or near our installations. The Air Force wants to ensure that appropriate conditions exist to make Joint Basing a raging success. We have a long and successful history of working toward common goals in a Joint environment, without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. Therefore, to guarantee success, each Joint Base will provide an appropriate setting to all of its assigned personnel to facilitate mission success and provide improved quality of life through consistent installation standards, currently being developed. Our soldiers, sailors, airmen, marines, DOD civilians, and their families will benefit from efficient, consistent Installation Support Services. These standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of Installation Support Services they deserve. Our base commanders and their local service providers are, of course, on the front lines of our efforts to maintain and improve services. As we work with the Office of the Secretary of Defense (OSD) and our sister Services, we will ensure all

Joint Basing initiatives contribute to DOD's ability to perform its mission. Joint Basing allows us to build closer relationships and forge stronger ties among the Services.

While we are proud of these successes, we have much work to do. Our Air Force's biggest challenge is to modernize our air, space, and cyberspace capabilities to ensure we continue to provide our Nation with its decisive military advantage. While not optimal, we must take manageable risk in our facilities and infrastructure to free up funding for weapons modernization. We also, however, have a vision to transform and overcome these challenges.

TRANSFORMATION

Our Air Force is transforming around new concepts of operations, organizational change, and advanced technologies. Accordingly, we are on a difficult but promising journey to transform our installations support enterprise. We are changing on a scale not seen since the post-Cold War draw down. As part of our Air Force strategy to internally fund weapon systems recapitalization and modernization, we needed to reduce manpower. We took this as an opportunity to restructure our Civil Engineer and Air Force Real Property Agency (AFRPA) organizations and improve support to the warfighter. The first major initiatives to transform how we effectively manage support for our installations are largely complete. We've reorganized Civil Engineering at all levels; rebalanced the force to include manpower increases in our high-demand Red Horse and EOD combat engineer capabilities; and centralized the execution of all Military Construction (MILCON), housing MILCON, and environmental restoration at the AFCEE in San Antonio. Base Realignment and Closure (BRAC) 2005 directed the relocation of AFRPA to San Antonio and we took advantage of this to restructure AFRPA at the same time, to attract new skills and ideas to preserve and improve our focus on unlocking value in our underutilized real property.

We are also transforming our business processes, infrastructure, and technology to enable us to operate our installations within reduced funding levels and thereby continue to support our weapons modernization and recapitalization initiatives. Our approach includes producing efficiencies in enterprise-wide business processes while reducing by 20 percent, by 2020, the funding required for sustaining and maintaining our $243 billion physical plant. Let me emphasize that installation support funding has already been reduced by 14 percent in the last 3 years; now we are figuring out ways to live within this funding level for the long haul and not impact our standards. Not only are we elevating internal best practices to the strategic level and using the Air Force Smart Operations for the 21st Century toolkit of "LEAN" and "Six Sigma" process improvement methods, we are also incorporating best practices from our strategic partnership with leading private sector companies, called the "Corps of Discovery."

Our installations organization established "Corps of Discovery" teams to visit companies such as GM, IBM, GE, Bank of America, ExxonMobil, CB Richard Ellis, Jones Lang LaSalle, Archibus, and others. We found that we share many of the same challenges in maintaining our operational or primary mission edge while effectively balancing investment in infrastructure. Through this mutually-beneficial relationship, these patriotic companies are sharing their invaluable transformation "lessons learned." We are centering our transformation strategy on these key "lessons learned," such as strategic sourcing and real estate management from a portfolio perspective. Leading edge companies manage their real estate and physical plant with a holistic and integrated asset management approach that enables them to better articulate and manage risk while supporting their company's mission. We recently reorganized our installations organizational structure and people around Asset Management. True transformation, takes years, and these companies have proven the value of this long-term investment. Their knowledge and experience is proving invaluable to us as we transition to the asset management approach, which is also playing a key role in installations transformation.

Maintaining our installations within current funding levels requires an aggressive approach to efficiently utilize our physical assets and target limited funding on the most critical portions of our physical plant. An asset management-based operation allows us to attach value to our built and natural environment. This business case analysis approach will provide better decision making in a resource constrained environment. Our asset management initiatives to reach this goal include utilities privatization; energy conservation; redesigned incentive-based consolidation, demolition, and demolition in situ programs; housing privatization; and others. Finally, we have initiated a focused effort to identify opportunities where Enhanced Use Lease (EUL) authority can help us find ways to leverage our physical plant value while

providing a mechanism to offset facilities and utilities operations and maintenance costs, especially energy costs. As a force multiplier, we are leveraging our AFRPA to be our center of excellence for identifying and acting upon EUL opportunities across the Air Force. Following on the tremendous success of the construction of the largest photovoltaic solar installation in the Americas at Nellis Air Force Base (AFB), NV, we are pursuing five major energy-related EUL projects: solar energy at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; and a prospective nuclear energy project at a location yet to be identified.

Successful implementation of transformed business processes that will drive these physical plant utilization initiatives requires an enabling information technology (IT) system. We are transforming IT systems to support reengineered business processes and maximize the efficiency of our work force. Our benchmarking found integrated workplace management systems commonly used at these Fortune 500 companies, and we are examining how these IT systems could enable our own transformation. Launched the first part of this year, our IT acquisition strategy is leveraging key insights from the "Corps of Discovery" partnerships, and will also leverage capable commercial off-the-shelf systems. While meeting executive, department and Air Force requirements for real property accountability systems and data transparency, the new Agile Installation Management IT system will enable enterprise-wide reengineered business processes centered on the complete lifecycle of asset management.

As you can see, we are transforming enterprise-wide, from core business processes to organizational structure and IT systems. We are also providing leadership to our government and even the private sector, from purchasing and producing alternative energy, to housing privatization and asset management. We are making process changes at every level, resulting in resource savings and more efficient operations. At the heart of all of our efforts are of course our customers. Exceeding the expectations of our warfighters, their families and the communities that support our installations, in terms of cost, quality of service and delivery, stands as the centerpiece of our installations business model.

These efforts are the means by which we are meeting the enormous challenges of today and the foreseeable future, and they ultimately enable us to sustain and modernize the world's best air, space, and cyberspace force. These transformational changes will help us maintain our focus on our Air Force's three overarching priorities: winning today's fight, taking care of our people, and preparing for tomorrow's challenges.

FISCAL YEAR 2009 AIR FORCE MILCON, BRAC, ENVIRONMENTAL, OPERATIONS AND MAINTENANCE, AND FAMILY HOUSING PROGRAMS

Air Force facilities, housing, environmental, and BRAC programs are key components of our support infrastructure. At home, our installations provide stable training environments as we equip and reconstitute our force. Both our stateside and overseas installations provide force projection platforms to support Combatant Commanders (COCOMs), from homeland defense sorties over New York, to strike missions in Iraq. Our installations are weapons systems and in order to support our base-centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling COCOMs to win today's fight, take care of our people, prepare for tomorrow's challenges, implement BRAC, protect and restore our natural environment, drive energy efficiency and independence, sustain our infrastructure, and strive to recapitalize our aging infrastructure. We are the DOD's leader in expeditionary combat support and continue that role with pride. Our total force military construction, family housing, environmental, energy, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining the quality of life that our men and women in uniform and their families deserve.

The fiscal year 2009 President's budget (PB) request for Air Force military construction is more than $2.1 billion, comprised of traditional MILCON ($988 million), BRAC 2005 ($734 million) and housing investments ($396 million). Unfortunately, we face demands on our resources that require tough choices. Our challenging budgetary environment includes: increased operations, maintenance, and personnel costs; the cost of the war against terrorism; and absorbing inflation factors that reduce overall buying power. These factors have forced us to self-finance the centerpiece of future dominance—a massive and critical recapitalization and modernization effort of our aging air and space force. To accomplish this, we are accepting manageable risk in facilities and infrastructure funding. The Total Force MILCON portion ($988 million) of the Air Force fiscal year 2009 PB military construction request reflects our highest construction priorities. This request includes $935 million for active

military construction, just over $34 million for the Air National Guard, and $19 million for the Air Force Reserve. In addition, this budget carefully balances our facility operations and maintenance accounts for sustainment, restoration, and modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission, while keeping "good facilities good." The Air Force Total Force sustainment funding in fiscal year 2009 is $2 billion, 90 percent of the amount called for by the Facility Sustainment Model. The fiscal year 2009 Total Force restoration and modernization (R&M) funding is $514 million—an increase of approximately $168 million over last year's request.

The Air Force fiscal year 2009 PB request of $396 million for the Military Family Housing investment program balances new construction, improvements, and planning and design (P&D) work, and completes the funding to eliminate inadequate housing overseas. We cannot allow our current housing stock to fall into disrepair. Therefore, in addition to the $396 million requested for housing investment, we request nearly $599 million for operations and maintenance, for a total housing investment of just under $1 billion.

To continue our proactive and responsive environmental quality and restoration programs, the fiscal year 2009 PB request includes $1,015 million for direct-funded non-BRAC environmental programs. In addition to the $435 million we requested for traditional environmental restoration activities, the fiscal year 2009 PB request includes $367 million for environmental compliance activities and projects, $82 million for pollution prevention initiatives, $53 million for funding environmental conservation activities, $61 million for munitions response activities, and $17 million in investments in promising environmental technologies.

The Air Force is investing in its facility energy future, with $14 million in 2008 and $229 million more across the Future Years Defense Program. These monies are lead-turning important initiatives such as establishing Resource Efficiency Managers Air Force-wide and enhancing our aggressive utility rate and Energy Savings Performance Contract management teams to ensure we are getting the best value for every tax-payer dollar. We also are investing in the highest payback energy conservation initiatives such as upgrading our energy-intensive aircraft paint hangars; decentralizing heat plants; recommissioning facility heating, ventilating and air conditioning systems; and installing ground-source heat pumps. We expect the return on investment on these initiatives to be 2.5 to 1 or, a savings of approximately $550 million by 2015.

To continue our aggressive BRAC implementation schedule, the fiscal year 2009 PB request includes $1.2 billion for BRAC-related activities, of which $734 million is construction. The Air Force is lead for 64 BRAC business plans and has equity in 16 additional business plans. Full support of this funding request is critical to ensure we remain on track to meet the requirement for compliance by 2011.

Sound investment in our installations postures the Air Force to support our priorities of winning today's fight, taking care of our people, and preparing for tomorrow's challenges. We believe the fiscal year 2009 PB proposal will provide the funds to ensure our installations continue to serve as effective power projection platforms that enable the continued success of our core Air Force missions.

WINNING TODAY'S FIGHT

The Air Force's first priority is to win today's fight. We plan to invest $222 million on 14 projects that support and enhance the Air Force's ability to deliver intelligence, maintenance, and operational capabilities to our COCOMs. The Air Force is executing five projects directly contributing to winning today's war within the CENTCOM AOR. CENTCOM's AOR is the geographic and ideological heart of today's fight. A war without borders, it spans 27 countries in the Central Asian region of the world. The five projects in CENTCOM's AOR provide much-needed in-theater aircraft maintenance as well as appropriate parking, fueling, and cargo handling space. An additional eight projects in the continental United States (CONUS) provide critical infrastructure necessary to continue to deliver, grow, and improve the high demand for an Unmanned Aircraft System presence in current and future operations. The Air Force will also construct a large vehicle inspection station to greatly improve the force protection and operational capability of the forces at RAF Lakenheath in the United Kingdom.

TAKING CARE OF OUR PEOPLE

The Air Force sees a direct link between readiness and quality of life. The Air Force is committed to creating and maintaining a consistent, high quality, and safe environment in locations where airmen work, train, reside, and recreate. Our Total Force airmen are the most valuable assets we have in winning today's fight and en-

suring our air, space and cyberspace dominance. We must continue to recruit, train, develop, and retain the best America has to offer. As our Air Force becomes more capable, more efficient and more lethal, so will our airmen. The quality of life we provide for our airmen and their families is a distinct determining factor in how long they remain in our Service. The sacrifices our airmen and their families make are enormous. We are deeply committed to providing every airman and their family with the best possible quality of life as they serve our Nation. In this year's budget we strive to promote a wide spectrum of projects that take care of our airmen and their families; from quality family housing for our families, quality dormitories for unaccompanied airmen, functional fitness centers, and safe child development centers, to realistic training and operational facilities.

Workplace

The Air Force is fully committed to the ensuring the safety and protection of human health for all of our personnel, both on and off duty. The Air Force evaluated its current injury and illness rates for airmen and determined implementation of the Occupational Safety and Health Adminstration's Voluntary Protection Program (VPP) would improve upon that commitment. VPP implementation historically results in a major reduction in illness/injury compared with non-VPP sites in like industries, and reductions on the order of 50 percent are not uncommon. The Air Force formalized this commitment to VPP last August through signing of a partnership agreement between the Air Force and Occupational Health and Safety Administration (OSHA). The agreement included a commitment to reduce civilian and military workforce injuries and illness by at least 3 percent per year and to expand participation in VPP and increase awareness of the value of effective safety and health management. Currently, 20 Air Force installations have begun work toward implementing the elements of VPP, and 5 will be ready to apply for formal OSHA evaluation and designation in 2008—Altus AFB, OK; Hanscom AFB, MA; Tinker AFB, OK; Robins AFB, GA; and Eielson AFB, AK. Eventually all Air Force installations both in the continental United States and overseas will use this tool. To make sure the Air Force is gaining from others who have improved workplace safety, we are working closely with civilian companies who have proven their commitment to the highest level of health and safety performance. We have already learned from these companies and have used their experiences to improve our safety processes, and also have found VPP implementation a common element at these high-performing organizations. Our ultimate goal is to make VPP a way of thinking both on duty and off duty for our airmen. VPP is one way to give our airmen the safest possible environment in which to work and live.

Energy

The Air Force Model Energy Base Initiative is testing the breadth of initiatives and best practices in facility management, aviation fuel reduction, and ground vehicle management. McGuire AFB, NJ, and Barksdale AFB, LA, are the two bases selected to demonstrate the effectiveness of comprehensive efforts by the Air Force to implement its energy strategy. McGuire AFB was selected because it represented for the Air Force a base with an Air Mobility mission in a region with a large heating load in the winter. Barksdale AFB represents an air combat mission with a large cooling load in the summer. The Air Force will be disseminating lessons learned and best practices throughout the organization as they become available, and will share with our sister Services and other energy partners.

Under the Air Force Smart Operations for the 21st Century processes, we have established the HQ Air Force Energy Senior Focus Group and Provide Infrastructure Working Group which look at four strategic pillars to maximize our energy efficiencies: Improve current infrastructure, improve future infrastructure, expand renewables, and manage cost. We have established metrics to track compliance with executive orders and Air Force guidance.

We are continuing our aggressive stance with five major energy-related EUL projects: solar energy at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; and a prospective nuclear energy project at a location yet to be identified.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. To implement the plan, our fiscal year 2009 budget request for family housing is just under $1 billion. Consistent with DOD Strategic Planning Guidance, the Air Force is on track to fund projects through 2009 that will eliminate inadequate overseas housing.

For fiscal year 2009, the requested $396 million for our housing investment program will replace and improve more than 2,100 housing units at eight overseas

bases. An additional $599 million will pay for operations, maintenance, utilities and leases to support the family housing program.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By fiscal year 2009, the Air Force will privatize 41,500 housing units, and with the funding of the fiscal year 2009 PB the Air Force plans to privatize an additional 4,300 housing units. The Air Force projects it will have strategically leveraged more than $350 million in government investment to bring almost $6 billion in private sector total housing development. That is $16 of private investment for each public tax dollar. The Air Force is evaluating the privatization of remaining CONUS installations where feasible.

Unaccompanied Housing (Dormitories)

The fiscal year 2009 total Air Force requirement for dormitory rooms is 60,200. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan (DMP). Phase I, now construction complete, eliminated central latrine dormitories. With the fiscal year 2007–2009 MILCON programs we have the necessary funding to complete Phase II of our DMP, which is our permanent party and pipeline dorm room shortage (deficit), by building new dormitories. In Phase III, now underway, we will replace existing dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the 'Dorms-4-Airmen' concept. Our 'Dorms-4-Airmen' concept capitalizes on our wingman strategy and keeps our dorm residents socially and emotionally fit.

Our fiscal year 2009 Program reflects this strategy. The $104 million request for dormitory investment will replace or construct more than 1,400 rooms for unaccompanied personnel at 3 CONUS bases. We are equally committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families.

Fitness and Child Development Centers

The Air Force maintains its strong commitment to the 'Fit-to-Fight' program. Fitness and exercise is a regular part of airmen's lives as they prepare to meet the rigors of the expeditionary environment. Our goal is to replace at least one fitness center per year until we have the resources to do more. This year we will construct a new fitness center at Dover AFB, DE.

We also remain committed to our Air Force families and we are dedicated to providing them with adequate and nurturing child care facilities. The most urgent need in 2009 is at Columbus AFB, MS. Its current facility only meets half of the childcare requirement and is being supplemented by a leased trailer. Our $8 million fiscal year 2009 MILCON project will construct a Child Development Center to provide supervised care for 128 infants and preschool children.

Operations and Training

Our MILCON program supports our expanded view of quality of life for airmen by providing facilities from which to train in and operate. New Security Forces Operations and Communications facilities in Burlington, VT, will provide the men and women of the Air National Guard in one of our most stressed career fields with functional, up-to-date facilities to meet necessary training and day-to-day operational requirements. This year's program also includes a 56-position Combat Arms Training and Marksmanship facility at Maxwell AFB, AL, to supplement the existing, undersized, high-demand range. The range enables the continuing improvement of our Air and Space Basic Course by providing combat-focused training to our junior officers. Finally, a recapitalization project at the Air Force Academy concludes the phased upgrade of the Fairchild Hall academic building.

Environmental Management Programs

Our environmental management programs continue to ensure our most basic quality of life needs are being met for our airmen and surrounding communities: clean air, clean drinking water, and healthy working and living conditions for our workforce and base residents. We are also implementing refinements to our environmental management approach to incorporate best practices where we find opportunities. All Air Force installations have put in place and continue to utilize their Environmental Management Systems to identify environmental aspects of base operations, assess their impacts, and allow commanders to make informed decisions and investments to reduce environmental risks and compliance costs. Also, last year, I challenged our installation commanders to significantly reduce new environmental enforcement actions, and I'm proud to tell you we cut our new enforcement actions by 39 percent from fiscal year 2005 to fiscal year 2007—a major success story. We intend to cut enforcement actions by another 14 percent in fiscal year 2008.

PREPARING FOR TOMORROW'S CHALLENGES

Our third priority is to prepare for tomorrow's challenges. Our 2009 MILCON program is a direct reflection of our strong commitment to the current and future success of our Air Force and is heavily weighted toward preparing for tomorrow's challenges by addressing our most critical modernization and recapitalization needs. The $493 million fiscal year 2009 Total Force military construction program consists of 32 projects that are essential to modernization and recapitalization.

The F–22 Raptor is the Air Force's primary air superiority fighter and key enabler, providing operational access, homeland and cruise missile defense, and force protection for joint forces. Combat-capable Raptors are in full rate production on the world's only 5th generation production line. Elmendorf AFB, AK, will be the second operational Raptor base, and Holloman AFB will be the third. We are constructing 13 projects to continue to beddown the world's premier fighter at a cost of $197 million. The F–35 Lightning II Joint Strike Fighter is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F–35 will recapitalize combat capabilities currently provided by the F–16 and A–10, and will complement the capabilities of the F–22. A student dormitory project at Eglin AFB, Florida continues the beddown for joint F–35 training squadrons. To provide the best possible training to our aircrews by using a professional adversary force of pilots and controllers, the Air Force is pressing forward with its vision for a more robust Aggressor program. Constructing a squadron operations facility and aircraft maintenance unit at Nellis AFB, NV, supports the beddown of a full 24-aircraft F–16 Aggressor squadron.

Our Tactical Air Controllers are embedded with ground forces, directing Air Power in support of ground operations. This year's MILCON program provides the 3rd Air Support Operations Group with a Joint Air Ground Center at the unit's host Army installation, Fort Hood, TX. This facility supports the U.S. Army's brigade transformation and provides Air Force Tactical Air Controllers with the training space required to support the critical Close Air Support mission.

We are modernizing and recapitalizing our facilities in support of large-frame aircraft as well. The C–17 continues its outstanding support for humanitarian operations and the Joint warfighter. The addition and alteration of simulator facilities at Charleston and McChord AFBs will greatly improve the program's training efficiency. A MILCON project at Cheyenne, WY, constructs a C–130 squadron operations facility to support daily 24-hour operations for airborne firefighting, aeromedical evacuation, and homeland defense missions. Tinker AFB is also receiving a hangar to satisfy scheduled maintenance requirements for Air Force Reserve and Air National Guard associate KC–135 units.

Intelligence, Surveillance, and Reconnaissance, communications, and space systems play an ever-increasing role in what we do. The Total Force Initiative Information Operations Squadron Facility at New Castle, DE, will provide real-time information operations mission support, analysis, and feedback of reconnaissance missions around the world supporting commanders in the field.

Depot Maintenance Reengineering and Transformation (DMRT) remains essential to revitalizing depots using "LEAN" principles to increase aircraft availability by reducing depot cycle time, defects, and costs. This program has played a significant role in transforming our industrial base to more effectively support warfighter requirements. The 2009 program supports the DMRT initiative with two projects, one at Robins AFB, GA, and one at Tinker AFB, OK, together totaling $73 million.

The 2009 military construction program has five other infrastructure modernization projects worth $109 million. These projects cover the spectrum from a SOCCENT headquarters facility at MacDill AFB, FL, and personnel moves in the National Capitol Region, to an infrastructure project on Guam that enables the relocation of a Combat Communications unit from Kadena AB, Japan to Andersen AFB, Guam. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

The ongoing implementation of BRAC recommendations is among the Air Force's efforts to transform the Total Force. In this round of BRAC, 78 percent of our required actions involve the Air Reserve component while in past rounds, fewer than 20 percent involved the Air National Guard and Air Force Reserve. This transformational effort across the force will ensure the Air Force is more lethal, agile, and capable of maintaining total dominance in air, space, and cyberspace domains.

Joint Basing

We have a long and successful history of working toward common goals in a joint environment, without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. Therefore, to guarantee success, each Joint Base will provide an appropriate setting to all of its assigned personnel to facilitate mission success and provide improved quality of life through common standards, currently being developed. Our soldiers, sailors, airmen, marines, DOD civilians, and their families will benefit from efficient, consistent Installation Support Services standards. These standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of Installation Support Services they deserve. Our base commanders and their local service providers are, of course, on the front lines of our efforts to maintain and improve services. A Senior Joint Base Working Group, led by the Deputy Under Secretary of Defense (Installations & Environment), is developing policy to implement joint bases by September 15, 2011, in accordance with BRAC law. The group is in the process of defining common standards for delivery of service of installation support functions before they are transferred. Once standards and corresponding performance metrics are established, the bases will develop formal support agreements and implementation plans in order to proceed with the joint base construct.

San Antonio Medical Merger

In San Antonio, the Air Force is the lead for implementing one of the most complex sets of BRAC recommendations in history. Along with our sister Services, and the TRICARE Management Activity, we continue to make significant strides to change the way military health care is delivered, and to consolidate all Services' enlisted medical education and training from across the U.S. onto a single campus at Fort Sam Houston, and to centralize a significant part of military medical research.

Execution of BRAC recommendations in San Antonio is fully funded and on-schedule. On January 11 of this year, the Corps of Engineers broke ground on a $92 million Battlefield Health and Trauma Research facility which will be integral to developing life saving medical care for our warfighters. Additionally, beginning this year, we will begin constructing instructional facilities, dining facilities, and dormitories in direct support of world-class training for our Joint medics. Just this month, two dormitory contracts have been let in support of this effort.

BRAC 2005 Execution Report Card

Managing and executing the multi-million dollar program, with diverse interests, locations, and economic influencers involved, is a major endeavor. As a result the Air Force underwent an effort to identify, analyze and define its requirements and the assets needed to implement its program.

The Air Force has executed 80 percent of our fiscal year 2007 BRAC MILCON projects, with the total contract awards staying within 99 percent of the original programmed amount. I am content with the current working estimates for our unexecuted fiscal year 2007 projects and confident we will award the projects and stay within budget. Current working estimates for the Air Force's fiscal year 2008 BRAC MILCON projects again show we should execute within our overall programmed amount.

The $939 million Omnibus reduction to the DOD BRAC 2005 account must be restored. If left unfunded, the reduction will result in the Air Force receiving $235 million less than required in fiscal year 2008. The Air Force will experience delays and disruptions in construction and the movement of our people and assets. Delays will impact our ability to meet mandated completion deadlines and could ultimately result in a failure to complete mandated actions. Prompt action and restoration of full funding will permit us to stay on course in executing our obligations for timely completion of the BRAC recommendations as approved by Congress. We solicit your support in advocating that action occur.

AIR FORCE REAL PROPERTY AGENCY BRAC AND REAL ESTATE

The Air Force is a Federal leader in the implementation of the real property management principles outlined in Presidential Executive Order 13327, Federal Real Property Asset Management. We aggressively manage our property assets to deliver maximum value for the taxpayer, support to the Air Force warfighter, and improved quality of life for our airmen and their families. The Air Force is achieving these priorities through two fundamental efforts: (1) completion of our BRAC property disposal mission; and (2) leveraging the value of our non-BRAC property assets using a suite of property management and disposal tools.

The Air Force has successfully deeded 85 percent of the 87,000 acres of legacy Air Force BRAC property to date. The highly successful reuse of AFB closure property

led to the creation of tens-of-thousands of jobs in the affected communities. To complete the clean up and transfer of remaining property, the Air Force is partnering with industry leaders on innovative business practices for its "way ahead" strategy. These include an emphasis on performance-based environmental remediation contracts, using such performance-based contracts on regional clusters of BRAC bases, and innovative tools such as early property transfer and privatization of environmental cleanup. Our objectives remain constant and clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical, and (3) provide transparency throughout the process. Of the 32 legacy BRAC bases slated for closure, the Air Force has completed 19 whole-base transfers. The remaining 13 are targeted for transfer by 2010.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount that we ensure any past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill this most solemn responsibility, as reflected in our fiscal year 2009 request of $120 million for legacy BRAC clean up activities.

At our non-BRAC Air Force installations, we continue to reshape our infrastructure to meet the demands of the 21st century. The Air Force seeks fair market value for disposal or outgrants of property, and uses new tools, such as EUL authority, to optimize our resources and obtain value from our underutilized or excess capacity—value we can return to the warfighter.

EUL constitutes a rapidly growing segment of our efforts to leverage the value of our property assets. EUL allows the Air Force to lease military property that is currently underutilized, but that is still needed for future mission needs, to private industry and public entities in exchange for cash or in-kind consideration that will provide certain services, facilities, or property repair and renovations to the Air Force. EULs are win-win scenarios for all involved. Through EUL projects, developers can establish long-term relationships with private and government partners who are potential tenants with specific real estate needs. Additionally, developers can receive market rates of return on design, construction, maintenance, tenant leases and property management activities. The Air Force EUL Program is active with 21 projects undergoing feasibility studies across the Nation. A 10 U.S.C. 2869 exchange is another asset management tool, allowing the Air Force to work with communities to find effective win-win solutions to the disposal of BRAC and non-BRAC property. Communities benefit from receipt of real property, in exchange for which, value is returned to the Air Force in the form of approved MILCON projects. The Air Force is actively engaged in 2869 exchanges at Lynn Haven, FL, and Norwalk, CA.

ENVIRONMENTAL CLEANUP

The Air Force is fully committed to the protection of human health and the environment, to be good steward of taxpayer dollars and to full compliance with applicable law at all of its facilities and for all programs, including cleanup. The Air Force commitment to protection of human health and the environment the Air Force has established an aggressive, internal goal to have cleanup remedies in place at all active installations by the end of fiscal year 2012. That is 2 years ahead of the current DOD goal.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. Through our "Corps of Discovery" partnerships, we have been benchmarking the "best of the best" asset managers that our country has to offer. We are finding and implementing ways to manage better, utilize resources more wisely, leverage private sector investment potential, and use smart information technology. Our aim is to effectively manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. In 2009, we have focused sustainment funding on keeping our "good facilities good" and targeted limited R&M funding to fix critical facility and infrastructure deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our facilities and infrastructure in order to preserve our existing investment. Without proper sustainment, our facilities and infrastructure rapidly wear out. Additionally, commanders in the field are driven to use other operations and maintenance (O&M) accounts to address facility requirements that impact their mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them "mission ready." Unfortu-

nately, restoration and modernization requirements in past years exceeded available O&M funding, causing us to defer much-needed work. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our facilities and infrastructure.

The Air Force Total Force sustainment funding request in fiscal year 2009 is $2 billion, 90 percent of the amount called for by the Facility Sustainment Model (FSM). The fiscal year 2009 Total Force R&M funding request is $514 million, a much needed improvement over our fiscal year 2008 PB request. This is an area where the Air Force is taking manageable risk given our other budgetary priorities.

DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are focused on facilities we need, not on sustaining those we do not. For the past 10 years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From fiscal year 1998 through fiscal year 2007, we demolished 27.3 million square feet of non-housing facilities and infrastructure at a cost of $303 million in O&M funding. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our O&M funding on facilities we need for the long-term mission. As part of its transformation vision, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes $88 million for P&D, of which $8 million is for military family housing. The request includes $71 million for active duty, $5 million for the Air National Guard and $4 million for the Air Force Reserve. These funds will allow us to complete the design work for fiscal year 2010 construction programs and to start the designs for fiscal year 2011 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes $28 million for the Total Force unspecified minor construction program, which is our primary means for funding smaller projects.

ENERGY STRATEGY

The increasing costs of energy and our commitment to reducing our dependence on foreign oil have led to the development of the Air Force energy strategy—to reduce demand, increase supply, and change the culture within the Air Force so that energy is a consideration in everything we do.

In view of this commitment, the Air Force is implementing aggressive demand side fuel optimization and energy efficiency initiatives on each of our three energy sectors: aviation operations, ground transportation and support equipment, and installations. We are also assuring energy supply side availability of fuel for our aircraft, ground vehicles and equipment, and our facilities through initiatives such as testing and certifying our aircraft to use synthetic fuel and exploring public-private partnerships so that renewable sources of energy are available. Third, and perhaps the most important element of our energy strategy, we are ensuring that our strategy transcends the present to create a lasting culture of change in all airmen so that energy becomes a consideration in all we do through the strong involvement of our senior leadership, changes to our training and curricula at all levels throughout the Air Force and communication efforts so that every airman knows the importance of what they are doing to conserve energy.

Synthetic Fuel

Taking the lead to reduce dependence on foreign oil, the Air Force is evaluating a broad range of energy alternatives and the Air Force Synthetic Fuels Initiative is a key part to our energy strategy. As the DOD's leading consumer of jet fuel, we are currently engaged in evaluating alternative fuels and engine technologies leading to greater fuel efficiency. We've certified the B–52 to fly on a synthetic fuel blend, and are on track to test and certify the C–17, B–1, and F–22 in the near future, with the entire Air Force fleet certified by early 2011.

Reduction of Facility Energy Usage

The Air Force has an aggressive facility energy conservation program that achieved an impressive 30 percent reduction in energy use over the past 20 years. Your Air Force is the Federal Government's largest purchaser of "green power" and the third largest in the Nation overall. Thirty-seven of our bases purchase green

power—at Dyess AFB, TX, Fairchild AFB, WA, and Minot AFB, ND, 100 percent of the electrical energy purchased came from renewable sources.

Public-Private Partnerships and Energy EULs

The Air Force continues to look for opportunities at our installations for installing and developing renewable energy projects for wind, solar, biomass, waste-to-energy, landfill gas and geothermal power as well as commercial-scale ethanol and biodiesel fuel plants.

At Nellis AFB, NV, through a public-private partnership with Powerlight, a subsidiary of Sun Power Corporation, we installed the largest solar photovoltaic array in the Americas. It became operational in November and produces over 14.2 megawatts of clean, renewable, power. Overall, this renewable source of power results in a cost savings of nearly $1 million a year for the installation and the American taxpayer. Similar solar energy EUL projects we are pursuing at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; would utilize a private-public partnership where private industry would utilize Air Force property in return for in-kind considerations.

Nuclear Energy

Given the energy requirements of our air bases, as well as the unique demands of some of our remote installations, small modular nuclear reactors seem to provide a viable option to meet our future energy demands. We believe that the market is best suited to identify technological and economic winners. We expect the nuclear power project to be commercially funded and financially viable with normal commercial risk. In all cases, the Air Force would not develop, design, own, operate, or be the licensee for the nuclear power plant. We are in the process of gathering and assessing responses to a Request for Information from industry. The current estimate is that any plant built and operated pursuant to this initiative could be operational in latter half of next decade. Under ideal circumstances the Air Force intends to sign one or more letters of intent with viable consortiums by October 2008.

Alternative Vehicles and Fuels

We currently have over 5,200 FlexFuel vehicles in our fleet and nearly 8 percent of our diesel fuel is B20, which is a blend of 80 percent conventional diesel and 20 percent renewable bio-fuels. We spent approximately $10 million on alternative fuels alone for ground vehicles and equipment in fiscal year 2007 and have budgeted over $100 million over the next 5 years for alternative fuel and low-speed vehicles.

Greenhouse Gas Emissions

The Air Force recognizes that energy and environmental management decisions are essentially two sides of the same coin; the interdependence between the two areas is clear. While our overall energy strategy is driven by the imperative to ensure the security and sustainability of mission critical energy resources, likewise, our environmental management strategy is looking beyond the regulatory paradigm to ensure mission needs are supported by sustainable environmental practices.

As an Air Force with global reach and alliances, we are well aware of the international concern regarding greenhouse gas emissions, and recognize the importance placed on greenhouse gas emissions management by our allies, global partners, and here in the homeland. In order to make proactive, informed decisions about greenhouse gas emissions management with respect to energy use, alternate energy options, as well as chemical use, land management and process improvement opportunities, the Air Force has initiated a comprehensive greenhouse gas inventory to identify overall greenhouse gas emission sources from a "top down" aggregate energy use perspective, as well as from a detailed "bottom up" perspective, identifying greenhouse gas emissions from material usage and process activities. Further, we are identifying and quantifying biological carbon sequestration on our Air Force properties so that biological sequestration opportunities are understood as we manage over 9.8 million acres of Air Force installations and military range lands. We intend to complete our first comprehensive inventory by September 1 of this year.

The Air Force is positioned to be a significant player in solving the global carbon dioxide issue. We are reaching out to others to partner in establishing a "man on the moon" scope project to address the reduction, capture, and reuse of greenhouse gases. We need to push for a holistic look at emissions from all energy sources. This will allow for the examination of all emissions across the lifecycle and then we can prioritize opportunities to drive true, measurable emissions reductions.

UTILITY PRIVATIZATION

Turning to utilities privatization, similar to our efforts in privatizing housing, the Air Force is privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Because installations are key to our operational capabilities, our network of bases provide necessary infrastructure for deploying, employing, and sustaining air and space operations and redeploying and reconstituting the force afterwards. Reliable utility systems are critical infrastructure components and essential to air operations and quality of life at every AFB. Additionally, these systems must be consistent with modern technology to optimize energy conservation. We believe privatization offers an important tool in the toolbox for simultaneously meeting both these requirements.

To date, under OSD's utilities privatization program, the Air Force has conveyed 14 systems under 10 U.S.C. 2688 and six additional systems using standard FAR clauses, for a total of 20 privatized systems with a plant replacement value in excess of $300 million. We are currently evaluating an additional 335 systems for privatization. Additionally, where market conditions may have changed, we plan to re-solicit 145 systems previously determined "uneconomic." We anticipate possibly privatizing another 10 systems in fiscal year 2008. By the time the program concludes, we now anticipate more than half of about 500 systems could be privatized. During the course of this process, we further expect many competitive solicitations will end up as sole-source procurements from local utility companies.

CONCLUSION

The current and future readiness and capability of our Air Force to deter our enemies and, when necessary, fight and win our Nation's wars, depends heavily upon the state of our power projection platforms—our installations. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious funding allocated to military construction, the environment, operations and maintenance, BRAC, military family housing, and energy. This will enable us to win today's fight, take care of our people, and prepare for tomorrow's challenges.

Thank you Mr. Chairman.

Senator AKAKA. Thank you very much, Secretary Anderson.

Secretary Anderson and Secretary Penn, as I said in my opening statement I see the concept of joint basing as something that holds promise as a way to not only save taxpayer money, but also to deepen the jointness that our forces already demonstrate so well in combat. My question to both of you is, are each of your departments fully committed to making joint basing work?

Mr. PENN. The Navy definitely is. Yes, sir, and I mentioned that last year as the same thing.

We have conducted several, well, three major table top exercises where we've gone through and we've found great success. We've found the quality of life for the sailors, the airmen, the marines very positive. We also found that there was no impact or the mission readiness with this. So we support it 100 percent.

Senator AKAKA. Secretary Anderson?

Mr. ANDERSON. Mr. Chairman, I'd like to mention a couple of different things. First, B.J. did mention the table top exercises. Those exercises were done as a joint Air Force, Navy effort and as the Secretary said it was a tremendous success. Not only to find out what works, but also to ferret out some of the issues early that we could address before we jumped with both feet into joint basing.

I'd like to also highlight Guam if I could for a moment, and the tremendous work that the base commanders, the Navy local installation commander, the Air Force wing commander have done to make sure that joint basing will work effectively in Guam, which is, of course, a forward operating location that has implications to significant additional implications to national defense. I want to take my hat off to both of the commanders for working on a local

solution that will work for both the Navy and the Air Force, has been signed off by both Services and is moving forward very efficiently at the same time that those 8,000 marines are on their way to Guam. We're working a myriad of different issues. So teams are working together closely.

As I mentioned in my opening comments, the Air Force wants joint basing to be a raging success. We think the efficiencies are there. I think we can get more efficiency then we have even identified at this point.

But we do have to make sure the mission capability, the ability for commanders to command their people. The Air Force does train and deploy a little bit different than the other Services do. We need to make sure that that capability continues to be available.

We have a slightly different view on how to execute. But in terms of executing on joint basing we are absolutely in lock step that this is the right thing to do. We just want to make sure that we investigate it. Make sure that we do it the right way. It's not about the what. It's about the how.

Senator AKAKA. Let me follow up in the execution of this program. It is not clear to me who will be responsible for making sure joint bases get the appropriate level of investment. I know that Pearl Harbor and Hickam will be one of the first joint bases in this case with the Navy in the lead.

So, who will be responsible in this case for making sure that future budgets fund the required investments such as electrical system upgrades needed at Hickam. Will that be the Navy's responsibility because the Navy will be in the lead for this joint base or will it be the Air Force's responsibility to fund their own projects?

Mr. ARNY. Mr. Chairman, if I could respond?

Senator AKAKA. Mr. Arny?

Mr. ARNY. With the concept, indeed, at Pearl Harbor—Hickam, the Navy would be responsible for all of the ongoing maintenance they will receive when the deal is finally signed, they will receive a transfer from the Air Force. We at DOD, with all the Services, we're working very carefully to establish joint standards that we all agreed to for all capabilities on the installation management. The Air Force will still maintain their own mission parts. But as far as the maintenance of the installation, it will be the Navy's responsibility to fund and maintain to the standards that we all agree, and that includes recap.

If there's an Air Force hangar that needs to be rebuilt that will be put into the Navy budget. If there's a new hangar required for a new mission then that will be the responsibility of the Air Force to fund that facility. Let's call it a hangar, and then once it's done, it will be turned over and it will be maintained by the Navy.

Now this is a two way street. There has to be communications both ways, but there are also several occasions where the Air Force is in charge and they'll have responsibilities. The Army will have responsibility in other places.

Senator AKAKA. Yes. The particular, the specific case that I mentioned was the electrical system upgrades which Hickam really needs. If this occurs then what you are telling me is that the Navy would certainly deal with that.

Mr. ARNY. Yes, sir.

Mr. PENN. But it would be funded by the component. The intent is that a mission requirement is funded by the component.

Mr. ARNY. But the electrical system upgrades would probably be a military installation.

Mr. PENN. Right.

Mr. ARNY. That probably would be funded by the Navy.

Mr. PENN. Yes.

Mr. ARNY. Yes.

Senator AKAKA. Secretary Penn, last year the Navy took strong action to address a child care problem at Pearl Harbor. First by addressing a safety issue with a reprogramming and then by including funds in the 2009 budget request for a new child care center. I commend you for those actions.

We need to have that same focus on our shipyard at Pearl Harbor because it is such a key readiness asset for the entire Pacific theater. Section 332 of the National Defense Authorization Act (NDAA) for Fiscal Year 2007 required a minimum level of investment in our military's maintenance depots, including Pearl Harbor Naval Shipyard. That minimum level will rise from 5 percent of workload funding in 2008 to 6 percent beginning in 2009.

Last year, Senator Inouye and I added funds to address problems at dry dock one and two because we felt the shipyard was not getting the funds it needed. Please provide for the record, what investment the Navy has planned for the Pearl Harbor Naval Shipyard over the next 5 years. All that compares with the 6 percent investment requirement for Navy depots.

Mr. PENN. Yes, sir. We'll be glad to do that.

[The information referred to follows:]

The Navy manages the 6 percent reinvestment requirement at the Naval Shipyard Activity Group level as directed by section 332 of the National Defense Authorization Act for Fiscal Year 2007 vice by individual shipyards. This information is reported to Congress through the President Budget Exhibits for Naval Shipyard commonly referred to as the "J-Book". In fiscal year 2009, $198 million (6 percent of "revenue") was invested into the naval shipyards. To ensure both national strategic needs and individual shipyard requirements are met, the Navy follows a standard business process through which individual projects are developed and reviewed to ensure strong business case and economic justification for use of limited resources. The results of this process are provided annually as part of the President's budget.

The last 3 fiscal years the funding profile for individual shipyards was as follows:

(Numbers in 000)	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Portsmouth Naval Shipyard:			
Military Construction	0	9,700	0
SRM	10,486	16,288	6,238
Capital Investment (OPN)	12,755	12,710	11,007
Norfolk Naval Shipyard:			
Military Construction	65,891	0	42,830
SRM	21,747	28,578	15,233
Capital Investment (OPN)	9,136	15,748	22,930
Puget Sound Naval Shipyard and IMF:			
Military Construction	0	97,200	0
SRM	38,323	43,729	38,405
Capital Investment (OPN)	13,031	11,786	13,990
Pearl Harbor Naval Shipyard and IMF:			
Military Construction	0	30,200	0

(Numbers in 000)	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
SRM	30,407	28,789	44,409
Capital Investment (OPN)	9,525	7,740	3,353

Reinvestment in the shipyards is key to keeping them fully mission capable. The Navy is committed to reinvesting at a minimum 6 percent per year across the shipyards. Due to the nature of the budget process, the exact level of funding at each individual yard will vary from year to year.

Senator AKAKA. Thank you.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman. Secretary Anderson, in your written testimony to the House last week on the subject of synthetic fuels you stated, "The Air Force goal is to cost effectively acquire 50 percent of our CONUS aviation fuel via synthetic fuel blend utilizing domestic blend feed stocks and produced in the United States by 2016 with the intent to require the synthetic fuel purchases be sourced from suppliers with manufacturing facilities that engage in carbon dioxide capture and effective reuse." What is the biggest challenge you face in meeting the goal of purchasing 50 percent of that aviation fuel by 2016?

Mr. ANDERSON. Essentially, Senator, the biggest challenge is a market developing in the United States. Our process of testing, certifying, and flying this fuel in the fleet at research quantities is ongoing. We have a time line, a map, that will take us through the early 2011. The fleet will be ready to receive the fuel.

The commercial aviation industry is following along with us and working with us in the certification process of the entire aviation footprint in this country and by the way, around the world with some foreign interest as well. The problem though is the fact that we don't want to necessarily certify to a fuel that will be another foreign import. With the United States having the largest coal reserves in the world it makes sense to us that we ought to utilize those coal reserves in a very ecologically friendly way.

We believe the new technology for making liquid fuel out of coal can achieve an environmental footprint that is very favorable for coal based, fossil based fuel. But yet at this point no ground breaking has been done on it on a commercial scale plant in the United States although a couple are under consideration. That's why we set the goal 5 years after the certification was done because we believe the industry wouldn't begin to kick off into this country and make commercial quantities of fuel at least until 2012 to 2014. So we set our goal beyond the time when there will be commercial level production in this country.

Senator THUNE. How do you define cost effective? Is the assumption going to be that it's going to be based strictly on lowest price?

Mr. ANDERSON. Based on market for an equivalent type of comparable fuel, i.e. petroleum based jet fuel, yes, sir.

Senator THUNE. Ok. Will there be any other discriminators in how the Air Force would go about selecting suppliers of those synthetic fuels, price driven. Is there any other thing that you can think of that would——

Mr. ANDERSON. No, sir. Price and performance. As I mentioned earlier, coal seems to be the most logical, near- to mid-term feed

stock. But we don't care about the feed stock. We don't necessarily care about the technology used to refine the material.

We look at the performance parameters that are necessary to fly jets on. We look at price against the market price for a similar product, and that would be the only discriminators.

Senator THUNE. Is 50 percent by 2016, is that, that's a cap. That's a ceiling. Is there any chance we get there sooner?

Mr. ANDERSON. Actually, it's not a ceiling. It was just a vision, a pie in the sky. What we're talking about is 400 million gallons a year and if we represent 10 percent of the domestic aviation market, that's a demand of 4 billion gallons coming out of factories if the commercial world follows us. That's a huge production capability.

We just base it on what we thought would be possible. It can be accelerated. It can be expanded if the production capability is there. Yes, sir.

Senator THUNE. Ok. My hope would be that to see that sooner than 2016. Maybe not 50 percent but I'd like to see it be great if it were to achieve that goal even sooner.

Mr. ANDERSON. I hope you're right. Yes, sir.

Senator THUNE. Let me ask the rest of the panel. Air Force obviously is the largest user when it comes to fuel and so the question, primarily directed at Secretary Anderson, are the other Services in DOD as a whole considering similar goals for the use of synthetic fuels?

Mr. ANDERSON. Actually, sir, the Air Force has been the lead for the Department because they are the biggest user and we tend to split those efforts up. If it's successful we all benefit from it.

Senator THUNE. Navy? Army? Any thing to add to that?

Mr. EASTIN. We have some research programs, but they're no where near production.

Senator THUNE. Ok.

Mr. PENN. Over the last 5 years we've had a 10-fold increase in the use of a 20 percent blend of biodiesel and petroleum diesel, so we're moving on this as well.

Senator THUNE. Ok. Good. I would just say to the Department and the other branches that they're to take a good hard look of the possibility of following the Air Force's lead on this knowing full well that they're the biggest user of the fuels. But nevertheless I think it's something Department-wide could achieve a significant savings if we're having to pay. Who knows what the price per barrel of oil is going to be sometime into the future.

Mr. ARNY. I think that's the key. If we can get synthetic, get it at a price that's comparable, then it obviously makes us far less dependent on overseas sources.

Senator THUNE. I don't think we can convert quickly enough to home grown energy because we continue to enrich petro-dictators who figure out ways to fund organizations that turn around and attack Americans. So I encourage you to pursue that as quickly as possible.

Congress is looking at once again considering legislation in this year that would authorize a multiyear procurement of synthetic fuels by the Department. If Congress were to extend the existing

multiyear procurement authority to synthetic fuels does that assist you in achieving your goals?

Mr. ANDERSON. Yes, a qualified yes, Senator, is the answer. The Air Force and the other Services, of course, what we're concerned about is acquiring the fuel we need to do the mission. The supplier on the other side of the equation has to worry about the economics of the viability of investing up to $4 billion per plant for these synthetic fuel facilities.

In numerous discussions on Wall Street with major bankers they have suggested that a long-term contract somewhere between 10 to 25 years as opposed to the 5 years we have currently, would be a driver towards attracting debt and equity capital into this market, which then, of course, would trigger building of plants, which would allow us to have the supply that we need.

So indirectly yes, it would help us in our process. I think the industry and Wall Street is the one who would be the best to answer what the right answer would be for this.

Senator THUNE. I'm sure you have discussions with them. We have too, those who are interested in developing that type of an energy source. One of the things that we hear is that we could lock in long-term contracts and the economics of this thing work so much better for us.

Mr. ANDERSON. Right.

Senator THUNE. So it's the reason I asked the question. There was a Federal Times story Monday, March 10, earlier this week, where a special assistant working for you, Paul Bollinger, said in reference to a standard of manufacturing synthetic fuels, "Industry experts producing this fuel say they can meet the standards, but there is not a standard. Until we get a standard we can't buy the fuel." Can you comment on that, or elaborate on that statement?

Mr. ANDERSON. I wasn't privy to the conversation, but I would assume that the comment was made as a result in relation to section 526 of last year's Energy Act, which essentially mandates in legislation what the Air Force has said all along, that it would not buy any alternative fuel, synthetic fuel that didn't have a greener footprint than what is currently available.

Now, when we talked about a greener footprint, we didn't talk only about CO2. Section 526 only talked about CO2. We talked about the entire array of contaminants. So we support the concept. The problem is that the devil is in the details.

From our perspective the right answer is that we ought to, we, collective, the royal we, globally, go forward and do a Manhattan Project scale approach to taking a look at global greenhouse gas emissions across every fuel source from cradle to grave, if you will. From the mine or the oil well or the field, for example, if it's ethanol, all the way until it comes out the tailpipe, and determine where the greenhouse gas emissions are so that we can identify the most serious infractors, if you will figure out ways to economically address CO2, and on a per unit basis, reduce the CO2 output from every fuel source. But the first thing we have to do is inventory what the actual greenhouse gas footprint is of every fuel source. The comment is correct we are not in a position at this point to be able to do that with any rigor.

Senator THUNE. I guess in terms of adopting or coming up with a standard. The reason I asked that question is because the question is who would define what that is? To me it would be a function of what is a workable fuel in terms of performance in the fuels that you use and obviously a greener type of fuel.

Ideally, you'd want to have that involved to incorporate into your standard in some fashion. But I don't know exactly who comes up with that standard. We could try and write a standard here, but we'd have to obviously get input from the industry.

I could probably come up with one for ethanol. But I don't know how that works with regard to the needs that the Air Force has for aviation fuels. So I think that's something that I think I'd like to maybe hone in on a little bit more at some point.

Secretary Penn, the Navy's currently involved in litigation challenging the Navy's compliance with environmental laws regarding the use of MFA sonar. MFA sonar is the most common form of active sonar used by surface ships, submarines, and helicopters. On January 23, 2007, DOD invoked the National Defense Exemption (NDE) under the MMPA to exempt all military readiness activities that use MFA sonar from compliance with the MMPA for a period of 2 years.

Despite DOD's decision to invoke this NDE, in January of this year a Federal district judge issued an injunction and imposed significant restrictions on Navy sonar training in at-sea ranges off of southern California. What is the status of that litigation? Can you describe its impact on the Navy's ability to train effectively for deployment using active sonar?

Mr. PENN. We're still in the process of litigation so I can't go into it too far. But as I said earlier, the ocean is the Navy's home. We take very good care of our home. For our other procedures we've been working with National Marine Fisheries Service (NMFS), Department of Interior, and, in fact, we have a memorandum of understanding with the National Oceanic and Atmospheric Administration talking about the permanent threshold shift which is the nonrecoverable damages to tissues of the auditory systems of the mammals.

Direct injury to marine mammals from MFA sonar can only occur at very close distances to the sonar which is approximately 10 meters. We have to have a decibel level at about 215 to actually create that disturbance. We have implemented 29 NMFS-approved protection measures whenever we operate regarding the NDE under the MMPA including the posting of trained lookouts while underway in areas where marine mammals are present, power down sonar at specific ranges, and complete shut down if the mammal is within 200 yards.

As I said we have 29 different mitigation measures and we're doing everything, in fact, one of the things we're doing, we're putting so much money into the program to get scientific data to show what the MFA is doing. On the LFA, we've been operating that since 2003, there apparently is no damage at all to using that.

Senator THUNE. That's what I was going to ask you about because you're facing similar litigation over your LFA sonar, which, it's my understanding, is the most effective means to detect super

quiet diesel submarines at long range, which are the types that are operated by China and North Korea.

Mr. PENN. Right.

Senator THUNE. Can you tell me how these limits impact the Navy's ability to train?

Mr. PENN. It means if we're unable to train, it means we have to deploy people, the ships, the strike groups, without completing their specific training required to go into harm's way. That's what it does, and it isn't fair in my opinion to send our people out, especially on a carrier with 5,000 people, not being fully anti-submarine warfare qualified, which is why we're pushing so hard for this.

We do the simulation. We have a simulation package which is basically "switchology," but unless you're out there looking for a diesel submarine in 150 to 900 feet of water, it's very difficult to do.

Senator THUNE. I assume you're concerned about how these restrictions that are being imposed on Navy sonar training impact recent deployments of diesel submarines by China in the areas where U.S. carrier battle groups are operating.

Mr. PENN. Yes, sir. There are 40 countries with approximately 400 diesel submarines and we consider it a major threat across the board. They can get off the coast, the west coast, and fire a missile basically wherever they want.

We're working on the NDE at this time. We have to complete it by January 2009, and hopefully that will give us the clearance to continuing on.

Most of the restrictions we have to date are for specific events and specific exercises. So we're able to work around them. In fact, we just had clearance recently to conduct two more exercises which we'll be doing. But it's absolutely essential that we train our crews to operate.

Senator THUNE. Thank you. I just have one final question. I see my time has expired, but it has to do, Secretary Arny, with the whole BRAC process. That process was concluded in 2005.

At that time it was estimated, I think, that the cost for BRAC was going to be about $22.5 billion. Today, it's $33.2 billion. That's basically 2, 3 years. We're into the 2009 budget year. But that's a 50 percent increase in cost.

Now I know that there's normal inflation, but that seems like an enormous increase in the cost of completing the BRAC process. Could you comment on that?

Mr. ARNY. Yes, sir. I'd be happy to. This round of BRAC had more relocation. It had a higher percentage of MILCON funding as a major element. It's like 70 percent as opposed to 30, 35 percent before.

As you and the committee members have seen we've been all hit hard by increases in construction. In the northwest, we're looking at 15 percent a year. Hurricane Katrina affected a lot of our estimates, once we actually had the projects in line.

But before that we faced a problem in that the BRAC commission and the folks within the Navy who were analyzing bases used a model called the Cost of Base Realignment Actions (COBRA) model which was designed over the past 15 years to allow analysts to examine one base against another in terms of generalized construc-

tion kinds of buildings. That COBRA model was never designed to produce budget quality numbers for the buildings, but people unfortunately expected it to.

So I got involved in BRAC execution on the Navy side and when we got the COBRA models we went out then went to the engineers. As they began to actually flush out what these real buildings were going to be different site locations, different circumstances, made them have to change their 1391s.

We also—so consequently we got not only cost—once we designed the building we got cost growth that no one expected in certain parts of the country. We had cost growth before that because the buildings in the COBRA model were not design quality. Also we've had cost growth in terms of the Army decided to do a lot of moves back from Europe that were not really part of that initial analysis.

We've also, in each of the Services, gone back. The Army's probably had the biggest growth because they've had growth in missions. We've had some growth in defense agencies because we had growth in missions. The Services have all gone back in and scrubbed their numbers and frankly, we found a lot of cases where we've lowered costs and lowered scope just because there were misunderstandings during the analysis process.

So it goes both ways. You're right, the costs are higher. We have detailed explanations as to why. We have fully funded it because we believe those, that scope growth is necessary.

Senator THUNE. In trying to scale back on and to keep costs from rising any further, is it conceivable that some of these organizations that have to be moved could end up in new facilities that don't fully meet their requirements in due time?

Mr. ARNY. We are working very hard to make sure that doesn't happen. As anybody who's been around this, I've only been around for part time, but I've talked to people who have, and I fought it in my old job too.

The engineers, they have "x" amount of money. As the cost begins to grow they won't come to you and say look, the costs have gone out of sight. We need more money. They'll try and make it fit.

That's why we in DOD have developed a business plan process that was unique to BRAC 2005. So that if there's a change in scope that should be part of the business plan, we should be able to see it. We want to work with the Services to make sure that the proper scope is achieved for the facilities that we're putting in there. We don't want to hamper people before they even start in the door.

Senator THUNE. Right. Thank you. Thank you, Mr. Chairman.

Senator AKAKA. Thank you, Senator Thune.

Secretary Penn, I have another concern with respect to Pearl Harbor shipyard. Pearl Harbor is historic because of the event of December 7, 1941. I understand the need for historic preservation to honor the memory of that tragic day. However we also need to recapitalize the facilities at the shipyard, including those in the waterfront.

All workers deserve a safe and productive workplace and our Pacific fleet deserves the highest maintenance standards we can deliver there. My question to you is what steps can the Navy take to be more proactive on working with the historic preservation com-

munity? What do you think they can do to work more productively with you?

Mr. PENN. Thank you, sir. Mr. Arny and I met with Sherman Nell last week.

Mr. ARNY. He sits on the Advisory Council on Historic Preservation and I think both Mr. Penn and I were very impressed with Mr. Nell's balanced approach to his dock preservation especially industrial facilities like the shipyard. He personally promised to take upon the challenge of going out to Hawaii himself with his staff to look at the facilities and work through that. Because you all have told us and we know that if we can't modernize that shipyard then productivity goes out the window.

There are things that need to be done and unfortunately a lot of historic buildings. But Mr. Nell now understands that. I think working with the Navy will have a very positive impact on getting those improvements.

Mr. PENN. This was our first meeting with him.

Senator AKAKA. Okay.

Mr. PENN. We always try to work cooperatively with the State Historic Preservation Officer and other stakeholders in historic preservation concerning Pearl Harbor. In fact, the goals of the Historic Preservation and the needs of the Operational Fleet are not mutually exclusive. So we're working very hard. We're taking our role very seriously in this.

Senator AKAKA. Thank you very much. I'm glad to hear that.

Secretary Eastin, I understand the Army is about to initiate an EIS for that portion of the so-called "Grow the Army" proposal that affects the U.S. Army Pacific. That's in the Army in Alaska and Hawaii. As you know all too well from the Stryker situation there are groups who are likely to initiate a lawsuit related to ongoing environmental and cultural preservation concerns. While I know that the decision to bring a lawsuit is not under your control, there are some things that the Army can do to help prevent future legal challenges. The first is ensuring the Army does its homework to defend itself from the possible legal challenges you can expect. I think the Army can do better than it did in the Stryker case.

Second, and just as important it is to reach out to the local community throughout the EIS process to explain what you're doing and why you're doing it. There are some people you are never going to convince to agree with you. Believe me, as a public official I have that experience myself. But based on my experience, I do believe you can do yourself a lot of good by reaching out to the average person, not just to tell your side, but to listen to them.

So I invite any response you wish to make about how the Army plans to proceed in this case, and what lessons may have been learned from the past experiences.

Mr. EASTIN. The Stryker litigation which you were referring to was basically the result of a failed EIS that was commenced, I don't want to say luckily, but before my term. This is a very technical law, but it's not a hard one to comply with. If you do your homework, as you suggested, you can get through this very nicely.

That is why we're doing this particular EIS. I have occasion to look at my staff's travel budget. I noticed that my Deputy, Tad Davis, who handles environmental matters, seems to have taken

up residence in the State of Hawaii, at least that's what it looks like. So he is involved in a lot of outreach with these people, and hopefully that will alleviate some of their concerns.

I'm with you. Some of these people will never be convinced. But a lot of people want to feel they're part of the process and have a proper role in the process. So we want to make sure that happens.

Senator AKAKA. Mr. Arny and Secretary Eastin, as I mentioned in my opening statement, I'm concerned that there is no money in the fiscal year 2009 budget to follow up on the initiatives Congress and the administration took last year to improve our care of wounded warriors and their families. I understand that the Army has identified additional requirements for more facilities. But they are not in the budget nor did General Casey include them on his unfunded priorities list.

Secretary Eastin, are there additional unfunded requirements for barracks or other facilities to care for wounded warriors and their families? If so, what is the scope of this unmet need? How many facilities? How much additional funding is needed?

Mr. EASTIN. We have put together medical centers for warriors in transition at 35 of our locations. Some of them have taken the path of renovating what has already been there. Many of them are going to be new construction. This has been funded out of basically, supplemental funding.

In 2008, we have $138 million in that. In 2007, we put a lot of money in it. It was basically funded with operation and maintenance money. The 2009 supplemental request is up at the OSD for clearance, but I can assure you that it's in the neighborhood of $1 billion for these.

I think what's implicit in your remarks, however, is that we are not keeping an eye on these soldiers who have given more for their country than most of us could ever have asked. We need to take care of them in their healing time. What we are finding in this is that if we treat them properly and take care of them, something in the neighborhood of 80 percent of them are returned back to the force. That amounts to two full brigade combat teams in a year's time returned back to the force.

What we have done here is change our procedures which didn't cost us a whole lot, but it affected them a whole lot. In terms of making their duty assignment, getting well. Their duty assignment is not going back to the 3rd Infantry Division and getting deployed. Their duty assignment is getting well, so by changing that procedure and giving them a new duty station, if you will, in the WTU, that's helped a lot. We need to find now the infrastructure to back that up.

Senator AKAKA. Yes. I'd like to have another answer for both you and Mr. Arny on why is funding for such an important requirement not included in the budget request?

Mr. EASTIN. They thought the supplemental was a quicker way of getting this done, to be honest with you. They're there now, and they need help. Our budget process is such, it sometimes moves at glacial speed, whereas supplementals are a lot more nimble.

Senator AKAKA. Yes. Let me just ask, Secretary Eastin, I understand you recently held an industry forum in Korea to explore ways to provide new family housing for U.S. Army forces that are relo-

cating from Seoul down to Camp Humphreys under the terms of our agreement with the Korean government. Based on the responses you got from industry, do you think you have found a potential solution? Can you please describe what you have in mind and how the Army intends to proceed on that?

Mr. EASTIN. We were up here a couple of times trying to get the lease cap raised for our normal build to lease operation. It was, quite frankly, I think a matter of sticker shock. Part of it was due to the fact that we would have to amortize the cost of these facilities over a 15-year period which just drove the cost basically out of anybody's reasonable range.

The SOFA we have with the Republic of Korea is such that it is fairly wide. In the Yongsan relocation plan, moving our forces from the north basically down south of Seoul grants us use of the land for as long as we are there, also provides that we are to rent or lease housing units for our accompanied soldiers.

Since we cannot do it, the normal build-to-lease way, we have put out a request for interest from the development community as to whether they would build the same sort of family apartment units on the same land where we would not involve the guarantees that are involved in coming up here and getting scoring or going to the OMB and getting scoring and putting dollars against it. Basically, would they build if we didn't guarantee it?

We had a lot of skeptics, and so we thought we'd put together a forum to discuss this over in Korea with the development community, the facility management community, and the financing community over there. Quite frankly, I thought we'd get maybe 100, 150 people at this thing.

We had registered 350 people from across Korean industry and 550 showed up. So we didn't have enough chairs for them. We didn't have enough materials. We had to mail it to them.

So I think there's a lot of interest out there. We're talking about construction that is up in about the $1 billion range. So it was enough to get peoples' interest.

What we've seen from that in the question and answer period afterward, there is a lot of interest in the development community over there. Parenthetically I think a lot of interest from the U.S.-based financing community which is probably where a dollar denominated financial instruments are going to come. So we had a couple dozen people over from the United States at the forum.

So I am encouraged. As everything when you're dealing with foreign governments and MILCON and the Army we'll believe it when we see the dotted line or the key to the door. But at least this looks like an attractive alternative to things that seem to be very expensive.

Senator AKAKA. Thank you very much.

Senator Chambliss.

Senator CHAMBLISS. Thank you very much, Mr. Chairman. Let me first of all say, gentlemen, we have four projects, four privatization housing projects in Georgia. We have five, four of which have been very successful.

Mr. Anderson, the one at Moody Air Force Base has not been very successful. Tell me in your opinion where we are with respect

to the disaster we have at Moody Air Force Base to date, please, sir.

Mr. ANDERSON. Ok. Yes, sir. I think, Senator, you hit the nail right on the head that overall housing privatization has been extremely successful. Robins Air Force Base, we're on our second phase and everything is going extremely well. Our residents, our airmen and their families are very, very pleased.

Where we are in Moody is that one contractor, American Eagle, which is the source of all of the issues we're facing today on the four Air Force projects that have gone sour, have not been able to live up to their expectations. The bid that they presented to the Federal Government, that was reviewed by the Air Force, by OMB, by OSD, met all the required parameters. It was a good bid.

I think all of the folks that approved to go forward with American Eagle made an appropriate decision based on the facts that they had at the time. What has occurred since then? Occupancy rates are down at that project, as well as the other three, because of the great interest rates, the ability to buy homes in these areas, because the positive housing markets in the four areas we're talking about.

Construction has ceased at Moody. The bond holders are finally engaged. We had actually raised a red flag earlier than the bond holders actually realized that there was an issue. But the bond holders have been engaged. They understand the seriousness of this. Of course, they and their customers have money risk in this project.

Where we are currently is that we're seeking a buyer. When I say, we, the Air Force isn't in a position to directly do this work. But we're working closely with the bond holders to make this happen.

The bond holders are working to find a purchaser for the four projects. With the hope that the four, or the purchaser of these projects will get them back on line, back under construction. The subcontractors will be paid. We'll move forward in getting the houses that were required at those bases under construction completed with Air Force families in those as soon as we possibly can.

Senator CHAMBLISS. What do you expect to do from an Air Force perspective about the subcontractors who are owed some $7 million today?

Mr. ANDERSON. From an Air Force perspective at the moment, sir, we're not directly involved in that process. That's going to be worked out through the process of finding a purchaser for these deals. We're obviously very concerned about the subcontractors. We're concerned about the airmen and their families that are impacted by this.

We're keeping a very close eye on it. But because of our particular legal position at this point we are staying where we need to stay and allowing the legal process, the regulatory process, to move forward.

Senator CHAMBLISS. Obviously, I'm pretty concerned about that too. We have 2,000 new air men and women that are going to be coming to Moody within the next year. This housing project was supposed to house many of those, and it's not going to be ready.

As I understand it in relation to this project the source selection was completed in September 2003.

Mr. ANDERSON. That's right.

Senator CHAMBLISS. Financial closing occurred in March 2004. Site work began in August 2005 and the first construction milestone was missed 7 months later in March 2006. Does that correspond to your information?

Mr. ANDERSON. That's about right. Yes, sir.

Senator CHAMBLISS. I have been on the ground in Broxton and I've talked to the various subcontractors. I have talked to the people at Moody, as well as the people who were supposed to be in charge of this project. What they have told me is that within months of American Eagle, which is the contracting company, showing up in town which would have been March 2004, they really felt like something was not right.

The reason they didn't feel like something was right was that each time they met with American Eagle, they were meeting with a different person. No one they met with had any experience with construction or construction management. They were property managers.

Mr. ANDERSON. That's right.

Senator CHAMBLISS. Was your staff aware of the fact that American Eagle is a group of property managers and not a construction company?

Mr. ANDERSON. Actually, sir, American Eagle is just a trade name, if you will. American Eagle Communities is actually two separate companies: Carabetta Enterprises, LLC, out of Connecticut, and the Shaw Group, out of Louisiana. So those were the two companies that were actually involved in doing the work, if you will.

You are absolutely correct that one of the issues related to the American Eagle projects is a rapid turnover of project managers. To some degree a lack of a skill set. We did recognize that very quickly. As I mentioned to you with the first question, we began raising red flags with the bond holders very early.

Senator CHAMBLISS. Can you tell me when?

Mr. ANDERSON. What I was able to find from the record, and this was before my time, but within several months, probably about the same timeframe that you're talking about, several months from when the project was—the bid was accepted and the deal was signed.

Senator CHAMBLISS. Here is my understanding of it. Beginning in March 2006, the project owner for the Moody project was in a state of technical default due to not meeting terms of the transaction documents. Those shortfalls continued to grow for the next year and a half, not only without any homes being delivered while the project accumulated a $30 million shortfall and over $7 million in debt to subcontractors for the project, but that the Air Force never notified anybody with a cure notice of any sort until the later part of 2007 which was some year and a half after the technical default occurred. Do your records indicate anything other than that?

Mr. ANDERSON. Yes, sir. I will make sure we provide you with all of our information. I think, I thought we made, we already had. The indications that I have and again before my time, the indica-

tions that I had that red flags were being raised with the bond holders very early in this process in the 2005 timeframe. But I will go back and check and make sure that I get that information directly to you.

Senator CHAMBLISS. If that is the case, we have not heard that despite our extensive inquiries to the Air Force. American Eagle was also heavily involved in Navy and Army projects, which also ran into trouble.

But although they ran into trouble, the Navy and the Army contacted American Eagle and straightened their matters out within a matter of months. I understand their problems were resolved. However, for the project at Moody, the project owner was in a state of technical default for a year and a half. Never delivered a single home and accumulated millions of dollars of debt before any decisive action was taken by the Air Force.

Can you tell me why you took no decisive action other than, as you say, you may have notified the bond holders? I want some verification of that; why didn't you do anything else for a year and a half?

Mr. ANDERSON. I think, sir, that the comment that nothing else was done for a year and a half, I don't think is exactly accurate. Again, I will make sure that we provide you full details of everything that was done. My understanding is that the Army and the Navy projects started a little bit earlier than the Air Force projects. So I would assume that they would come through at the other side.

If I have it right one of the two projects actually has been sold. The other one is still pending sale which is, of course, where ours are. But from what I've seen of the record the Air Force personnel involved in this process were following the procedures that they should have followed notifying the individuals that had the contractual responsibility and the contractual ability to take action against Carabetta and Shaw or American Eagle as it's called. It appears that the appropriate items were done at the appropriate times in my review of the process.

Senator CHAMBLISS. I'm going to have to respectfully disagree with you. But Moody was, as I understand it, was Carabetta only and not Shaw.

Mr. Chairman, do you mind if I continue on for this? Thank you.

I would say that if we can allow something like this to happen where a developer goes 3½ years without performing, accumulates $30 million in debt, owes $7 million to subcontractors, resulting in at least one of those subcontractors losing both his home and his business, but doesn't deliver a single home, it seems to me that either the process that we have on the part of the Air Force for managing these projects is defective or the process was not followed the way it should have been. We simply cannot blame the developer. But we need a better process if we are going to continue down this road of privatization.

I visited Moody back in November, talked with numerous people about what happened and folks on the ground who had been there from day one who knew exactly what had happened. What I found was that there was not a single Air Force employee on site watching that project. The only Air Force representative on site was a contractor, and that person had no authority. The extent of their

responsibility was to file reports and inspect the houses for code compliance.

There was no one on site employed by the Air Force providing program management or providing any type of oversight of the project. Now I have to believe that this has something to do with why this project went on so long without serious attention at how that it was permitted to get so far behind schedule and get so far in debt. Now I hope you agree that better on site management is required to ensure that this never happens again.

There is one thing I would like to add about what I observed while on the grounds. Someone who had been there at the base for 2 years while this project was ongoing commented to me that as best as they could tell the Air Force thought the project owner was overseeing the project. In turn, the project owner thought the Air Force was overseeing the project.

Now someone might say that this person did not understand the process or was not informed. My response would be that this person was there. He was watching what was going on and what was happening. You and I and the folks at the Pentagon were not.

So whether or not this person understood the official management, they observed what was happening on the ground at the site. I think the fact that they came away with this impression is very significant. It shows that there was clearly confusion on the ground about how this project was supposed to be managed. This should never have been the case.

The two issues I have raised in relation to this project serve to illustrate the general feedback that I have received in relation to how DOD manages projects. That is that you failed to have anybody on the ground, first, overseeing the project to notify you about what was going on; second, you failed to give them any kind of official cure notice.

I hope you find something where you gave notice to the bond holders, but I don't think you're going to find it. There was no cure notice given, and that is what the Air Force procedures call for.

Over the past several months I have talked to every military Service as well as DOD staff on this issue, as well as to no less than three developers involved in housing privatization. Everyone has said the same thing, they have all commented that the Air Force has a less rigorous process for overseeing these projects than the other Services. I think that is what we are seeing now at Moody.

Now to both Secretary Anderson and Mr. Arny, I would really like your assurances that you will reexamine the Air Force's process to make sure that they provide proper oversight and accountability. Because now, frankly, I am not convinced that the Air Force process is adequate to make sure that these housing projects are properly supervised; and that individuals that are required to be notified, are in fact being notified when defaults are taking place, when time schedules are not being met, and when it's obvious that the folks that are supposed to be building and providing these houses have gotten themselves way over their heads and in financial trouble.

I'd like that assurance from both of you gentlemen.

Mr. ANDERSON. Senator, absolutely, and I would like to add that I'm in violent agreement with you that the Moody project could have been managed better. Very early on my watch we've made a couple of changes. First, is the source selection authority for all privatized housing in the Air Force has been moved to one of my deputies, which I think will add considerable rigor to the process.

Second, we now have people on the ground at our projects that report directly to the Air Force Center for Engineering and the Environment in San Antonio which is a headquarters function to do the oversight that you suggested.

So, yes, sir, those things needed to be improved. They were. I'm not going to tell you we're perfect. We are going to continue to understand what the issues are and improve them as we find we need to do so. So, you have my assurance that we'll continue to look to improve this process.

Senator CHAMBLISS. Mr. Arny?

Mr. ARNY. Absolutely. I did housing with the Navy and I've watched Mr. Anderson's people change the procedures of the past couple of years. That I think again, as you pointed out, these were one bad apple in a huge group of housing areas, and the Navy was able to get their project bought out.

These projects have to succeed. We'll make sure there's the right oversight.

Senator CHAMBLISS. We have four Air Force projects that are in trouble. The one at Moody happens to be in more trouble than the other three because we've already begun litigation in Valdosta relative to that project which is in deep jeopardy right now of ever being able to be completed. It is a shame to look at those half and three-quarters completed houses out there that are just now falling down.

There is one other thing that I think you need to check and that is if Carabetta filed for bankruptcy several years ago. I do not know whether they left the Federal Government holding the bag on any of their projects or not. It is pretty obvious in looking back, Carabetta should never have been allowed to bid on this project.

So as you are going back and reviewing Air Force projects or Air Force procedure, I'd ask you to look at the Navy and the Army together with the Air Force and make sure that we are doing everything we are supposed to do to make sure that these folks who ultimately are allowed to bid on these projects are folks who are going to complete them, not leave us holding the bag like this. The fact is that Carabetta ought to be responsible here, but managed to seal themselves off from any liability. They are the only one of these companies that have any financial wherewithal. American Eagle and the other companies that are involved are basically shell companies.

At this point in time it looks that whatever money the contractors get, the only money guaranteed to them is going to come from the bonding company. That is unfortunate. That ought not to be the case.

Companies like Carabetta ought to never be allowed to bid on a government project again because it has created a real disaster for the men and women of the Air Force at Moody. But it has also created disaster in the business community in a town that loves the

Air Force and loves Moody Air Force Base. So, Mr. Anderson, I look forward to staying in touch with you. I am not blaming you. I am pretty emotional about this because it is a sad thing to see down there from an Air Force standpoint as well as the local community standpoint.

I understand you were not there at the time all of this was done, but we have to make sure it never happens again. So I look forward to staying in touch with you. I look forward to getting your response back on your notification to the bond holders.

Mr. ANDERSON. We'll get that to you quickly. Sir, as upset as you are, and you have every right to be, Secretary Wynne, Chief Moseley, and I share your frustration and your concern, and it is my responsibility. This occurred on my watch. It is my responsibility and I take it as such.

Senator CHAMBLISS. Mr. Chairman, thank you for letting me go over my time.

Senator AKAKA. Thank you.

Senator Thune.

Senator THUNE. Mr. Chairman, I'd like to know what the Senator from Georgia really thinks on this subject. [Laughter.]

But I just want to make a suggestion based on his comment at the end there about perhaps looking at how the Air Force and the lessons learned from this incident and taking some of those lessons and applying them, maybe syncing up the model that the Army and the Navy use, it seems like that model has worked more successfully and more effectively and that might be something that we could take a look at doing.

Senator AKAKA. Thank you for your comment. Let me ask my final question on this.

Senator Chambliss, do you have any more questions?

Senator CHAMBLISS. I'm scared to start again, Mr. Chairman. [Laughter.]

Senator AKAKA. Secretary Arny, section 313 of the NDAA for Fiscal Year 2007 required the DOD to submit to Congress a comprehensive plan including goals, interim milestones, and schedules for cleanup of unexploded ordnance at current and former defense sites. Instead of submitting a comprehensive plan including the required goals, milestones, and schedules, the Department submitted a report which states that the Department has established a working group to develop goals, that: "the speed of cleanup is largely dependent on funding levels."

So, Secretary Arny, when can we expect the Department to submit a plan that meets the requirements of section 313?

Mr. ARNY. We hope to have that report to you by the end of this month, sir.

Senator AKAKA. Thank you very much. I'm glad that you are in that position. [Laughter.]

I want to thank my colleagues here on the committee. I think this has been a helpful hearing. I want to thank all of our witnesses for being here, and I look forward to working together with you to improve whatever we're doing and correct whatever needs to be corrected.

With that, I want to say, again, thank you very much. This hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

COUNTERINTELLIGENCE FIELD ACTIVITY LEASE

1. Senator AKAKA. Mr. Arny, in January 2008, Under Secretary of Defense (Intelligence) Clapper submitted a report to the committee stating that, while the Counter Intelligence Field Activity (CIFA) entered into a lease using the Department of Interior's GovWorks program and that neither CIFA nor GovWorks had the authority to enter into such a lease, the use of funds to enter into this lease did not constitute an Anti-Deficiency Act (ADA) violation. Please explain why the Department of Defense (DOD) believes that the use of government funds for unauthorized activities is not an ADA violation.

Mr. ARNY. The DOD conducted a preliminary investigation and determined that there is no evidence to support an ADA violation. The CIFA had an appropriation that was otherwise available for the purpose of leasing office space—the Operation and Maintenance, Defense-wide appropriation. CIFA recorded these costs as obligations of this appropriation and transferred funds to GovWorks to pay for them. In addition, the Government Accountability Office (GAO) recently reviewed this situation and also concluded that no ADA violation occurred.

AFRICA COMMAND

2. Senator AKAKA. Mr. Arny, does the fiscal year 2009 budget request include any funds to construct or lease or otherwise provide facilities on the continent of Africa in support of the new Africa Command (AFRICOM)? If so, identify the account containing such funds, the specific line items where such funding is contained in those accounts, and the specific purposes, including proposed locations, for which such funds are proposed.

Mr. ARNY. There are three Military Construction (MILCON) projects at Camp Lemonier, Djibouti, in the fiscal year 2009 President's budget request. These projects are not related to the stand-up of AFRICOM but may become part of it at some point in the future.

[In millions of dollars]

Project	Fiscal Year 2009 Request
Aircraft Maintenance Hangar	12.8
Aircraft Parking Apron	15.3
Telecommunications Facility	3.3
Total	31.4

The fiscal year 2009 budget request also includes $20.0 million (Operations & Maintenance, Army) to establish an AFRICOM initial presence in Africa, consisting of small teams reinforcing the current Offices of Security Cooperation, which is currently known as the Office of Defense Cooperation. This funding for AFRICOM would not construct facilities but lease required housing and office facilities directly or utilize existing government facilities on a reimbursement basis. Locations are being considered in several different African countries.

COST-EFFECTIVE RENEWABLE ENERGY PURCHASES

3. Senator AKAKA. Mr. Arny, section 828 of the National Defense Authorization Act (NDAA) for Fiscal Year 2008 (Public Law 110–181) authorized the DOD to enter into multiyear contracts for up to 10 years for the purchase of renewable energy, if such purchases would be "cost effective". What guidance has DOD developed to define cost-effectiveness for purposes of implementing this statute? For example, is DOD interpreting this statute to require that the current market price of renewable energy purchased under such an agreement be equal to or less than the price of energy derived from fossil fuels?

Mr. ARNY. The Defense Acquisition Regulations (DAR) Council recently opened a case to consider amending the Defense Federal Acquisition Regulation Supplement (DFARS) to set forth language authorizing the utilization of the authority provided under section 828 of the NDAA for Fiscal Year 2008. Upon promulgation of such

DFARS language, in accordance with the statute, DOD would give due consideration to the cost effectiveness of utilizing a multi-year contract in excess of 5 years in lieu of a contract or multi-year contract of 5 years or less. Such business case determinations would necessarily be made on a case-by-case basis.

4. Senator AKAKA. Mr. Arny, if a DOD Directive or Instruction has been approved, please include the text of such directive or instruction in your response. If guidance is under development, please describe the current status and parameters of that guidance.

Mr. ARNY. The case opened by the DAR Council has not yet resulted in any written documentation to include a directive or instruction.

HOME STATION TRAINING LANES

5. Senator AKAKA. Mr. Arny, DOD requested $269 million in supplemental funding for fiscal year 2008 for the Joint Improvised Explosive Device Defeat Organization to construct home station training lanes at installations across the various military departments to conduct training against improvised explosive devices. After these funds were requested and appropriated, it was discovered that the scope of activity for which much of these funds were requested meets the definition of MILCON. However, these funds were not requested, authorized, nor appropriated as MILCON funding. How does DOD plan to work with Congress to realign these funds to the proper MILCON accounts?

Mr. ARNY. The Department can provide additional information or briefings to assist in appropriately realigning these funds to the proper MILCON accounts.

6. Senator AKAKA. Mr. Arny, does DOD intend to submit a legislative proposal before Congress acts on the balance of the fiscal year 2008 supplemental request?

Mr. ARNY. No, the Department has no intention of submitting a legislative proposal before Congress acts on the balance of the fiscal year 2008 supplemental request.

AIR FORCE FIREFIGHTER PERSONNEL REDUCTIONS

7. Senator AKAKA. Secretary Anderson, as a result of a decision known as Program Budget Decision 720 (PBD 720) made inside DOD in developing the fiscal year 2008 budget, personnel reductions in excess of 30,000 positions in Air Force support functions such as base operations were required. The committee has received reports from numerous installations that these reductions will impact Air Force mission performance. Please provide the Air Force's assessment of the impact of these PBD 720 reductions on the effectiveness and safety of Air Force operations.

Mr. ANDERSON. We could not quantify any increased risk at our installations or to our operations resulting from the reduction of firefighters. Air Force fire and emergency services experts conducted an extensive study of fire service capability beginning with the levels of service required. The study was reviewed at intervening command levels and approved by the Chief of Staff of the Air Force in Program Action Directive 07–02.

During the study, we realized that our fire departments had more capacity than required due primarily to the unrealistic scenarios used as the basis for manpower. The scenarios included a catastrophic fire that involved the largest assigned aircraft or the most complex facility on the installation. Each of these scenarios required large numbers of firefighters to manage. In reality, catastrophic fires have rarely occurred on Air Force installations. Moreover, when such events did occur, the fire was catastrophic before firefighters arrived and regardless of the number of firefighters that responded, they could not prevent the damage and save the aircraft or facility.

The study concluded that successful fire protection can only be achieved with effective fire prevention programs rather than maintaining large numbers of firefighters. Minimizing fire damage is only possible when firefighters arrive while the fire is small enough for direct attack and extinguishment. When firefighters arrive to find a catastrophic fire, their tactics involve defensive operations to prevent the fire from spreading.

We are confident the focus on fire prevention and early intervention is in the best interest of the Air Force and constitutes the best use of scarce resources.

8. Senator AKAKA. Secretary Anderson, please provide a specific assessment of the number of firefighting positions reduced as a result of PBD 720, whether the Air

Force has changed firefighting standards to comply with those personnel reductions, and, if not, how the Air Force is accomplishing the same mission with fewer people without changing safety or manning standards.

Mr. ANDERSON. First of all, no standards were changed. Two primary standards continue to exist: (1) the amount of agent available to extinguish aircraft and structure fires; and (2) response time or time allowed for firefighters to reach the emergency. The Air Force and DOD do not prescribe a number of firefighters that must be available continuously, but a minimum for initial response.

The reductions were carefully calculated to preserve manpower needed to perform the key tasks required during emergency operations. At many installations, more firefighters were being maintained continuously when fewer firefighters could perform all the tasks to manage the most probable fire event. Consequently, firefighters were identified for reduction without compromising the levels of service for any mission.

With the reduction of firefighters, we could not quantify any increased risk. Nor could we identify any increased risk to the safety of firefighters since provisions that ensure firefighter safety are built into firefighting operational procedures, guidelines, and improvements in fire prevention.

We are confident the reduction of capacity in our fire departments, while unpopular, will not increase the risk to our people, property, and missions.

QUESTIONS SUBMITTED BY SENATOR BILL NELSON

HOUSING PRIVATIZATION

9. Senator BILL NELSON. Secretary Anderson, unfortunately, I don't believe that the Air Force is pursuing all the options that are available to it as a service to resolve the housing privatization problem affecting so many of our bases. Some options are:

- Default on the deal and allow over 200 acres to revert back to the Air Force.
- Infuse cash into a new deal that would allow other bases to get their projects completed and Patrick Air Force Base (AFB) to receive the additional houses that it is owed.
- Default and pay bondholders their subsequent interests in the deal and then re-compete the project, allowing completion.

If there is a way to resolve the housing privatization situation for all the affected bases (Little Rock, Moody, Hanscom, and Patrick), would you support that plan?

Mr. ANDERSON. Yes, the Air Force will support a four-base plan. In fact, that is what the Air Force currently is doing through its participation in the ongoing negotiation of a consensual workout among the project owners, the bondholders, a prospective purchaser, and the Air Force.

10. Senator BILL NELSON. Secretary Anderson, from meetings that I've had with Air Force Secretary Wynne and Chief of Staff General Moseley, it appears that the Air Force plan is to "bundle" the properties at Patrick, Hanscom, Moody, and Little Rock AFBs and take the equity from Patrick AFB property and those, yet unfinished, 400 housing units, and spread that equity to the other bases for completion of their housing. I believe the Air Force is being fiscally conservative by not putting any money upfront on this deal, as opposed to the Army who puts upfront money to their privatization contracts. For their purposes, the Air Force has only offered equity in property. Isn't it true that the Air Force has bundled this project with Patrick, Hanscom, Moody, and Little Rock AFBs in order to take the equity from Patrick AFB, in land, and 400 unfinished housing units at Patrick AFB to salvage this deal?

Mr. ANDERSON. There were many factors that contributed to the decision to bundle the four bases into a single project than just the potential financial contributions from Patrick AFB. The most expeditious solution to restarting the projects was a consensual sale of all projects to a single buyer. Buyer inputs clearly indicated a four-base deal was more attractive, given the sizes of each of the individual projects. Grouping enhances the long-term viability of the projects that are part of a group by increasing the resources available (across all the bases) to support the individual projects within the group, as needed, over the 50-year terms of these transactions. Since overhead and management costs are shared across the projects, each base benefits from the sale to a single buyer.

11. Senator BILL NELSON. Secretary Anderson, in the case of an Air Force default on this project, the Air Force would get back its 200 acres that were conveyed to American Eagle Communities. The Air Force has not exercised all its rights, so that they could recover damages they've already suffered. What other options, besides taking the equity, are available?

Mr. ANDERSON. The additional rights that the Air Force may exercise at all bases include: (a) enforcement, in court, of its right to specific performance by the project owner of its obligations under the Use Agreement and Lease of Property; (b) its right to take possession of the project and operate it in accordance with the Use Agreement and Lease of Property; and (c) its right to secure appointment of a receiver to operate the project in accordance with the Use Agreement and Lease of Property.

12. Senator BILL NELSON. Secretary Anderson, couldn't the Air Force use its own funding to rescue these projects?

Mr. ANDERSON. The Air Force does not have the authority to use appropriated funds for purposes other than those for which such funds are appropriated. The Air Force has not received any appropriations that may be used to cure defaults by the American Eagle project owners under their contracts with local contractors or their written agreements with the Air Force.

13. Senator BILL NELSON. Secretary Anderson, has the Air Force explored all options? If so, what are they? If not, why haven't you?

Mr. ANDERSON. The Air Force has explored and is continuing to explore all viable options for resolution of the problems at the American Eagle projects. The options include consensual solutions, bankruptcy, and litigation. All parties believe that a consensual solution will result in the best outcome for everyone. Bankruptcy and litigation will be more costly, are likely to take years, and offer no certainty as to outcome.

QUESTIONS SUBMITTED BY SENATOR MARK PRYOR

BASE REALIGNMENT AND CLOSURE

14. Senator PRYOR. Secretary Eastin, in past rounds of Base Realignment and Closure (BRAC), local redevelopment authorities (LRAs) were integral to disposal planning and BRAC implementation. I'm told that LRAs are no longer operating as a member of the Army Conveyance Teams and that all communication with LRAs is centralized and heavily controlled through your office. One of the lessons learned from past rounds of BRAC is that integrating the LRAs into the planning and decisionmaking process creates buy-in, fosters creative solutions, and accelerates transfers. Why is the Army apparently so reluctant to put the communities on the team this time around?

Mr. EASTIN. LRAs continue to play an integral role in the Army's disposal planning and BRAC implementation. During the initial planning phase, the Army immediately reached out to establish LRA relationships in order to open a line of communication and buy-in with the communities affected by BRAC recommendations. The LRAs are an integral component in the Army Conveyance Teams, whose purpose is to coordinate and expedite the processing of property transfer actions.

15. Senator PRYOR. Secretary Eastin, is the Army reprogramming BRAC environmental funds or will the dollars that were provided based on Department requests for each site be available for remediation activity at those sites?

Mr. EASTIN. The Army plans to spend BRAC environmental funds received in a manner consistent with justification materials submitted to Congress in support of the President's budget request. The Army does not currently plan to reprogram BRAC environmental funds.

16. Senator PRYOR. Secretary Eastin, 10 U.S.C. 2665 calls for 40 percent of net forest products sales proceeds and forest land sales proceeds that occur on Army property to be distributed to the local county. Does this distribution apply to the sale of BRAC property, in your judgment?

Mr. EASTIN. When we sell forest products on land that is part of an active installation, we are required to distribute the net proceeds to local communities in accordance with the provisions of 10 U.S.C. 2665. When we dispose of surplus real property located at an installation that has been closed or realigned, we do so under the General Services Administration's authority under 40 U.S.C. 541, the Federal Prop-

erty and Administrative Services Act of 1949, and in accordance with the 41 CFR 102, the Federal Management Regulation. BRAC law delegates this authority to the Army for real property disposal at closed or realigned installations. BRAC law also requires that proceeds received from the lease, transfer, or disposal of any property at a closed or realigned installation shall be deposited into the BRAC account. Standing timber is considered real property, and in accordance with BRAC law, the Army will deposit all proceeds from the sale of surplus standing timber into the BRAC account. Once deposited into the BRAC account, these funds are then used to clean up and maintain BRAC property prior to its transfer for community reuse.

HOUSING PRIVATIZATION

17. Senator PRYOR. Secretary Anderson, in early January the Air Force was fairly confident that a letter of intent for the renegotiated sale of the housing privatization projects at Little Rock, Moody, Hanscom, and Patrick AFBs would be signed by the current project's bondholders, Shaw/Carabetta, the Air Force, and a new developer. Why was this letter never signed? What were the issues that led to a failure to reach a deal?

Mr. ANDERSON. The letter of intent was executed by a prospective purchaser of all of the assets of the American Eagle projects and the owners of the projects effective April 2, 2008.

18. Senator PRYOR. Secretary Anderson, Senator Chambliss and I introduced legislation earlier this year in an attempt to provide some oversight on this problem. Have you read it? One to the issues we were extremely concerned with was the fact that our local subcontractors and suppliers involved in the project were left unpaid for $2.6 million (Arkansas) and nearly $7 million (Georgia) worth of work and materials. Does the Air Force plan to conduct town hall meetings to communicate the nature of the project and current sale negotiations, contractual agreements, and potential liabilities to local construction management companies and subcontractors?

Mr. ANDERSON. Yes, I have read your proposed legislation. I recently met with leaders in the communities where the American Eagle projects are located and with subcontractors adversely impacted by their business relationships with the American Eagle project owners. We are continuing to monitor the payment of liens and claims to the subcontractors on all these projects. We plan to conduct more town-hall meetings with the residents and leadership of these installations and local community leaders as we move forward with the consensual workout.

19. Senator PRYOR. Secretary Anderson, Carabetta Developers, the parent company for American Eagle Communities, has a 25-year record that includes business failures, bankruptcy, and unpaid subcontractors. What type of background checks does the Air Force complete before awarding contracts to developers, and how was Carabetta's history missed or disregarded?

Mr. ANDERSON. The Air Force considers Federal exclusion lists, Federal past-performance databases, Dun and Bradstreet Reports, information provided by other government agencies, and information provided by or at the request of offerors. Carabetta's bankruptcy and problems with HUD were considered in the 2003 evaluations of the past performance of the American Eagle offerors and were not disregarded. At that time, Carabetta's Chapter 11 reorganization plan had been approved by the bankruptcy court and HUD had resolved its problems and was doing additional business with Carabetta. Another important factor in the evaluation of the American Eagle offerors for the Hanscom, Little Rock, and Patrick projects was the favorable performance record of Shaw Infrastructure, Inc., which owns 50 percent of the American Eagle projects at Hanscom and Little Rock and 30 percent of the American Eagle project at Patrick.

20. Senator PRYOR. Secretary Anderson, explain what a cure notice does.

Mr. ANDERSON. A cure notice is sent by one of the parties to a written agreement to another party to that agreement to notify the second party of its default under the agreement. If the second party fails to cure the default within the cure period stated in the agreement and does not dispute the alleged default, then the party that sent the cure notice may exercise its remedies under the agreement.

21. Senator PRYOR. Secretary Anderson, how many cure notices were presented to American Eagle Communities before the project defaulted? Why?

Mr. ANDERSON. In August 2007, formal cure notices were sent to the owners of the American Eagle projects to provide notice to each of them (a) of defaults under

the Air Force documents and (b) that the Air Force intended to exercise its rights and remedies if the defaults were not cured within the cure periods stated in such documents. Prior to delivery of the formal cure notices, the parties had engaged in an ongoing dialogue about the alleged defaults.

QUESTIONS SUBMITTED BY SENATOR JOHN THUNE

RELOCATION OF MARINES TO GUAM

22. Senator THUNE. Secretary Penn, I note in your prepared testimony concerning the 2005 agreement to relocate 8,000 marines from Okinawa to Guam that the United States and Government of Japan (GOJ) "have negotiated a GOJ contribution of $6.09 billion of the estimated $10.3 billion cost for infrastructure on Guam." I understand that, of the $6.09 billion, $3.29 billion will be provided loans to special purpose entities (SPE) who will provide housing and utilities for the marines and their families. Am I correct that the GOJ will recoup their investment by collecting rent for housing units and charging utility fees to Marine Corps personnel?

Mr. PENN. It is the intention of the GOJ to recover their investments of cash and financial instruments on the housing through payments made by the U.S. Government to the SPE for housing via the Overseas Housing Allowance (OHA). It is the intention of the GOJ to recover their investment in utilities through payments made by the facilities utilizing the services.

23. Senator THUNE. Secretary Penn, can you provide more details about the funding plan for military housing?

Mr. PENN. The GOJ has committed to funding $2.1 billion of equity investments and loans to a SPE that would construct, operate, and maintain the military housing for the marines relocating from Okinawa. In May 2007, the GOJ passed a Special Measures Law Concerning Smooth Implementation of the Realignment of U.S. Forces in Japan and Related SDF Forces, as well as a Supplementary Resolution that authorized JBIC funding for the SPEs. We continue discussions with representatives of the GOJ on additional implementing details, funding priorities, and schedules.

24. Senator THUNE. Secretary Penn, does the Navy currently lease houses for the marines on Okinawa or pay for utilities? If so, what are the annual costs?

Mr. PENN. The Navy does not currently lease any houses for the marines on Okinawa. The Air Force is the DOD "Executive Agent" for family housing in Okinawa and supports the Marine Corps requirement there through the provision of government quarters. Based on information provided by the Air Force, the total fiscal year 2007 utility cost associated with the housing occupied by Marine families was $14.9 million, of which $11.3 million was reimbursed by the GOJ.

25. Senator THUNE. Secretary Penn, if the Navy will pay rent, has the Department determined what will be the additional impact to annual Navy budgets from this agreement?

Mr. PENN. Impacts to Navy budgets from this agreement continue to be assessed. Until final agreement implementation details are determined, any additional impacts cannot be fully determined.

26. Senator THUNE. Secretary Penn, I am concerned that the Japanese annual contributions under the Japanese Facilities Improvement Program (JFIP) have steadily declined from a 2003 annual level of $800 million to under $300 million in 2007. These burdensharing funds construct and improve facilities supporting U.S. forces stationed in Japan. Will any funds annually negotiated as part of the JFIP be used to satisfy the GOJ commitment of $2.8 billion to fund construction for the Guam relocation?

Mr. PENN. The JFIP is one element of Japan's total host nation support (HNS) to U.S. forces. The JFIP and GOJ funding for global posture realignment are separate and distinct categories of the GOJ budget. Although there have been cuts in the JFIP budget in recent years, there is at most an indirect relationship between JFIP cuts and increased funding for posture realignment.

The JFIP is a voluntary GOJ HNS program that funds improvements to facilities that U.S. Forces in Japan use. Cuts in the JFIP began in the late 1990s, with annual JFIP spending declining from over $800 million to approximately $250 million. These cuts have accelerated, particularly in each of the past 3 years. As part of a

fiscal restraint policy, Japan has also cut its own annual defense spending in recent years to approximately $41 billion or 0.95 percent of gross domestic product.

Notwithstanding the voluntary nature of the JFIP, the U.S. Government raised concerns with the significant and continuing cuts in JFIP during recently-concluded successful negotiations on a 3-year extension of the separate Special Measures Agreement (SMA) covering Japan's HNS for labor, utilities, and training relocation. The administration secured a verbal GOJ commitment to maintain JFIP at "sustainable levels," which we understand to be roughly equal to the current annual amount of at least $250 million. Additionally, the administration secured a GOJ commitment that, over the next 3 years, the United States and GOJ would conduct a comprehensive review of HNS. That review will evaluate JFIP, SMA, and other elements of HNS and defense spending within the larger context of ensuring balanced contributions to the alliance.

27. Senator THUNE. Secretary Penn, if the total construction cost estimates rise over the next 5 years beyond the current estimate of $10.3 billion, who will pay the additional costs?

Mr. PENN. The U.S. Government will pay any additional costs. Japan contributions of $2.8 billion in direct payments and $3.29 billion of equity investments and loans to SPEs are estimates in terms of U.S. fiscal year 2008 dollars and represent the maximum contributions by the GOJ. If cost savings are realized in the execution of the project, the GOJ will share in those savings.

28. Senator THUNE. Secretary Penn, per the agreement, is the GOJ contribution for direct cash capped at $2.8 billion?

Mr. PENN. Yes.

29. Senator THUNE. Secretary Penn, the DOD Inspector General (IG) noted in a March 2007 report that the Marine Corps had failed to budget for increased operation and maintenance costs on Guam, costs that are currently paid by the GOJ on Okinawa. Has the Department budgeted for these increase costs?

Mr. PENN. Tentatively, yes. In a 9 January 2007 response to the DOD IG, the Marine Corps stated: ". . . the Marine Corps received $2.5 billion in funding from Program Decision Memorandum IV to execute this [relocation to Guam] initiative across the Program Objectives Memorandum 2008 Future Defense Program." A portion of these funds were allocated to operation and maintenance costs on Guam. Construction on Guam is not expected to begin until fiscal year 2010. Future budget cycles will refine operation and maintenance costs requirements consistent with the completion of construction projects and relocation of units from Okinawa to Guam.

30. Senator THUNE. Secretary Penn, is the Department aware of any other operation and maintenance costs to be incurred by the relocation? If so, can you elaborate?

Mr. PENN. No. However, impacts to Navy budgets from this agreement continue to be assessed. Until final roadmap realignment details are determined, any additional impacts cannot be fully assessed.

SYNTHETIC FUELS

31. Senator THUNE. Secretary Anderson, in your written testimony to the House last week on the subject of synthetic fuels, you stated, "The Air Force goal is to cost-effectively acquire 50 percent of our continental United States (CONUS) aviation fuel via a synthetic fuel blend utilizing domestic feedstocks and produced in the United States by 2016, with the intent to require that the synthetic fuel purchases be sourced from suppliers with manufacturing facilities that engage in carbon dioxide capture and effective reuse." How will the Air Force assess whether the requirement is met for suppliers' manufacturing facilities to engage in carbon dioxide capture and effective re-use?

Mr. ANDERSON. After the Air Force completes testing and certifying the 50/50 synthetic blend, solicitations for operational synthetic fuel procurements will be arranged through the Defense Energy Support Center (DESC). The Air Force Petroleum Agency, the Air Force's Service Control Point to DESC for all fuel related issues, will identify an operational fuel requirement that will include language to ensure the synthetic fuel is greener (engaging in carbon capture and reuse) than petroleum based fuel. DESC will then manage the procurement, ensuring the contract language required to support the carbon dioxide capture and effective reuse require-

ment is included in the solicitation, and requiring that the manufacturers that bid on the contracts show that they meet the requirements and standards.

32. Senator THUNE. Secretary Anderson, if Congress were to extend the existing multi-year procurement authority for electricity to include synthetic fuels, what impact would that have on your goals?

Mr. ANDERSON. This could only help. A long-term contract would reduce the risks and uncertainties that dissuade industry from getting involved in the first place. With less risk, industry has a better chance to grow, thus helping the Air Force execute its strategic goals.

33. Senator THUNE. Secretary Anderson, in an article in the Federal Times on Monday, March 10, 2008, a special assistant working for you, Paul Bollinger, said in reference to a standard of manufacturing synthetic fuels, "Industry experts producing this fuel say they can meet the standards, but there is not standard. Until we get a standard, we can't buy the fuel." Can you describe how the lack of a standard affects the Air Force's synthetic fuel acquisition goals?

Mr. ANDERSON. Section 526 prohibits the Federal Government from purchasing unconventional and alternative fuels for commercial purposes that do not have green house gas (GHG) emissions on a life-cycle analysis (LCA) basis that are equal to or less than petroleum. At this time there are no standards that would quantify the GHG LCA emissions for petroleum or unconventional/alternative fuels. The standard and models used for the establishment of the standards are currently being discussed by EPA with the InterAgency Working Group on Alternative Fuels (which represents all Federal departments and agencies involved in alternative fuels).

Mr. Bollinger's statement in Federal Times was in reference to plants that will be producing domestic, alternative fuels in the near future. If the GHG LCA emission standards are not developed by the time these plants start producing alternative fuel, the Federal Government would be prohibited from buying this new source of domestic, alternative fuel due to section 526 of the 2007 Energy Independence and Security Act. A consistent and fair baseline, and analytical framework, needs to be established in a transparent fashion that meets the spirit of the law without impeding the development of the alternative fuels in order to help wean America off its dependence on foreign oil.

34. Senator THUNE. Secretary Eastin, can you please describe the Army's goals and policies regarding the uses of synthetic fuels?

Mr. EASTIN. The use of synthetic fuels is specifically cited in the U.S. Army Energy and Water Campaign Plan for Installations and discusses reduction of fossil fuel usage in non-tactical vehicles. This policy references synthetic fuels (including coal-derived liquid fuels) as a fuel recognized by the Energy Policy Act of 2005 as an alternative fuel used to reduce government consumption of petroleum-based fuels.

Research and testing of synthetic fuels for tactical vehicle use has been conducted by the U.S. Army Tank Automotive Research, Development and Engineering Center (TARDEC), primarily by their Fuels and Lubricants Laboratory. TARDEC conducts research and testing of alternative fuels to assess their potential for use in tactical vehicles and related fuel storage, distribution, and handling equipment. TARDEC has evaluated test fuel samples of synthetic fuel, including samples provided from a demonstration facility in Tulsa, Oklahoma, that was operated by Syntroleum Corporation to produce test fuel samples for research and testing purposes.

At the present time, synthetic fuels are considered a subject of research and testing only and are not currently used to meet the fuel needs of tactical or non-tactical vehicles.

35. Senator THUNE. Secretary Penn, can you please describe the Navy's goals and policies regarding the uses of synthetic fuels?

Mr. PENN. The Navy and Marine Corps Tactical Vehicle Alternate Fuels strategy is to allow market forces to determine commercially viable and environmentally compliant alternate fuels candidates. Navy and Marine Corps will focus their efforts and funding on the development and validation of Navy-specific evaluation and certification protocols necessary to allow alternate fuels use in tactical vehicles (ship, aviation and ground tactical vehicles) when they become available. Naval Fuels and Lubricants Cross Functional Team will lead the protocol development for Navy tactical vehicles by 2011 and protocol validation and certification of the most promising synthetic fuel candidate(s) for potential use in Navy tactical vehicles by 2013. Environmental issues (i.e., impact on greenhouse gas emissions and land utilization),

have emerged as a significant concern; section 526 of the 2007 Energy Independence and Security Act legislation limits the U.S. Government to only purchasing alternate fuels if their greenhouse gas emissions are less than the standard for petroleum (except for test and evaluation purposes). Collaborative efforts are ongoing with the DOE and EPA to define these standards and methodologies for calculating greenhouse gas burdens. Limited effort on protocol development has been initiated using available funding. Funding to complete protocol development, validation, and testing will be considered in future budgets; this effort is in compliance with the current legislation.

REDUCED FUNDS FOR BASE REALIGNMENT AND CLOSURE ACTIVITIES

36. Senator THUNE. Mr. Arny, in the Fiscal Year 2008 Omnibus Appropriations Bill passed late last year, Congress cut $939 million from the 2005 BRAC account to pay for other projects. In your written testimony, you state: "Delays in funding and the $939 million reduction present severe execution challenges and seriously jeopardize our ability to meet the statutory September 15, 2011, deadline." Statements like this are causing much concern in communities around the country trying to recover from closures as well as planning schools, roads, and infrastructure for significant increases in military populations. Assuming full funding is restored in the second fiscal year 2008 emergency supplemental, which Congress will consider in April, is the Department currently on track to meet the 2011 deadline for all closures and realignments?

Mr. ARNY. Assuming full funding is restored in the second fiscal year 2008 emergency supplemental, the Department is still tracking to complete the Base Realignment and Closure 2005 process by September 15, 2011.

37. Senator THUNE. Mr. Arny, which closure and realignment actions will be affected by a reduction in funds?

Mr. ARNY. The Department will experience disruptive delays in constructing much needed facilities unless Congress restores the full funding requested in the fiscal year 2008 President's budget in a timely manner so programmed actions can be executed in accordance with the planned schedule. MILCON and quality of life initiatives constitute large, crucial portions of a carefully synchronized plan. Without full funding, the Department's BRAC program will result in higher costs as projects are deferred.

The Department allocated the $939 million cut against the Military Department's BRAC programs as follows: Army $560 million, Navy $143 million, and Air Force $235 million.

The Army's $560 million decrement in BRAC funding, absorbed completely by construction, places the Army at a very high risk for meeting every aspect of the BRAC law. It would have three major consequences: (1) Delay the facilities for the equivalent of one Grow the Army (GTA) Brigade Combat Team (BCT) or 4,000 soldiers; (2) Eliminate unit "beddown," operational, and quality of life facilities in support of the Army Modular Force, Global Defense Posture Realignment (GDPR), and CS/CSS for GTA; (3) Impact Army Force Generation in support of global war on terrorism (increasing BCT "Boots on the Ground" time for deployed soldiers, and decreasing dwell time for soldiers at home station).

The Department of Navy absorbed $97 million (68 percent) of its $143 million reduction in the BRAC construction program. The remaining $46 million reduction was absorbed in the Operation and Maintenance category. Until the funds are restored, the Navy will have to delay starting construction for facilities to accommodate the collocation of DOD's investigative agencies at Quantico, VA, and a smaller cargo handling facility in Fort Lewis, WA.

The Air Force absorbed $129 million (55 percent) of its $235 million reduction in the BRAC construction program. The remaining $106 million reduction was absorbed in the Operations and Maintenance category. The unfunded construction projects are comprised of 20 projects that would impact "beddown" of missions at Kulis Air Guard Station (AGS), AK; Moody AFB, GA; MacDill AFB, FL; Davis Monthan AFB, AZ; F.E. Warren AFB, WY; Great Falls IAP AGS, MT; Hill AFB, UT; and Rome Research Lab, NY; would impact establishing the initial Joint Strike Fighter training site at Eglin AFB, FL; and would impact quality of life projects at Shaw AFB, SC, which supports Army members and families arriving from the closure of Fort McPherson, GA.

COST GROWTH CONTROL FOR BASE CLOSURE AND REALIGNMENTS

38. Senator THUNE. Mr. Arny, the cost to carry out the decisions of the 2005 BRAC round have risen 48 percent since 2006, from $22.5 billion to $33.2 billion. At the same time, this committee is aware of numerous MILCON projects related to BRAC that are being scaled back to keep the costs from rising even further. Organizations that are being moved under BRAC may end up in new facilities that do not fully meet their requirements. This unfortunate trade-off affects both readiness and mission effectiveness. Can I get your assurance that each BRAC construction project is and will be awarded at their full scope as provided for in their approved business plans?

Mr. ARNY. I am not aware of facilities that do not fully meet mission requirements. Every project validated as a BRAC requirement has already been or will be funded through BRAC.

DOD reviews each recommended implementation plan twice annually to ensure that it is in compliance with the BRAC law. Each of those reviews provides an opportunity to direct corrective action. Additionally, the Office of Secretary of Defense's Office of General Counsel is a key player in reviewing these plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

39. Senator THUNE. Mr. Arny, what is DOD doing to ensure that organizations do not end up with less than what they had before BRAC?

Mr. ARNY. DOD reviews each recommended implementation plan twice annually to ensure that it is in compliance with the BRAC law. Each of those reviews provides an opportunity to direct corrective action. Additionally, the Office of Secretary of Defense Office of General Counsel is a key player in reviewing these plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

40. Senator THUNE. Mr. Arny, what is DOD doing to ensure the quality of construction, such as the designed life of a building, is not reduced in order to keep costs lower?

Mr. ARNY. DOD's design and construction agents have not reduced facility design life parameters in order to reduce costs. For example, the Army has preserved a design life of 50 years for life cycle cost analysis and they value engineering considerations during the facility design process. Construction budgets for projects in the President's budget request for fiscal year 2009 reflect performance standards and requirements of DOD Unified Facility Criteria, the Energy Policy Act of 2005, and Executive Order 13423 (which addresses facility sustainability). DOD is committed to leverage industry strengths and best practices to ensure the delivery of sustainably-designed and constructed facilities that will perform efficiently over a complete expected service life.

HOUSING PRIVATIZATION FOR THE AIR FORCE

41. Senator THUNE. Secretary Anderson, concerning the Air Force housing privatization program, I realize the Air Force has a problem with one developer, who has stopped work at four AFBs. While working through these problems, what lessons has the Air Force learned that will be applied to future housing privatization endeavors?

Mr. ANDERSON. Lessons learned from problems with the American Eagle projects have led to improvements in the Air Force housing privatization program. Among the changes we have made is the centralization of the Air Force source-selection process for housing privatization projects with the Deputy Assistant Secretary of the Air Force (Installations). Additionally, Air Force oversight of construction during the initial development of privatization projects is now centralized at the Air Force Center for Engineering and the Environment.

42. Senator THUNE. Mr. Arny, what would the impact be to the DOD housing privatization program if Congress mandated an increase in government control and a Federal guarantee of private sector loans in the transactions?

Mr. ARNY. Additional government control over military housing privatization projects would be undesirable, unnecessary, and contrary to the very nature of privatization. Military housing privatization initiative (MHPI) projects are structured as private sector transactions to facilitate private sector financing and to reduce the amount of appropriated funding required for budget scoring. Legislation prescribing requirements and procedures that substantially conflict with how privately financed

housing projects are executed could undermine private sector financing and execution of MHPI projects, as well as substantially increase the government contribution required to support MHPI projects. Any such legislation could return the military Services to a reliance on MILCON funding for new housing construction to meet requirements generated by force restructuring requirements. Specifically, legislation to require a Federal guarantee of private loan funds in transactions involving privatized military housing would likely result in total project funding being scored for budgetary purposes, because the Department would be required to obligate funds equal to the full amount of the loan at the time the guarantee is made.

Legislation increasing government control is unnecessary. The Department has an effective oversight program for housing privatization project performance, to include detailed upward reporting by the military departments. In addition, Congress currently monitors housing privatization program performance based on the Department's submission of a program evaluation plan (PEP). DOD is willing to work with Congress to further enhance DOD's monitoring efforts for earliest identification of project issues.

MILITARY CONSTRUCTION FOR MISSILE DEFENSE REQUIREMENTS

43. Senator THUNE. Mr. Arny, the fiscal year 2009 budget request includes MILCON authorization of $661 million to construct a Ballistic Missile Defense (BMD) interceptor site in Poland and $176.2 million to construct a BMD midcourse radar site in the Czech Republic. The U.S. Government is currently negotiating a memorandum of agreement with each host nation for siting and support. What is the current status of these negotiations?

Mr. ARNY. Host nation agreements are expected no later than the fourth quarter of fiscal year 2008 to support award and execution of fiscal year 2009 MILCON projects.

44. Senator THUNE. Mr. Arny, when are the agreements planned to be completed and signed?

Mr. ARNY. Agreements are expected to be completed no later than the fourth quarter of fiscal year 2008.

45. Senator THUNE. Mr. Arny, the Missile Defense Agency (MDA) plans to use the Boeing Company, the prime contractor for delivery of the missiles, to also solicit and award contracts for the construction of the interceptor site through a series of task orders. This is a highly unusual arrangement as the DOD usually relies on the United States Army Corps of Engineers (USACE) to carry out major construction efforts. It also raises a whole host of questions about proper stewardship for taxpayer funds. What are the pros and cons of using hardware contractors to act on the Government's behalf to solicit and manage MILCON activities?

Mr. ARNY. DOD does not see clear advantages to using only hardware vendors to manage MILCON activities, and does not plan to execute MILCON in support of the Europe interceptor site and radar site without the involvement of the USACE. However, the nature of this complex project presents a compelling need for a close working relationship between the hardware vendor and the MILCON agent to achieve the project milestones. USACE and MDA are in the process of developing an acquisition strategy intended to accomplish that goal that my office will review and approve.

46. Senator THUNE. Mr. Arny, does DOD have any directives or guidance for the use of a contractor in lieu of the USACE for this type of activity?

Mr. ARNY. Consistent with 10 U.S.C. § 2851, DOD policy prescribes geographically-assigned construction agents for MILCON activities outside of the United States. For the missile defense sites in Europe, the Department of the Army is the designated DOD construction agent.

47. Senator THUNE. Mr. Arny, how will DOD ensure that the Federal Government receives a quality product?

Mr. ARNY. DOD plans to use a partnership between the MDA and the U.S. Army Corps of Engineers (USACE) to exercise contractual control over Boeing and other construction contractors to be determined. While specific partnering arrangements are still being developed, DOD anticipates each organization will leverage its unique expertise and responsibilities to provide the required level of quality and performance.

48. Senator THUNE. Mr. Arny, do you see this type of contract as a precedent for future construction efforts in support of the beddown of major weapon systems?

Mr. ARNY. The contractual arrangements resulting from the partnership between the MDA and the USACE are a function of the characteristics of the missile defense program: fast-track, evolving technology, and highly infrastructure-dependent. These arrangements could well serve as a template for future programs that share similar characteristics, but not necessarily for all major weapons systems.

49. Senator THUNE. Mr. Arny, the fiscal year 2009 budget request for construction of the interceptor site and radar is not accompanied by a request to construct any installation facilities such as barracks, dining facilities, emergency response stations, and other base support facilities which are absolutely essential to the operation of these sites. Should DOD be building these facilities concurrently with the construction of the operational sites?

Mr. ARNY. The Services are reviewing requirements for non-mission support facilities and plan to include projects in the Future Years Defense Program after the facility requirements have been determined.

50. Senator THUNE. Mr. Arny, what is the investment and construction plan for these support facilities and infrastructure?

Mr. ARNY. The investment and construction plan for these support facilities and infrastructure will be developed after the facility requirements are determined.

COSTS FOR MILCON TO SUPPORT GROWTH IN THE ARMY AND THE MARINE CORPS

51. Senator THUNE. Secretary Eastin, in January 2007, the President announced plans to grow the Army by 74,000 and the Marine Corps by 27,000 over the next 5 years. On December 19, 2007, the Army announced basing decisions for six brigade combat teams that form the majority of the new combat forces. To support this initiative, the Army is requesting $4.2 billion in fiscal year 2009 alone for new barracks, company operations facilities, and community support building. Does the Army have an estimate of the total MILCON and family housing costs to support the growth of the Army?

Mr. EASTIN. The current estimated cost for facilities which support Army growth is $11.2 billion, from fiscal year 2007 through fiscal year 2013. This includes MILCON, Army; MILCON, Army Reserve; MILCON, National Guard; and Army Family Housing dollars to directly fund facility projects. It also includes Other Procurement, Army and Operation and Maintenance funds for furniture, information technology, and other requirements which support MILCON projects. The total also encompasses three medical projects which were programmed by the Army and transferred to the TRICARE Management Agency for execution. As future budget submissions are developed using refined budget estimates based on more fully developed project designs, costs may fluctuate. This cost estimate represents all known Grow the Army requirements for the Active and Reserve components at this time.

52. Senator THUNE. Secretary Eastin, can you provide by fiscal year an estimate of the amount to be invested?

Mr. EASTIN. Congress has provided a total of $2.8 billion to date to meet facility requirements supporting Army growth, including $402 million in the fiscal year 2007 supplemental budget and $2.4 billion in the fiscal year 2008 base budget. The Army requested $4.2 billion for fiscal year 2009. It currently projects requirements of $2.4 billion for fiscal year 2010, $456 million for fiscal year 2011, $289 million for fiscal year 2012, and $124 million for fiscal year 2013. These figures include only the MILCON appropriations; the Other Procurement, Army and Operation and Maintenance funding requirements for fiscal year 2009 through 2013 total $923 million. The Army is currently reviewing all requirements during the fiscal year 2010 through 2015 programming process.

53. Senator THUNE. Secretary Eastin, will the funding plan allow the Army to ensure permanent facilities are in place for the additional forces?

Mr. EASTIN. The Army's fiscal year 2009 MILCON budget request and fiscal year 2010 through 2013 MILCON program have been carefully synchronized to deliver facilities on a timeline which supports the effective dates for activation of six growth Brigade Combat Teams, Combat Support units, and Combat Service Support units across all Army components. The construction program includes permanent operational facilities, barracks and dining facilities, training ranges, medical facilities, child development centers, Army family housing, and other quality of life facilities.

It also includes infrastructure projects, such as roadways and utility lines, to support the increased number of soldiers on installations, training base projects to enable the Army to instruct additional soldiers, and industrial base projects to increase the Army's depot-level maintenance capacity. Successful implementation of Army growth will require full and timely MILCON funding.

54. Senator THUNE. Secretary Eastin, within the plan to grow the Army, is the Army planning to enlarge or expand training ranges? If so, how much funding is planned for this requirement?

Mr. EASTIN. As the Army has reported to Congress in the annual 366 report and in previous testimony, the Army operates at an overall training land deficit (2 million acres in CONUS; the shortfall will more than double by 2011). The Army is always working to mitigate this shortfall through a variety of means. However, all of these mitigation measures, including training on other federally owned lands, cannot eliminate the training land deficit. Therefore, one of the options that must remain available to the Army is the acquisition of land where it is feasible and fiscally prudent.

Of the Army IBCT-growth locations; Fort Bliss, Fort Carson, Fort Stewart, and White Sands Missile Range, the Army is only reviewing a possible land acquisition at a sub-installation of Fort Carson called the Piñon Canyon Maneuver Site (PCMS). This potential acquisition was proposed before the Army growth plan was developed. The Army's interest in land acquisition at PCMS is based on a long-term review of all Army land assets. The decision to station a growth IBCT at Fort Carson was based on many factors and the Fort Carson growth is not the basis for the Army's interest in buying land at PCMS.

Fort Carson and PCMS, like most other Army installations, do not have sufficient training lands according to the requirements established by Army Doctrine. The additional IBCT at Fort Carson will increase that deficit. Without buying land at PCMS, the Army will have to adapt from doctrinal standards, which address multiple contingencies that our forces may face both now and in the future. There will be costs and implications associated with working around the doctrinal standards.

In terms of expanding Army firing ranges within the current boundaries of PCMS to accommodate Army transformation and growth, the Army has identified a requirement to construct several ranges and support facilities. These facilities would require approximately 30 full time positions that would benefit the local community around PCMS.

It is important to reiterate that any land purchases at PCMS will use MILCON appropriations and would have to be specifically approved by Congress. The current estimate is that the Army would request about $52 million to purchase approximately 130,000 acres.

55. Senator THUNE. Secretary Penn, the Marine Corps will grow their force by 27,000 in the next 5 years. Your statement for this hearing describes a $1.3 billion budget request for barracks to support growth in the force, but in reality, the funds will be used to address existing deficits in dormitory space and ancillary facilities required for the bases' force of 185,000 marines. The construction investment for the additional marines starts in fiscal year 2010. Your testimony states, "because marines will begin to arrive before construction at many locations is complete, the Marine Corps is planning to lease or purchase temporary support facilities." Does the Navy have an estimate of the total MILCON and family housing costs to support the growth of the Marine Corps?

Mr. PENN. The Marine Corps' 2+0 Barracks Initiative was originally programmed to eliminate space deficiencies in support of our fiscal year 2008 baseline end strength. While it is true that some of our $1.3 billion in barracks funding in our fiscal year 2009 budget was partially programmed to support this baseline end strength, it is nevertheless a critical enabler to our ability to expeditiously eliminate all of our total force space deficiencies, including those associated with an end strength of 202,000. As stated in our Grow the Force Initiative report to Congress in October 2007, our total MILCON, family housing, and temporary facility estimate is still currently $7.1 billion.

56. Senator THUNE. Secretary Penn, can you provide an estimate of the amount to be invested by fiscal year?

Mr. PENN. Please refer to the table pasted below. Funding requirements beyond fiscal year 2009 may change due to programming or pricing adjustments.

The Grow the Force MILCON and family housing investment by fiscal year included in the President's budget fiscal year 2009 Future Years Defense Program (FYDP) is as follows:

	Fiscal Year							Total Fiscal Years 2007–2013
	2007	2008	2009	2010	2011	2012	2013	
MCON	324	540	1,300	1,887	1,346	939	0	6,336
Family Housing	0	87	126	84	127	148	0	571
Total	324	627	1,425	1,971	1,472	1,087	0	6,907

57. Senator THUNE. Secretary Penn, does the funding plan include replacing temporary facilities with permanent ones?

Mr. PENN. Yes, the Marine Corps intends to replace all temporary facilities with permanent facilities.

58. Senator THUNE. Secretary Penn, how long will marines live and work in trailers and temporary facilities?

Mr. PENN. Due to the long lead time for permanent facilities, units may be in temporary facility solutions for 2–4 years after unit standup. Temporary facility solutions include: doubling up in existing facilities, slowing planned building demolition for use in the short term, and relocatable facilities (trailers, sprung shelters, and pre-engineered buildings).

59. Senator THUNE. Secretary Penn, within the plan, is the Marine Corps planning to enlarge or expand training ranges? If so, how much funding is planned for this requirement?

Mr. PENN. The Marine Corps will continue to modernize our existing ranges in order to provide the most efficient and effective training environment for our marines. Many of these modernization efforts pre-date the Grow the Force initiative.

Currently, we are studying the requirement to expand MCAGCC Twentynine Palms in order to advance warfighting skills at the Marine Air Ground Task Force level by allowing training of three battalions of marines simultaneously. An environmental review of this proposed action, and any attendant training airspace requirements to support it, will be undertaken as required by the National Environmental Policy Act (NEPA). The President's fiscal year 2009 FYDP includes a total of $39.9 million in fiscal years 2012/2013 for this acquisition. This estimate will be refined once the study and environmental analysis is completed.

ENHANCED USE LEASES

60. Senator THUNE. Mr. Arny, enhanced use leases in the DOD have proliferated in the past 3 years as the military Services learn to market under-utilized Federal property to the private sector for commercial use in exchange for ground lease proceeds and/or in-kind consideration. While Congress originally intended this authority to be an innovative way to generate funds for chronically depleted facility repairs accounts, like many authorities, it has had unintended consequences. Many local communities have raised concerns that local developers prefer the use of Federal land as a way to avoid State and local taxes. Private land owners are at a disadvantage competing against the Federal Government for development. Also, local communities have little or no control over development and are saddled with increased costs for traffic, schools, and infrastructure with no accompanying increase in local tax revenue. How can the DOD work with local communities to compensate for impacts to local conditions arising from enhanced use lease transactions?

Mr. ARNY. DOD will continue to ensure that the military departments fully coordinate with local and State governments regarding potential enhanced use leases (EULs) under section 2667 of title 10, U.S.C., to ensure that potential projects comply with zoning for adjacent parcels and are generally supported by the local government. However, in all cases, compensation for any impacts to local conditions arising from EUL transactions is the sole responsibility of the lessee, to include resultant property taxes or impact fees.

Property taxes and impact fees assessed to EULs depend upon State and local tax authorities and the nature of the development. The military departments will continue to advise potential lessees that in the absence of clear written direction from State and local tax authorities that property taxes are not applicable, or are reduced, the lessee should assume that property taxes will be assessed on the project and include such costs in their financial projections.

61. Senator THUNE. Mr. Arny, certain States are considering legislation that would tax any improvements made to Federal land, which are subsequently occupied by non-Federal tenants. What would be the impact of this type of legislation on the Department's enhanced use leasing program?

Mr. ARNY. Legislation that would tax improvements made to Federal land, which are subsequently occupied by non-Federal tenants, would likely lower the fair market value of the property and reduce the potential lease consideration (ground rent) paid to the military departments.

Section 2667(e) of title 10, U.S.C., specifies that State or local governments may tax the lessee's interest in the property leased to it. It further provides that any leases under 2667 include a provision that if and to the extent that the leased property is later made taxable by State or local governments under an Act of Congress, the lease shall be renegotiated. In all cases, the tax consequences of the enhanced use lease development are the sole responsibility of the lessee. When entering into enhanced use leases, DOD advises the lessee that in the absence of clear written direction from State and local tax authorities that property taxes are not applicable, or are reduced, the lessee should assume that property taxes will be assessed on the project and include such costs in its financial projections. These lessees can seek agreement from the local authorities to limit their fees to the actual services provided by the State or locality.

MILITARY FAMILY HOUSING IN KOREA

62. Senator THUNE. Secretary Eastin, in a Senate Armed Services Committee hearing on March 11, 2008, General Bell, Commander of U.S. Forces in Korea, testified about the construction of military housing in Korea that "Right now we are dead in the water." I note that, in the President's budget request for fiscal year 2009, $125 million is requested for the construction 216 units in the first phase of family housing in Korea. What is the total number of units currently planned to be constructed and the estimated total cost for the housing?

Mr. EASTIN. Including the fiscal year 2009 request, the total number of units planned for construction is 2,376. The total estimated cost of construction using Army Family Housing Construction funds is $1.3 billion.

63. Senator THUNE. Secretary Eastin, are these costs currently included in the Department's future budgets?

Mr. EASTIN. No. These costs are under consideration for funding and will compete against other Army priorities.

64. Senator THUNE. Secretary Eastin, in addition to MILCON plans, I believe the Army conducted an industry forum in Seoul, Korea, on February 26, 2008, to assess the interest of the private sector in entering into partnership with the Army to construct military housing. Does the Army have any plans to pursue a request for proposals from the private sector for construction of family housing? If so, what is the timeline for these actions?

Mr. EASTIN. The purpose of the February 26 industry forum was to gauge private sector interest to provide family housing for U.S. Forces in Korea. Over 500 participants representing 200 development, construction, property management, and financial institutions were in attendance. The event confirmed there is sufficient interest to proceed with a Request for Qualification and Request for Proposal. The feasibility report from the forum will be published on or about April 30. The report will provide a basis to draft the Request for Qualification, which will be released in the summer of 2008. We anticipate a final selection by the end of 2008.

65. Senator THUNE. Secretary Eastin, if the Department successfully negotiates for the construction of housing with funds provided by the private sector, will the funds currently planned for MILCON be needed?

Mr. EASTIN. Yes. The Army believes that the housing will comprise of a mix of Army constructed housing and private sector funded housing. It is not known at this time how many units can be provided by the proposed Humphreys Housing Initiative, and the Army will continue to plan for Army Family Housing Construction to provide the balance of the housing requirement at Camp Humphreys.

ELECTRICAL INFRASTRUCTURE AT FORT MEADE, MD, FOR THE NATIONAL SECURITY AGENCY

66. Senator THUNE. Mr. Arny, about a year ago, the National Security Agency (NSA) reported that, due to a lack of adequate electrical distribution infrastructure, it expected its power demands to exceed its supply within 2 years. The Baltimore Sun reported on January 31, 2007, that "The National Security Agency's impending electricity shortfall is "sort of a national catastrophe," Sen. John D. Rockefeller IV, the chairman of the Senate Intelligence Committee, said yesterday." What are the Department's actions and future plans to correct this problem?

Mr. ARNY. The NSA brought on additional data center capacity during fiscal year 2007 and fiscal year 2008, and has managed and redistributed its power on its footprint using funds appropriated in those years. NSA's Power, Space, and Cooling (PSC) plan was briefed to all committees. NSA's phased approach to addressing the power issue is funded and on track.

67. Senator THUNE. Mr. Arny, in a briefing my staff received from the NSA last week, it was revealed that a project is planned for fiscal year 2010 to replace a critical electrical substation supplying power to NSA at a cost of $184 million. Since this project is of vital importance to national security, why didn't DOD ask for authorization to construct this project in the budget request for fiscal year 2009?

Mr. ARNY. The NSA's PSC plan implements a systems engineered solution. Funds are sequenced in accordance with our immediate need for capacity and integrated with upgrades to the distribution system so power can be delivered to the point of need in order to maximize the return on investment. The substation is key to the final solution and is appropriately sequenced in fiscal year 2010 based on dependencies, construction realities, and the systems-engineered solution.

RECAPITALIZATION MASTER PLANS FOR AMMUNITION PLANTS AND ARSENALS

68. Senator THUNE. Secretary Eastin, the Army's inventory of arsenals and ammunition plants across the country are absolutely essential to the readiness of the Army's combat forces. In many cases, one arsenal is the sole supplier to the Army for essential materials like gunpowder, artillery shells, and certain types of ammunition. Any type of accident or failure at one of these plants represents a single point of failure and would be catastrophic not only for the personnel working at the plant, but for the entire Army. Many of these plants are currently operated by a contractor who has the task of maintaining some of the most deteriorated facilities and ancient equipment in the Army. Does the Army currently have a plan and investment strategy for each arsenal or ammunition plant to recapitalize the facilities and modernize the equipment? If so, are these plans funded in the budget request for fiscal year 2009?

Mr. EASTIN. Yes and yes. The U.S. Army's government-owned ammunition industrial base is critical for meeting the current and future needs of the Joint Warfighter. To ensure its readiness, the Army is addressing the critical needs of the ammunition industrial base to sustain operations, modernize capabilities, and mitigate supply chain disruption risks. The Army has a plan for each arsenal and ammunition plant.

The Army's investment to modernize the ammunition plants and arsenal are reflected in the fiscal year 2009 President's budget submission under Procurement of Ammunition, Army Production Base Support; Army Working Capital Fund Capital Investment Program; and MILCON, Army. The Army's priorities for the ammunition industrial base are focused on recapitalization of legacy systems to comply with ever-increasing environmental requirements; replacement of aging and beyond-useful life production capabilities and infrastructure; mitigation of critical single points of failure; and modernization of key electrical systems, production control, and computer systems. Accordingly, significant investments are being made to address the immediate needs at Radford Army Ammunition Plant (AAP), Holston AAP, and Lake City AAP for propellants, explosives, and small caliber ammunition, respectively, and the near-term needs at the other remaining government-owned production facilities.

For fiscal year 2009, the Army's Ammunition Plant and Arsenal recapitalization budget request is reflected in three accounts: (1) Procurement of Ammunition, Army Production Base Support ($187.4 million in fiscal year 2009), (2) Army Working Capital Fund Capital Investment Program ($22.3 million combined in fiscal year 2009). An extended summary of fiscal year 2005–2008 investments and planned investments for 2009 is available upon request.

69. Senator THUNE. Mr. Arny, are the MILCON projects contained in these plans incorporated into the Army FYDP? If not, why?

Mr. ARNY. The Army funds MILCON differently at ammunition plants and arsenals.

Ammunition plants, which are contractor operated, are funded from Procurement Army (PA) appropriations. The contractor identifies construction projects that are vetted through the Army staff. Projects are submitted in two categories, critical and other (essential). The critical projects have been successfully programmed in the FYDP. The Army continues to champion future funding for the rest of the construction requirements.

Arsenals compete with the rest of the Army for MILCON Army (MCA) funding. In the near-term (fiscal years 2010–2013) MCA funding is scarce, as the Army funded multiple BRAC construction requirements. Arsenals typically review their supporting infrastructure on an annual basis and will have many more projects identified for possible funding then will end up programmed in the FYDP.

70. Senator THUNE. Mr. Arny, would an investment in the recapitalization of the plants and modernization of the equipment lead to efficiencies that can be recouped from the contractors operating these plants, to include additional marketing advantages under authorities provided by Congress in the Arsenal Support Program Initiative (ASPI)?

Mr. ARNY. From the perspective of AAPs, when the ASPI funds go to the 10 government-owned, contractor-operated AAPs the investments in the recapitalization of the plants and modernization of the equipment lead to efficiencies that can be recouped from the contractors operating these plants. The useful life of the investment must consider contract terms and equitable adjustments. However, many of the current investments are to avoid supply disruptions or catastrophic failures, with no expected increase in efficiencies.

To address the question from the arsenal perspective, authorities provided by Congress in the NDAA for Fiscal Year 2001 (Public Law 106–398) pertaining to the ASPI only apply to manufacturing arsenals (Watervliet, Rock Island, and Pine Bluff). There are efficiencies gained with investments in equipment and facilities at the manufacturing arsenals. Investments that are based on both process improvements and efficiencies (savings) are economically justified. As the manufacturing arsenals become more efficient, they become more attractive to potential partners and to industry. ASPI is in place to provide a vehicle to take advantage of these opportunities including marketing of these improvements and efficiencies.

UNEXPLODED ORDNANCE CLEAN-UP

71. Senator THUNE. Mr. Arny, section 313 of the John Warner NDAA for Fiscal Year 2007 required a comprehensive plan for clean-up of unexploded ordnance (UXO) at the Department's active bases, formerly-used defense sites (FUDS), and facilities closed by BRAC to be submitted to Congress by March 1, 2007, with annual updates by March 15, 2008, 2009, and 2010. What is the status of the annual report that is due to Congress on March 15?

Mr. ARNY. The initial section 313 report for the NDAA for Fiscal Year 2007 was provided as a "stand alone" report to Congress on March 16, 2007. The first required update was signed on March 19, 2008, and received by Congress on March 21, 2008, as Appendix M of the Defense Environmental Programs Fiscal Year 2007 Annual Report to Congress.

72. Senator THUNE. Mr. Arny, have the preliminary assessments been completed at all active installations and FUDS properties consistent with section 313's requirement to accomplish that task by the end of fiscal year 2007?

Mr. ARNY. No. However, DOD completed 96 percent of the preliminary assessments at active installations by September 30, 2007. DOD completed 99 percent of the preliminary assessments at FUDS properties by September 30, 2007. We expect to complete the assessments on active installations by December 31, 2009, and on FUDS installations by September 30, 2013.

73. Senator THUNE. Mr. Arny, last year's DOD report indicated that DOD would complete site inspections at 78 percent of active installations and 71 percent of FUDS properties by 2010, falling short of the requirement set by section 313 that those site inspections be completed by the end of fiscal year 2010. What is the projection now?

Mr. ARNY. For active installations, the DOD projects to have 98 percent of all site inspections complete by September 30, 2010. This far exceeds last year's prediction of 78 percent. For FUDS properties, the Department projects to have over 70 percent of all site inspections complete by September 30, 2010. This is consistent with last year's prediction.

74. Senator THUNE. Mr. Arny, to address UXO clean-up at bases and installations closed by BRAC before the 2005 round, section 313 required that DOD achieve a remedy in place or response complete for clean-up actions for UXO and related constituents on property closed by the first four rounds of BRAC by the end of fiscal year 2009. That means the fiscal year 2009 President's budget request must be sufficient to complete UXO clean-up for BRAC rounds I–IV in this budget cycle. Last year's DOD report did not provide an estimated date for the completion of these actions. Will DOD achieve a remedy in place or response complete for UXO clean-up at installations and bases closed prior to the 2005 round of BRAC by the end of fiscal year 2009 as required by section 313?

Mr. ARNY. No. However, the Department currently has a remedy-in-place or response-complete (RIP/RC) for 63 percent of all military installations closed or realigned as part of a round of defense base closure and realignment occurring prior to the 2005 round. The Department projects to have a RIP/RC for 78 percent by September 30, 2009. Munitions response sites not meeting the goal are the most challenging in terms of scope and complexity in the Department's inventory, and we expect them to achieve RIP/RC by January 31, 2028.

75. Senator THUNE. Mr. Arny, section 313 also required the Secretary of Defense to achieve clean-up of UXO on bases and installations closed during the 2005 round of BRAC by a firm date that the Secretary was left free to establish. In last year's report, DOD said that a working group had been established to accomplish that requirement and that the goals would be in place during fiscal year 2007. What firm date has been established for clean-up of property closed by the 2005 round of BRAC?

Mr. ARNY. For all military installations realigned or closed under the 2005 round of BRAC, the Department has established the goal of September 30, 2010, for a RIP/RC for UXO, discarded military munitions, and munitions constituents at munitions response sites.

76. Senator THUNE. Mr. Arny, last year's section 313 report estimated that the cost to clean up UXO at all active installations and FUDS properties was $17.8 billion and that another $902 million would be required to clean up UXO at bases and installations closed by all five rounds of BRAC. Last year's report provided no estimated date when all active installations, FUDS properties, and BRAC sites would be completed. What are the cost-to-completion estimates this year?

Mr. ARNY. The cost-to-complete estimate for active installations and FUDS is $18.278 billion. The cost-to-complete estimate for BRAC installations is $947.3 million.

77. Senator THUNE. Mr. Arny, what is the projected date by which all UXO clean-up will be completed?

Mr. ARNY. We believe we can achieve RIP/RC for all UXO clean-up sites at active installations by September 30, 2018. However, the complexity and the number of UXO sites at FUDS makes adopting a date for completion of clean-up impossible at this time.

78. Senator THUNE. Mr. Arny, could Congress accelerate the time it will take to complete these clean-ups by increasing funding? If so, where could increased funding be best used?

Mr. ARNY. The Department believes that it has sufficiently budgeted for the execution of the Defense Environmental Restoration Program in a timely manner commensurate with established program goals. However, additional funding will shorten the time line for completion.

CLEAN-UP OF FORMERLY USED DEFENSE SITES

79. Senator THUNE. Mr. Arny, for the last several years, Congress has increased the funding for clean-up of FUDS. For example, the President's budget for fiscal year 2008 was $250 million—an amount lower than the $254 million appropriated by Congress for fiscal year 2007. Congress increased the amount for FUDS in fiscal

year 2008 to $270 million, an increase of $20 million over the President's budget. How much has the Department requested for FUDS clean-up for fiscal year 2009?

Mr. ARNY. The Department requested $257.8 million for the clean-up of FUDS in fiscal year 2009.

80. Senator THUNE. Mr. Arny, how long will it take to clean up FUDS at the level of funding in the President's budget?

Mr. ARNY. There are 4,684 FUDS within the United States and its territories that require response actions for clean-up of either hazardous waste or UXO. The Army, as executive agent for the program, has completed clean-up of 67 percent of the FUDS hazardous waste sites, and expects to complete clean-up at 90 percent of all remaining FUDS hazardous waste sites by 2020. The Army has completed clean-up at 30 percent of FUDS munitions response sites. Once the Army completes investigations at the remainder of the munitions response sites, the Department will have a better understanding of the hazards associated with these sites. This in turn will guide decisions on additional funding requirements needed to reduce or eliminate those hazards within a reasonable timeframe.

81. Senator THUNE. Mr. Arny, if Congress increased the funding level for FUDS clean-up, could the Department effectively use the money to increase the level of effort and shorten the time line for completion?

Mr. ARNY. Yes. Any additional funding will shorten the time line for completion.

BUFFER ZONE FUNDING TO LIMIT ENCROACHMENT

82. Senator THUNE. Mr. Arny, over the last 3 years, Congress added legislative flexibility and increased funding to support the Department's Readiness and Environmental Protection Initiative (REPI) to address environmental encroachment concerns by partnering with State and local governments and non-governmental groups to acquire buffer zones around military installations. This program is widely acknowledged as a success by DOD, State and local governments, and environmental groups. What level of funding is proposed for this program in the fiscal year 2009 President's budget?

Mr. ARNY. Considering the importance of maintaining readiness by buffering our installations from encroachment, the President's budget for fiscal year 2009 requests $40 million for the REPI program.

83. Senator THUNE. Mr. Arny, how does that compare with the fiscal year 2008 President's request and the fiscal year 2008 appropriated levels?

Mr. ARNY. The fiscal year 2009 President's budget request of $40 million is a $10 million increase over the fiscal year 2008 request of $30 million, and it is $6 million below the fiscal year 2008 appropriated level of $46 million.

84. Senator THUNE. Mr. Arny, if Congress were to increase funding for this program to meet or exceed the levels appropriated in fiscal year 2008, how would DOD use the additional funds?

Mr. ARNY. Any increased funding for the REPI program would continue to support new buffer projects. The Services have projected an estimated 250 additional REPI projects for fiscal years 2009–2013, including estimated requests totaling over $150 million in fiscal year 2009. As we continue to emphasize project effectiveness and return on investment, we are encouraging joint project proposals at multiple installations, such as the Midlands Area Joint Installation Consortium, which serves Air Force, Army, Navy, and National Guard installations in South Carolina. The DOD is also seeking investment leverage on a regional scale through efforts like the Southeast Regional Partnership for Planning and Sustainability (SERPPAS) and the Western Regional Partnership.

ARMY LITIGATION OVER STRYKER BRIGADE TRANSFORMATION IN HAWAII

85. Senator THUNE. Secretary Eastin, the Army has faced challenges to the transformation of units of the 25th Infantry Division in Hawaii to a Stryker brigade configuration as a result of a lawsuit challenging the Army's Environmental Impact Statement (EIS) supporting that action. In February, the Army completed a new Supplemental EIS and again reached the conclusion that the preferred alternative is a Stryker brigade based in Hawaii at Schofield Barracks. A formal Record of Decision making the final determination has not yet been announced. Despite the Army's efforts, the Supplemental EIS has already been criticized by environmental

groups for not including Fort Lewis, WA, among the possible basing sites studied. Is the Army confident that its Supplemental EIS for transforming elements of the 25th Infantry Division to a Stryker brigade configuration will withstand further scrutiny by the courts?

Mr. EASTIN. The Army is confident that the Supplemental EIS meets all legal requirements. The EIS has a lengthy discussion about why Fort Lewis would not be a reasonable alternative for stationing of the 2/25th Stryker Brigade Combat Team (SBCT). Fort Lewis does not have the garrison infrastructure to support the SBCT, and there are significant constraints that would make construction of the necessary facilities very difficult. In any event, the necessary infrastructure could not be built at Fort Lewis in time to support the proposed action. Finally, Fort Lewis is already the home to three other SBCTs. SBCTs must have some geographic dispersion to achieve rapid-deployment capability. Only one SBCT would be able to deploy at a time from Fort Lewis.

86. Senator THUNE. Secretary Eastin, when will the Army announce its Record of Decision?

Mr. EASTIN. The Army announced its Record of Decision on April 15, 2008.

87. Senator THUNE. Secretary Eastin, the committee is concerned about the delays that impact operations and readiness for deployment and the increased costs related to environmental litigation. This is not just an Army problem. For example, the Navy faced significant public opposition, litigation, and delays related to its environmental studies supporting the Navy's plan to build an outlying landing field (OLF) in Washington County, NC. As a result, the Navy abandoned its original plan and is now studying other alternatives. What has the Army learned from its experience in this litigation?

Mr. EASTIN. The Army learned that it must clearly articulate its consideration of the full range of reasonable alternatives in documents prepared pursuant to the NEPA. The Army recently prepared an EIS for Army Growth and Force Structure Realignment. The Record of Decision for this action was published on January 7, 2008. On March 13, 2008, the Army published a Notice of Intent for a supplement to the Growth EIS, designed to look at changes in the Pacific Theater, including Alaska and Hawaii. These documents will enable installations to perform NEPA analyses for growth at their locations without having to consider alternative destinations for incoming soldiers. In NEPA terms, we have engaged in a process called "tiering." I believe that the Army has done excellent planning, to include preparation of studies under NEPA or its future stationing actions.

88. Senator THUNE. Secretary Eastin, the Army is engaged in an enormous effort to re-station its forces as a result of BRAC and changes to the global basing of U.S. forces overseas. Are you confident that the other environmental studies the Army is conducting are sufficiently thorough so that they can withstand scrutiny by the courts?

Mr. EASTIN. Yes. We prepare each NEPA document carefully, fully involve the public, and review the analysis thoroughly before making final decisions.

STUDY OF HISTORIC AT-SEA DUMPING OF MUNITIONS

89. Senator THUNE. Secretary Eastin, section 314 of the John Warner NDAA for Fiscal Year 2007 required the Secretary of Defense to conduct a historical review of available records to determine the number, size, and locations of sites where the Armed Forces disposed of military munitions in coastal waters and to assess the potential public health hazard and any remedial measures that may be necessary to address such risks. The Department will make its final section 314 report in the Department's fiscal year 2009 Environmental Report to Congress. What has the Department learned so far about the number of such sites and does the Department assess that any of them present a potential danger to the public?

Mr. EASTIN. The Office of the Secretary of Defense (OSD) has been working closely with the Services to comply with section 314. To date, the Army has completed and reported to OSD the results of its archival search of sea disposal operations in U.S. coastal waters that involved chemical munitions and containers of bulk chemical agent (referred to as chemical warfare material or CWM). As DOD reported in its Defense Environmental Program Fiscal Year 2007 Annual Report to Congress, Appendix S (see attached), we have identified 19 sites in coastal waters where CWM was sea disposed, and 10 sites where conventional munitions or related material were sea disposed. OSD initially reported this information in its Annual Report to

Congress for fiscal year 2006, and updated it in its Annual Report to Congress for fiscal year 2007 report. The Army and Navy continue their research of operations that involve sea disposal of conventional munitions.

Based on research conducted to date, undisturbed sea-disposed munitions, including any munitions constituents released to the environment, do not pose an imminent or substantial endangerment to the public. However, as you may be aware, when sea disposed munitions are inadvertently recovered during maritime activities, there may be an explosive hazard. To address this risk, the Department has taken several actions. First, to work with the National Oceanic and Atmospheric Administration (NOAA) to ensure NOAA mapsheets clearly depict both the chemical and conventional munitions sites. Second, the Department has implemented an aggressive explosives safety education program. This program is based on learning and following an easy to remember message—the 3Rs: Recognize—when you may have encountered a munition; Retreat—leave it alone, that is do not touch or disturb it; and Report—call 911. The Department immediately responds to calls from local law enforcement to address recovered military munitions.

90. Senator THUNE. Secretary Eastin, do you commit to keep this subcommittee informed of the Army's actions and any needs that may arise from this situation?

Mr. EASTIN. Yes.

NAVY LITIGATION OVER SONAR

91. Senator THUNE. Secretary Penn, the Navy is currently involved in litigation challenging the Navy's compliance with environmental laws regarding use of mid-frequency active (MFA) sonar. MFA sonar is the most common form of active sonar used by surface ships, submarines, and helicopters. On January 23, 2007, the DOD invoked the National Defense Exemption under the Marine Mammal Protection Act (MMPA) to exempt all military readiness activities that use MFA sonar from compliance with the MMPA for a period of 2 years. Despite the DOD's decision to invoke this National Defense Exemption in early January 2008, a Federal District Judge in San Francisco issued an injunction and imposed significant restrictions on Navy sonar training in at-sea ranges off southern California. What is the status of the litigation and describe its impact on the Navy's ability to train effectively for deployment using active sonar?

Mr. PENN. The injunction, issued by the U.S. District Court for the Central District of California on January 3 and modified on January 10, is a very serious matter because of the impact it could have on readiness of our deploying naval forces. In the opinion of the Chief of Naval Operations, the injunction unacceptably risks naval training, the timely deployment of strike groups, and national security. The injunction, therefore, prompted a series of urgent actions within the Executive Branch. On January 15, 2008, the President exercised his statutory authority under the Coastal Zone Management Act (CZMA) to exempt the Navy's activities at issue in this case from CZMA compliance, 16 U.S.C. 1456(c)(1)(B). The President determined that "the [exercises], including the use of MFA sonar in these exercises, are in the paramount interest of the United States" and that, in light of the District Court's injunction, an exemption was necessary "to ensure effective and timely training of the United States naval forces" because compliance would "undermine the Navy's ability to conduct realistic training exercises that are necessary to ensure the combat effectiveness." The President accordingly issued the exemption to "enable the Navy to train effectively and to certify * * * strike groups for deployment" in support of operational and combat activities "essential to national security."

Contemporaneous with the President's action, the Council on Environmental Quality (CEQ) authorized alternative arrangements for NEPA compliance for "emergency circumstances" pursuant to 40 C.F.R. 1506.11. CEQ acted only after extensive consultation with the Navy and the National Marine Fisheries Service (NMFS), the agency within the Department of Commerce responsible for protecting marine mammals, and reviewing relevant documentary materials. Noting that NMFS had determined that the Navy's southern California exercises were not expected to cause any "adverse population level effects for any * * * marine mammal populations" and that the next southern California exercise was imminent, CEQ concluded that "emergency circumstances" warranted "alternative arrangements for compliance with NEPA" involving enhanced environmental assessment and public participation measures until the Navy's ongoing southern California EIS is completed.

The Navy then filed a motion to vacate the injunction, which the District Court denied. The court opined that the President's exemption under the CZMA was of questionable constitutionality. Rather than decide that question, however, the court

held that its preliminary injunction remained an appropriate remedy for a NEPA violation and that CEQ's approval of alternative NEPA arrangements under 40 C.F.R. 1506.11 was invalid.

The Navy appealed to the Ninth Circuit Court of Appeals, which affirmed the District Court. In view of the "importance of the Navy's mission" and "the representation by the Chief of Naval Operations that the District Court's preliminary injunction in its current form will 'unacceptably risk' effective training and strike group certification," however, the Ninth Circuit granted a temporary partial stay from the injunction's more onerous provisions (2,200-yard mandatory shutdown and surface-ducting power-down requirements). That stay will expire, however, upon the Supreme Court's final disposition of the case.

On Monday, March 31, 2008, the Solicitor General of the United States filed a petition for writ of certiorari with the United States Supreme Court.

92. Senator THUNE. Secretary Penn, the Navy faces similar litigation over its use of low-frequency active (LFA) sonar, which is the Navy's most effective means to detect super-quiet diesel submarines at long range, such as those operated by China and North Korea. What additional limits on the Navy's use of LFA sonar have been imposed by the courts and what is the Navy doing in response to this litigation?

Mr. PENN. The Navy's use of Surveillance Towed Array Sensor System Low Frequency Active (SURTASS LFA) sonar was restricted to areas of the western Pacific Ocean from 2002 until August 2007 as a result of a preliminary and later a permanent injunction issued by the U.S. District Court for the Northern District of California in response to a lawsuit brought by the Natural Resources Defense Council and others. The terms of those injunctions resulted from court-ordered mediation. As part of the formal regulatory process administered by the NMFS, the agency within the Department of Commerce responsible for administering the MMPA, the Navy had already agreed to and was required to comply with extensive mitigation measures for the use of SURTASS LFA sonar, including visual, passive, and active acoustic monitoring (using a special sonar adapted for the purpose) and limiting the sound-received levels near coastlines and in certain sensitive areas designated as Offshore Biologically Important Areas (OBIAs). During those 5 years, there was no evidence that SURTASS LFA harmed any marine mammals. The permanent injunction expired in August 2007 with the expiration of the 2002 SURTASS Final Rule issued by NMFS. NMFS issued a new regulation (Final Rule) in August 2007 to replace the expiring rule. The new Final Rule was supported in part by a Supplemental EIS, which the Navy prepared to correct deficiencies that the Court had identified concerning the Navy's efforts to comply with the NEPA in 2002. Despite the new analysis, the results of additional research on the effects of SURTASS LFA, and the lack of any documented harm from 5 years of LFA sonar use, NRDC and others brought a new lawsuit in September 2007 challenging the new Final Rule issued by NMFS. The Navy agreed to abide by the previous permanent injunction with some modifications while NRDC's request for a preliminary injunction on the new rule was heard. On February 6, 2008, the Court issued a new preliminary injunction that temporarily extended the same restrictions that had been in effect since the new lawsuit began. The Court was concerned about NMFS's decision not to designate a number of new OBIAs, including areas such as the Galapagos Islands and the Great Barrier Reef. The Court directed the parties into meditation to negotiate the details of the new injunction. That mediation is ongoing.

93. Senator THUNE. Secretary Penn, how do these limits impact the Navy's ability to train?

Mr. PENN. Over the last 5 years, the Navy's use of SURTASS LFA sonar has not only resulted in no documented harm to marine mammals, but has also confirmed the promise of SURTASS LFA sonar as a very effective long range sensor, uniquely able to detect and track very quiet submarines before they get close enough to launch an attack. Information gained by the use of SURTASS LFA sonar also can make other anti-submarine warfare (ASW) sensors more effective. The Navy is troubled that, despite these extensive efforts and careful study, additional restrictions could again be imposed on use of this critically-needed system that could prevent the Navy from effectively using SURTASS LFA sonar for its assigned mission. The SURTASS LFA sonar restrictions under the current injunction limit the Navy's ability to train, test, and conduct military operations closer to shore than would be permitted under the current MMPA final rule. Until mediation is concluded and the full details of the preliminary injunction are known, however, it is impossible to say what additional limits may be imposed.

94. Senator THUNE. Secretary Penn, are you concerned about the restrictions imposed on Navy sonar training in light of recent deployments of diesel submarines by China into areas in which U.S. carrier battlegroups are operating?

Mr. PENN. Navy is extremely concerned by court imposed restrictions on training with MFA and LFA sonar systems. The continued deployment of increasingly capable, quiet diesel-electric submarines that could be a threat to our Carrier and Expeditionary Strike Groups. LFA and MFA sonar are the Navy's primary sensors for detecting these submarines and critical to our ability to properly address this serious threat. Given the complexity of the marine environment and associated difficulty in mastering the art of detecting and tracking submarines, training sailors in sonar use under realistic conditions is critical to countering and defeating this threat. These realistic conditions can only be found at sea. Consequently, at-sea training using MFA and LFA sonar is essential to the Navy's efforts to train and certify deploying Strike Groups and forward deployed LFA-equipped ships. Therefore, restrictions that interrupt the flexibility, quality, continuity, and consistency of this training threaten our national security and are viewed with grave concern.

EIS FOR NAVY SONAR ON THE EAST COAST

95. Senator THUNE. Secretary Penn, last year, the Navy began the process of conducting an EIS to support its plan to develop an at-sea sonar training range on the east coast of the United States. Where is the Navy in this process and when do you expect it to be complete?

Mr. PENN. The Department of Navy is revising the Draft EIS (DEIS) based on the new marine mammal affects methodology developed by NMFS. The DEIS is projected to be released for public review in July 2008, and a Record of Decision projected for July 2009. We anticipate initiating construction in 2013.

96. Senator THUNE. Secretary Penn, why is this range so important to the Navy?

Mr. PENN. The range is important for the following reasons:

1. Worldwide Deployment Involving Littoral Conditions. Atlantic Fleet units deploy worldwide, and shifts in the military strategic landscape require increased naval capability in the world's shallow, or littoral seas, such as the Arabian Sea, the South China Sea, and the Korean Sea. Training effectively for these littoral environments requires the availability of realistic conditions in which actual potential combat situations can be adequately simulated.

2. Threat of Modern Diesel Submarines. Global proliferation of extremely quiet submarines poses critical threats to maritime interests of the United States. These silent diesel submarines are capable of operating extremely effectively in confined, congested littoral regions where acoustic conditions make detection significantly more challenging than in deep water and can get well within torpedo striking range of U.S. forces before being detected by passive sonar.

3. U.S. World Role. The role of the United States on the world stage makes it imperative that U.S. military forces are the best trained, prepared, and equipped in the world. ASW is a Navy core capability and is a critical part of that mission. The Navy is the only DOD Service with ASW responsibility, and must be trained and capable in littoral water operations.

4. Mission Readiness and Fulfillment. The Navy's primary mission is to maintain, train, equip, and operate combat-ready naval forces capable of winning wars, deterring aggression, and maintaining freedom of the seas. Training with the actual sensors and weapons systems aboard their own ships, submarines, or aircraft in a complex operational setting with a realistic scenario is key to maintaining Fleet combat readiness and to survival in actual wartime conditions. Timely and accurate feedback of training performance to exercise participants and the ability to rapidly reconstruct the training event contribute significantly to the quality of this complex training. These capabilities may only be realized through the use of an instrumented, at-sea training range. At present, the only operational Atlantic instrumented training range is located in a deep-water environment, requiring that results be extrapolated to apply to the critically different conditions of shallow water.

5. Benefit to All DOD Forces. The training value of the proposed action ultimately benefits all DOD forces whose missions are in any way tied to maritime operations, homeland security, or access to strategic littoral areas of the world. The threat from silent submarines to U.S. forces, civilians, and

materiel and potentially to national security and the increasing focus of combat in shallow, littoral areas mandate appropriate training. Such training can only be accomplished with an instrumented undersea warfare training range appropriately located in a shallow water environment.

CAMP LEJEUNE WATER CONTAMINATION

97. Senator THUNE. Secretary Penn, section 315 of the NDAA for Fiscal Year 2008 required, not later than a year after the law was enacted, that the Secretary of the Navy make reasonable efforts to identify and notify directly all civilian employees and former military and civilian residents of Camp Lejeune, NC, who may have been served by the Camp Lejeune water system from 1958 through 1987 that they may have been exposed to water contaminated with tetrachloroethylene (PCE) or trichloroethylene (TCE) that may be related to birth defects, diseases, or other adverse health effects. Those individuals contacted will be provided a health survey in which they may voluntarily provide personal health information that may be helpful in establishing scientific links between exposure to PCE or TCE and adverse health impacts. This direct outreach is in addition to ongoing studies by the Agency for Toxic Substances and Disease Registry (ATSDR) on the potential adverse health impacts of exposure to contaminated drinking water at Camp Lejeune. What have the Navy and Marine Corps done so far to implement the direct outreach to former residents and civilian employees at Camp Lejeune required by section 315?

Mr. PENN. The Marine Corps has made it a top priority to identify and directly contact the potentially impacted population (individuals who lived or worked at Camp Lejeune between 1957 and 1987) so that they can be notified of their potential exposure and updated as additional information becomes available.

To this end, in September 2007 the Marine Corps established a Toll-Free Call Center and Notification Registry to inform former Camp Lejeune residents that they may have been exposed to impacted drinking water and receive additional information when ongoing studies are complete. The registry can be accessed at www.usmc.mil/clsurvey or via the toll-free line at 1–877–261–9782. Interested parties can also email questions to clwater@usmc.mil.

To reach former marines whose contact information is not contained in our records, the Marine Corps has placed advertisements in local command and other military publications, articles in local newspapers (nationwide), and radio announcements (nationwide). The Marine Corps has funded paid advertisements in national publications such as "USA Today". These public outreach efforts, in conjunction with mailing addresses from our surviving records, have enabled the Marine Corps to identify thousands of former base residents and employees and mail over 55,000 letters notifying them of their potential exposure, informing them of the issue, and providing contact information so they can learn more. Updates will be mailed as additional information becomes available (e.g. the completion of the ATSDR health survey, Hadnot Point Water Model, ATSDR ongoing epidemiological study, and the National Academy of Sciences (NAS) study).

98. Senator THUNE. Secretary Penn, has appropriate funding been identified and is it available to conduct the outreach?

Mr. PENN. Yes. The Marine Corps allocated approximately $1 million in 2007 and $3.5 million in 2008 for outreach activities associated with the Camp Lejeune Water Study. The following activities are examples of outreach activities in progress or planned. As additional resources are identified, they will be implemented as appropriate.

Outreach Activities Planned or In Progress

- Communication Plan
- Stakeholder analysis study
- Dedicated Call-Center with toll free line (877–261–9782)
- Remodeled website dedicated to Camp Lejeune Water Study (www.marines.mil/clsurvey)
- Notification Registry integrated with website
- Advertisements in Marine Corps publications (e.g. Leatherneck, Gazette, Semper Fidelis)
- Paid advertisements in local newspapers (nationwide)
- Paid radio announcements (nationwide)
- Paid advertisements in national publications (e.g. USA Today and USATODAY.com)

- Letter mailing costs (address verification, paper products, stamps, copying, labor)
- Internal Revenue Service (IRS) costs associated with using IRS database to mail letters to individuals with name and social security numbers, but without current known addresses
- Contractor support to develop databases and website, implement call center, and assist with outreach activities

99. Senator THUNE. Secretary Penn, are the Navy and Marine Corps continuing to provide timely and sufficient funding for the ongoing study being conducted by ATSDR?

Mr. PENN. The Navy and Marine Corps continue to support the ATSDR ongoing study. Each year, the ATSDR submits an Annual Plan of Work to the Navy in accordance with a mutually agreed-upon Memorandum of Understanding. The Navy and Marine Corps then work with the ATSDR to reach agreement on the particular projects to be funded and completed during that year.

100. Senator THUNE. Secretary Penn, what is the current status of the ATSDR study? When is it expected to be complete?

Mr. PENN. Questions regarding the ATSDR study should be directed to ATSDR. The original completion date provided by ATSDR was 2005. ATSDR's latest study completion date was December 2007. However, according to the ATSDR, the complicated nature of the water modeling has delayed their study completion date once again. At this point, ATSDR has not formally indicated when their ongoing study will be complete; however, through informal discussion with staff, the second water model for the Hadnot Point Water Distribution System should be complete in June 2009. ATSDR believes that completion of this water model is necessary to complete the associated epidemiological study.

101. Senator THUNE. Secretary Penn, please describe what the Navy and the Marine Corps have done to address this issue and the concerns of marines and their families who believe they have health-related impacts due to contaminated drinking water at Camp Lejeune.

Mr. PENN. The Marine Corps remains committed to finding answers to the many questions surrounding historic water quality at Camp Lejeune and providing this information to our marines and their family members who may have been impacted.

Exposure to the chemicals in the drinking water at Camp Lejeune has not yet been linked to any illnesses. The Marine Corps has worked closely with the ATSDR, the Environmental Protection Agency (EPA), GAO, and NAS to study and address the issue. Since 2003, the Marine Corps has spent over $10 million supporting the efforts of these agencies to determine whether our marines, families, and civilian workforce may have been adversely affected by the water. To date, we are unable to answer this question definitively.

Presently, the ATSDR is attempting to project when the drinking water was first impacted, who may have consumed the impacted water, and whether there is any association between exposure to the chemicals in the drinking water and certain adverse health conditions in children born to mothers who lived at Camp Lejeune between 1968 through 1985 (thought to be the most sensitive population). ATSDR estimates that this study will be completed in mid-2009. In April 2007, the Marine Corps contracted with the NAS to conduct a comprehensive review of available scientific literature in order to recommend future actions that could be taken (estimated completion October 2008). Other completed studies include a review by the GAO, a Department of Justice investigation, an EPA Criminal Investigation Division investigation, as well as a panel review commissioned by the Commandant of the Marine Corps.

The Marine Corps fully supports the efforts of these agencies and is providing data, access, and logistical assistance to them; upon completion of their studies, the Marine Corps will publicize the results.

ENVIRONMENTAL LITIGATION AND LOCAL OPPOSITION FORCE CHANGE

102. Senator THUNE. Secretary Penn, the Navy has now abandoned it efforts to build a new OLF in Washington County, NC, to support Navy aircraft stationed on the east coast due to public opposition to the plan and related environmental litigation. The Navy is conducting a new EIS to consider other alternative sites. When does the Navy expect to complete this new EIS?

Mr. PENN. The Navy is working to complete and publish the Notice of Intent to conduct an EIS in the Federal Register in the second week of April 2008. Following that publication, the Navy will conduct public scoping meetings in seven counties in Virginia and North Carolina potentially impacted by a decision on a site for the proposed OLF. These hearings are tentatively scheduled to begin April 28, 2008, and continue through May 7, 2008. The environmental analysis will follow these public scoping meetings. Our goal is to publish a draft EIS in June 2009 to be followed by public hearings in each potentially affected county. The Final EIS is scheduled for April 2010, followed by a Record of Decision in July 2010.

103. Senator THUNE. Secretary Penn, the committee is concerned about the delays that impact operations and readiness for deployment and increased costs related to environmental litigation. This is not specifically a Navy problem. The Army has faced similar delays as a result of environmental litigation over the transformation of Army units in Hawaii to a Stryker brigade. What has the Navy learned from its experience in this litigation?

Mr. PENN. Many environmental statutes require completion of a formal process to inform a decision before an activity can begin. These processes typically take several months or years to complete. We are fully in favor of informed decisions, but when these statutes are applied to dynamic scientific, military, and international situations, military readiness can be the first casualty. Because these statutes were not drafted in a way that facilitates their application to dynamic situations, an assessment process can be almost complete when a new development or changed circumstance arises that requires the process to start all over again. If a required action, such as a training exercise, has to proceed before completion of the process, it does so at risk of litigation, has to rely on another form of compliance, or be altered to reduce the risk of litigation. Even after completion of the process, litigation often ensues, and this litigation ensues even if, in the end, the conclusion of the analysis is that there is little or manageable risk to the environment. The requirement to be ready to fight and win cannot be suspended for a period of years while procedural steps are completed, all the while subject to litigation.

The Navy is committed to responsible environmental stewardship while executing its national defense mission and is working very hard to anticipate and get out in front of the requirements for environmental compliance. The Navy must comply with a number of Federal, State, and local environmental laws and regulations that apply to terrestrial and aquatic environments. In furtherance of that responsibility, in 2004, the Navy established the Tactical Training Theater Assessment and Planning (TAP) Program to ensure comprehensive, long-term environmental compliance for critical maritime ranges and operational areas. This program integrates environmental, operational, and facilities management and provides the framework for range management initiatives.

As a result of the TAP program, the Navy submitted Notices of Intent to prepare EISs for 12 maritime ranges and operating areas and recently released 2 Draft EISs, the Hawaii Range Complex Draft Environment Impact Statement (DEIS) and the Atlantic Fleet Active Sonar Training DEIS, for public comment. All 12 EISs and all applicable environmental compliance requirements including, but not limited to, Letters of Authorization under the MMPA and Biological Opinions under the Endangered Species Act, are expected to be completed by the end of calendar year 2009. In the interim, Navy has been preparing environmental assessments for all major training exercises, including but not limited to, obtaining Biological Opinions when appropriate and complying with the provisions of the National Defense Exemption under the MMPA.

Nevertheless, court-imposed restrictions resulting from litigation threaten the efficacy of vital training exercises and, therefore, threaten to negatively impact national security.

104. Senator THUNE. Secretary Penn, does the Navy continue to have a compelling operational need for an OLF?

Mr. PENN. Yes. Training requirements for aircraft based at NAS Oceana and Naval Station Norfolk currently exceed capacity at the existing OLF facility at Fentress up to 63 percent of the time during summertime when hours of darkness are limited. Capacity problems are exacerbated when operational demands require surging additional carrier strike groups under the Fleet Response Plan, which requires that 6 of the Navy's 11 aircraft carriers be available for deployment within 30 days and another one be available in 90 days. A new OLF will provide the required capacity to support the training necessary to respond to national defense requirements.

The Navy operates on the open ocean, away from visible landmarks and man-made lighting, and with darkened ship conditions. Immediately prior to a deployment, pilots need to hone their skills in an environment that simulates conditions they will experience at sea. We must have a place where our pilots can fly that best replicates the environment they will experience when they come aboard a ship in the middle of the night in darkness without visual reference. Due to residential encroachment, Field Carrier Landing Practice (FCLP) training at both NALF Fentress and NAS Oceana does not provide realistic aircraft carrier landing conditions, especially at night. To account for the encroachment near NALF Fentress, landing pattern altitudes have been raised above those used for aircraft carrier landings at sea, and the standard race track shape of the landing pattern has been modified. Additionally, light pollution from residential housing and other structures results in conditions that significantly reduce the quality of training.

While NALF Fentress will continue to provide support for FCLP and other training requirements, it alone cannot fully support the training requirements of aircraft based at NAS Oceana and cannot provide optimal landing conditions for FCLP training, especially night time FCLP. The addition of a new OLF ensures that year round capacity exists for planned and surge training requirements and optimizes FCLP training.

105. Senator THUNE. Secretary Penn, where are the current alternative sites located?

Mr. PENN. There are three sites in southeastern Virginia and two sites in northeastern North Carolina. The Virginia sites are located in Surry County (Cabin Point), Southampton County (Dory), and Sussex County (Mason). The North Carolina sites are located in Gates County (Sandbanks) and Camden County (Hale's Lake).

106. Senator THUNE. Secretary Penn, does the decision to consider other sites in Virginia impact the Navy's decision to base two squadrons of F/A–18 aircraft in North Carolina?

Mr. PENN. The Navy decision to terminate the Draft SEIS and initiate a new EIS to analyze five different OLF site alternatives has no effect on the previous Super Hornet basing decision.

BARRACKS UPGRADES PLANS

107. Senator THUNE. Secretary Eastin, both Secretary Penn and Secretary Anderson include in their written statements an update on their Department's efforts to eliminate inadequate barracks. In particular, with the fiscal year 2009 budget enacted, both Services will have eliminated the use of permanent party unaccompanied barracks which have central, also known as gang latrines. Can you update the committee with the Army's plans to eliminate inadequate barracks?

Mr. EASTIN. The Army is on track to fund the replacement of central or common area latrines with 1+1 or equivalent barracks by fiscal year 2013. The fiscal year 2009 budget will provide new barracks for 6,362 soldiers and fund the program at 83 percent of the total requirement.

108. Senator THUNE. Secretary Eastin, does the Army still have single soldiers living in barracks with central latrines? If so, what is the Army's plan to upgrade these barracks to Army standards? In what year will they be eliminated?

Mr. EASTIN. The Army does have single permanent party soldiers living in barracks with common area latrines. The Army is on track to fund the replacement or modernization of these barracks by fiscal year 2013.

109. Senator THUNE. Secretary Eastin, how will the Army's plans to grow the force affect plans to eliminate inadequate barracks?

Mr. EASTIN. Grow the Army will not affect the Army's buyout goal to fund inadequate barracks by fiscal year 2013.

110. Senator THUNE. Secretary Eastin, to respond to the needs for bachelor officers and senior enlisted personnel, the Army has initiated unaccompanied housing privatization initiatives at Fort Bragg, NC; Fort Stewart, GA; Fort Drum, NY; Fort Bliss, TX; White Sands Missile Range, NM; and Fort Irwin, CA. Can you provide a status of each of these initiatives?

Mr. EASTIN. Four of the five pilot projects are closed and the fifth will close during 2008. All five provide quality apartment communities for bachelor officers and sen-

ior enlisted single soldiers with all of the amenities found in quality, off-post apartment complexes. Below is the status of the Army's five unaccompanied housing privatization initiatives:

1. The Fort Irwin project closed in March 2004 and 125 accommodations were transferred to the project. These accommodations will be replaced by 200 one-bedroom apartments. Construction started in 2006 and is expected to be completed in 2011 as part of a town center.
2. The Fort Drum project closed in July 2007 and will build 192 one- and two-bedroom apartments. Construction will be completed in 2009.
3. The Fort Bragg project closed in December 2007 and will build 312 one- and two-bedroom apartments. Construction will be completed in 2010.
4. The Fort Stewart project closed in January 2008 and will build 334 one- and two-bedroom apartments. Construction will be completed in 2010.
5. The Fort Bliss project is in transition and will close in 2008. It will include 358 one- and two-bedroom apartments. Construction will be completed in 2010. Fort Bliss and White Sands Missile Range make up the combined Residential Communities Initiative Family Housing Privatization Project; however unaccompanied personnel housing privatization was only planned for Fort Bliss, not White Sands Missile Range.

111. Senator THUNE. Secretary Eastin, with the significant barracks requirements required by plans for the Army to grow the force, will the Army be using this method for the acquisition of unaccompanied housing at other locations? If so, how many units and at what locations?

Mr. EASTIN. At this time the Army supports five unaccompanied personnel housing projects for senior single soldiers, staff sergeants, and above, and officers who cannot find adequate affordable rentals off-post. Soldiers volunteer to rent these accommodations. The Army currently has no plans to use the unaccompanied housing privatization initiative method to satisfy barracks requirements for sergeants (E–5) and below who are required to live on post. The Army has programmed for unaccompanied personnel housing to account for grow the force requirements.

MANAGEMENT OF HOUSING PRIVATIZATION TRANSACTIONS

112. Senator THUNE. Secretary Eastin and Secretary Penn, I have a question about the management of housing privatization transactions involving partnerships. In 2005, the GAO reported that the military Services did not have management practices in place to provide adequate oversight for the use of funds accumulating in reserve and escrow funds within each transaction. The overwhelming majority of each of your Department's housing inventories are now privatized and under management of the partnership. The DOD's efforts over the past 10 years to increase a servicemember's base allowance for housing has resulted in sizeable reserves growing in housing privatization reserve accounts, which can be used to accelerate renovation and recapitalization activities. Eventually though, the housing inventory for each transaction will reach a point of optimal performance as measured by occupancy rates, and reserve funds will still be growing. What is your assessment of the current management practices used by your Department for reserve accounts?

Mr. EASTIN. The GAO conducted a study of military housing oversight programs in 2005 and had no concerns regarding the oversight it observed by the Army in the Army Projects. The Army's Portfolio and Asset Management (PAM) program was developed from private sector investment management best practices to ensure proper oversight of the financial, operational, and development performance. This allows the Army to comprehensively review project performance and assess the health of the portfolio as a whole.

The Army reviews project reserve accounts through the Portfolio and Asset Management quarterly reporting process and during annual site visit meetings. These reviews include the monitoring of project reserve accounts, balances, deposits, disbursements, and other activities of each lockbox account. Significant variances from projected lockbox account balances are assessed relative to the requirements and performance of the individual project. Unplanned variances may require an adjustment to the development or renovation plan to reduce or enhance the use of funds from the accounts through the reduction or enhancement of the development scope.

All of the Army's privatization projects, except Fort Carson, CO, and Fort Hood, TX, are currently in their initial development period. Accordingly, the funds held in reserve or escrow accounts for each project are committed to funding agreed upon development scope. Further, the lenders/bondholders have received assurances through the legal documents that the use of those funds will be the renovation, re-

placement, and construction of housing units and amenities for the project, which will ensure that the housing is marketable and future income streams upon which the financing was based will be realized. The Fort Carson and Fort Hood projects have completed their initial development period and begun out-year development renovation and replacement programs, funded through a combination of reinvestment account funds and additional loan proceeds. Since these installations were part of the initial pilot projects, they were conservatively underwritten and significant loan capacity existed prior to the take down of additional debt.

Reserve funds for each project are the sole source of funding for future replacement/construction and renovation of housing. A home that is renovated during the first 10 years of the project will require a major renovation or replacement in 20 to 30 years to remain marketable. The goal of the Army's Residential Communities Initiative is to create a self-sustaining source of funding for the management, development, replacement, renovation, and operation of family housing. However, the economies of scale that are realized by renovating or replacing a critical mass of housing during a defined period of time dictate that funds will need to accumulate before being used for development activities. Accordingly, a project may build up funds in reserve accounts, but those funds are required for out-year development and are not excess to the requirements.

The previous historical failure by the Service departments to adequately prioritize the recapitalization of the housing stock is the very reason why the Residential Communities Initiative was created. Without a slow and steady build-up of funds in reserve accounts after the initial development period, the Army could be at risk of repeating the mistakes of the past, allowing the housing stock to deteriorate and be undercapitalized once again.

Mr. PENN. Our assessment is that the management practices for reserve accounts used are strong. Under the terms of our business agreements, the private partner is obligated to provide: independently-audited annual financial statements; quarterly financial statements; and monthly summary reports (which include reserve account balances). Correspondingly, the Department of the Navy has the contractual right to review annually or, as warranted, on a more frequent periodic basis, all elements of the privatization project's finances. In addition, the Navy military housing privatization projects also include an independent, third-party trustee or "lockbox agent" who is responsible for the management of these accounts in accordance with the governing project agreements. The Navy's approval is required for any expenditures out of project reserve accounts.

The performance of each of the Navy's privatization projects is assessed through the Department's receipt, review, analysis, and validation of these various monthly, quarterly, and annual reports in order to confirm compliance with the project business agreements.

113. Senator THUNE. Secretary Eastin and Secretary Penn, can you provide a list of the transactions in your inventory that are accumulating a significant reserve or escrow?

Mr. EASTIN. As stated previously, all except two of the Army's privatization projects are in their initial development period, and accordingly, funds within the lockbox accounts are committed to funding the initial and out-year development scope. The Fort Carson and Fort Hood projects have completed their initial development period and begun out-year development renovation and replacement programs, funded through a combination of reinvestment account funds and additional loan proceeds. Since these projects were structured early in the Residential Communities Initiative program, they were conservatively underwritten and significant loan capacity existed prior to the take down of additional debt.

Residential Communities Initiative projects, in general, have accumulated reserve and escrow balances at a rate necessary to meet future development scope.

Mr. PENN. All of the projects have had some escrow amounts and many, in fact, still do have significant escrow balances in their respective construction escrow accounts. These escrow accounts are used for the purpose of completing construction during the initial development period.

The project reserve accounts, much like the construction escrow accounts during the initial development period, are used to complete construction requirements after the initial development period and over the term of the projects. The reserve accounts for Department of the Navy military housing privatization projects are generally funded from the net project cash flow (after expenses and debt service). Most Navy projects are still in the initial development period and will not distribute net cash flow into these reserve accounts until after construction completion. It is anticipated that all of the projects will accumulate significant reserve accounts over their

duration which will be used to fund sustainment and recapitalization over the life of the project.

To date, the following family housing projects have accumulated reserve account balances in excess of $1 million: San Diego; Pacific Northwest Region; Northeast Region; and Hawaii. As stated above, these reserves will be used to fund sustainment and recapitalization over the life of the project.

114. Senator THUNE. Secretary Eastin and Secretary Penn, what flexibility do you have to manage and control the uses of reserve accounts?

Mr. EASTIN. The management and control of reserve account funds are consistent with the management of funds in a private sector real estate transaction. The Army participates in the management and control of the uses of reserve accounts through the Major Decision process outlined in the Operating or Partnership Agreement, subject to the terms and conditions of the loan documents. The legal documents include limits on the ability of the Army, the Managing Member (private sector partner), or the lenders/bondholders to make unilateral decisions regarding the use of funds. These limits safeguard the funds in the reserve accounts and ensure that decisionmaking regarding their use is in the best interest of the overall project and, ultimately, soldiers and their families. Without these safeguards, there would be temptations to divert the reserve funds for other purposes, and when the time came to recapitalize or renovate the housing stock, the funds would no longer be available to do that. This would once again put the Army in a position of not being able to provide quality sustainable housing for soldiers and their families.

The collection and disbursement of project funds is governed by the lockbox agreement, which is administered by the lockbox agent. The lockbox agreement also outlines the permitted investments of the funds.

Mr. PENN. The reserve accounts are established for the sustainment and maintenance of project assets over the long term. Under terms of the business agreements, the Navy must approve any proposed expenditures from the project reserve accounts. The Managing Member of the housing privatization business entity analyzes the assets, and prepares and submits budgets for such proposed expenditures. Furthermore, the Department of the Navy reviews annually (or more frequently, if warranted) all elements of the privatization project's finances including project reserve accounts.

USE OF MILITARY INSTALLATIONS AND TRAINING RANGES FOR ENERGY INITIATIVES

115. Senator THUNE. Secretary Anderson, within the past few months, this committee has heard about a series of initiatives to use under-utilized land on AFBs and training ranges to install or construct various energy production facilities, ranging from a photovoltaic array at Nellis AFB, NV, solar powered electrical plants in New Mexico and Arizona, to coal-to-liquid refineries in Montana, windmill farms in Nevada, and even the possibility of a small modular nuclear reactor at a location yet to be determined. Your written statement today refers to an energy strategy where "the Air Force continues to look for opportunities at our installations for installing and developing renewable energy projects for wind, solar, biomass, waste-to-energy, landfill gas, and geothermal power as well as commercial-scale ethanol and biodiesel fuel plants." Other than the fact that the Air Force can offer up under-utilized Federal land, what advantages does the Air Force offer a commercial venture in this regard?

Mr. ANDERSON. The private sector is best suited to determine the viability of any energy venture. It would be the responsibility of a potential developer to evaluate whether or not an energy project on one of our installations makes sound business sense. The Air Force's primary contribution is providing a location in the form of under-utilized land. Depending upon circumstances, geography and transmission capability may make Air Force bases attractive locations for industry. In certain instances, the Air Force may consider the purchase of the energy produced by the project.

116. Senator THUNE. Secretary Anderson, what are the benefits to be gained for Air Force mission and operations?

Mr. ANDERSON. The housing privatization program accelerates our ability to provide Air Force families with access to safe, quality, affordable, well-maintained housing and requires a much lower investment than MILCON by the Air Force to achieve this goal. Through housing privatization we have received almost $6 billion in construction with only $357 million in Air Force investment. Translated, that means the private sector has invested more than $16 for every $1 invested by the

Air Force in housing privatization projects. The Air Force currently is evaluating the feasibility of privatizing the remaining housing that it owns at Air Force installations in the United States.

117. Senator THUNE. Secretary Anderson, is there a potential for a private company to avoid State and local regulations by establishing an energy plant on Federal land? If so, how will the potential negative impact from these exemptions be mitigated?

Mr. ANDERSON. For any energy project constructed on Air Force property, the developer will be required to follow all applicable Federal, State, and local laws and regulations.

118. Senator THUNE. Secretary Anderson, what guidelines and directives has the Air Force instituted to assess the impact of these initiatives upon the installation's missions and daily operations?

Mr. ANDERSON. On our installations, each proposed project is evaluated through a rigorous planning process using, for example, Air Force Instruction (AFI) 10–503, Base Unit Beddown Program, and the Environmental Impact Analysis Process (EIAP) (32 CFR § 989) prior to approval. Making environmentally informed decisions and ensuring compatibility are keys to successfully meeting our energy needs.

119. Senator THUNE. Secretary Anderson, in the case of installing windmill farms installed on training ranges, can you provide a description of the concerns raised by the Air Force regarding impacts to military training and range management from the installation of windmills?

Mr. ANDERSON. The Air Force does not install windmills on training ranges, due to the incompatibility of tall structures in areas used for air-to-ground training.

For proposed development near ranges, we review every proposal on a case-by-case basis for operational impacts. The primary areas of interest in the evaluation are flight safety and security of the mission. These two areas of evaluation are not specific to windmills and are performed for any proposed tall structure near operations. We also review for potential electromagnetic impacts to radar and other systems. As we strive to train as we fight, we work to mitigate impacts and adapt to development near training missions whenever possible.

120. Senator THUNE. Secretary Anderson, exactly how does the installation of a windmill affect the operation of radar systems?

Mr. ANDERSON. The Air Force is working to increase our understanding of the impacts of windmills on radar. While much of our available data focuses on long-range (air defense) radar systems, we also operate air traffic control, weather, airborne, and other types of radar systems. Tests have demonstrated that the large radar cross section of a windmill combined with the Doppler frequency shift produced by its rotating blades can impact the ability of radar to discriminate the windmill from an aircraft. Those tests also demonstrated that the wind farms have the potential to degrade target tracking capabilities as a result of shadowing and clutter effects.

Although windmills located in radar line of sight of air defense radars can adversely impact the ability of those units to detect and track, by primary radar return, any aircraft or other aerial object, the magnitude of the impact will depend upon the number and locations of the windmills.

FUTURE OF WILLOW GROVE AIR STATION, PENNSYLVANIA

121. Senator THUNE. Secretary Anderson, I have a question about an unprecedented land transfer which occurred last year at Willow Grove Naval Air Station/Joint Reserve Base, PA. The 2005 BRAC round closed Willow Grove, with the exception of certain Air Force Reserve and Pennsylvania National Guard units, which would remain minus the runway. As with other closures, the local community started planning for the reuse and economic redevelopment of the installation. In May 2007, legislation was enacted by Congress which directed the Navy to transfer to the Air Force all lands and facilities at Willow Grove in order to facilitate the establishment of a joint interagency installation. The real effect was to keep the majority of the installation, including the runway, open and operating. Did the Air Force concur with this legislation? If so, why?

Mr. ANDERSON. The Air Force concurs with this legislation as it supports the Secretary of the Air Force's commitment to assist the Commonwealth of Pennsylvania with transforming Willow Grove into a joint interagency installation to support national defense, homeland security, and emergency preparedness missions.

122. Senator THUNE. Secretary Anderson, other than the enclave for the Air Force Reserves, does the Air Force have a military requirement for the land, runway, and facilities?

Mr. ANDERSON. The BRAC recommendations call for the establishment of an enclave for Air National Guard use and to have a new Armed Forces Reserve Center encompassed in that enclave. Beyond those requirements there are no known requirements for future military missions.

123. Senator THUNE. Secretary Anderson, what is the Air Force long-term plan for the installation?

Mr. ANDERSON. The Air Force will meet the BRAC recommendations to establish an enclave for Air National Guard use and to have a new Armed Forces Reserve Center encompassed in that enclave. There are no known requirements for future military missions beyond these. To support the Commonwealth of Pennsylvania with transforming Willow Grove into a joint interagency installation to support national defense, homeland security, and emergency preparedness missions, the Navy will transfer Naval Air Station Willow Grove property to the Air Force, who in turn will work to transfer property to the Commonwealth of Pennsylvania.

124. Senator THUNE. Secretary Anderson, will the Air Force lease any portion of the property to the Commonwealth of Pennsylvania or other entities? If so, can you provide details?

Mr. ANDERSON. The military enclave being discussed at this time envisions a core Air National Guard presence (111th/240th EIS) with a 7-acre license to the Army National Guard for the 56th Stryker Brigade Headquarters and a soon to be determined 20-acre area for the BRAC recommended Armed Forces Reserve Center. This enclave would total about 110 acres including all stated users. Any Air Force land beyond this will be available for the Commonwealth of Pennsylvania to use.

125. Senator THUNE. Secretary Anderson, how much funding will the Air Force need to spend annually to maintain the installation?

Mr. ANDERSON. That figure would not be able to be determined at this time while the exact size of the enclave is still being determined.

126. Senator THUNE. Mr. Arny, from the perspective of DOD, how does the outcome at Willow Grove affect the BRAC process?

Mr. ARNY. The BRAC Act requires DOD to close and realign all installations as recommended by the BRAC Commission, as is the case for Naval Air Station Joint-Reserve Base (NASJRB) Willow Grove. The Department will continue to cooperate with the Commonwealth of Pennsylvania regarding establishment of a Joint Interagency Installation (JII) on property made available as a result of the closure of NASJRB Willow Grove. We have reviewed and commented on the Commonwealth's JII implementation plan.

The Air Force controls approximately 162 acres at Willow Grove; the Navy controls approximately 880 acres. While the precise acreage could change as details are developed, approximately 88 acres of Air Force property and 25 acres of Navy property will be used for a secure enclave separate and apart from the JII. The enclave will contain an Air National Guard mission, the 56th Stryker Brigade Headquarters, and the Army Reserve Armed Forces Training Center. The remaining Federal property (approximately 929 acres) will be available to the Commonwealth of Pennsylvania for its JII.

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

DEFENSE ACCESS ROAD PROGRAM

127. Senator WARNER. Secretary Eastin and Mr. Arny, I have a question about the Defense Access Road (DAR) program used by DOD to pay for public highway improvements required as a result of sudden/unusual DOD-generated traffic impacts. One of the criteria to determine eligibility for the program is DOD must assess whether the required improvements to public roadways are the result of doubling of traffic over a short duration (2 years) due to the establishment of a new installation, installation expansion, or establishment of a new gate/entrance. This criteria, which is the only one that applies to installations receiving large population increases, is a result of the 2005 BRAC round. Yet, there is no way to certify ahead of time whether traffic will at least double due to the increase, whether drivers will

adjust their routes to find the gate with the least delay, or account for the current saturation on roads prior to the assessment of doubling.

For example, at Marine Corps Base (MCB) Quantico in Virginia, the combination of increased traffic onto the base and more stringent security at main entry points has resulted in morning traffic being stopped all the way out to I–95, the busiest high-speed corridor on the east coast. This is the current situation before more than 3,000 marines, civilians, and their families come to MCB Quantico as part of BRAC. We all know the potential for disaster when two lanes of vehicles and trucks on I–95 are speeding by stopped traffic at 70 miles an hour. Someone will eventually get hurt. Yet, the improvement to the off-ramp from I–95 to the main gate to get these marines and their families off I–95 does not meet the DAR "doubling" criteria even though the Department has caused the back-up, and the back-up will get worse.

With these problems in mind, will you review the criteria and get back to this committee with your assessment whether the criteria allows decisionmakers in the Department to make responsible decisions about road work critical to the safety and security of DOD personnel?

Mr. EASTIN and Mr. ARNY. The DAR program criteria have been established for many years and have been used consistently to help address public highway issues incident to increased DOD activity or mission growth. DOD considers the DAR criteria to be adequate and they have been used successfully to address concerns. We are committed to working with the owning highway authorities to address safety and security situations as they arise.

In the case of MCB Quantico, the Department is taking action to alleviate the traffic congestion at the I–95 ramps, and along Russell Road, accessing both the east and west sides of the Base.

Because Russell Road and the I–95 ramps are on the property of MCB Quantico, DOD can use BRAC funds for road projects to address these concerns. Although the I–95 ramps meet the DAR criteria for doubling of traffic, MCB Quantico, with Virginia Department of Transportation approval, plans to complete the I–95 ramp work as part of the BRAC MILCON vice through the DAR program, to ensure the road work is completed as a concurrent BRAC project.

In addition to the I–95 ramp work, the MCB Quantico BRAC MILCON includes projects to improve access to locations where BRAC-related facilities will be sited on the west side of the Base. The actions include widening Russell Road from two lanes to four lanes from the I–95 ramps to the BRAC site approximately 1 mile west of I–95, improving the west gate on Russell Road, and building a turn-off from Russell Road to the BRAC site.

The existing MCB Quantico traffic congestion on Russell Road to the gate access to the east side of Base is being addressed through temporary traffic control measures to improve the access through the Russell Road gate. Additionally, a MILCON project slated for fiscal year 2009 will widen Russell Road at the gate to permanently improve access to the Base.

Once these improvements are made, traffic is projected to clear the I–95 throughlanes.

128. Senator WARNER. Secretary Eastin and Mr. Arny, how exactly does the Department determine whether traffic will be doubled without having to wait until installation expansions are completed?

Mr. EASTIN and Mr. ARNY. As part of installation development, the installation will both update its master plan and conduct an environmental assessment as required by the NEPA. For both actions, the responsible DOD components and installations assess transportation impacts of proposed growth. The transportation analysis is completed by qualified transportation engineering professionals, and the scope and content of the analysis are developed using procedures that involve the general public and local, State, and Federal agencies and officials. These procedures allow us to project future traffic impacts from installation expansion and will take into consideration appropriate measures to mitigate those impacts, such as the redirection of traffic.

129. Senator WARNER. Secretary Eastin and Mr. Arny, if the Department relies on models, how do these models account for subjective driver decisions to find the routes of least resistance?

Mr. EASTIN and Mr. ARNY. Qualified transportation engineering professionals follow the Institute for Transportation Engineers guidelines and use their expertise or models during the master planning or environmental planning. When projecting traffic, the transportation engineering professionals use transportation planning best practices to determine paths of least resistance.

130. Senator WARNER. Secretary Eastin and Mr. Arny, in your opinion, are the criteria adequate or should they be changed?

Mr. EASTIN and Mr. ARNY. The DAR program criteria are effective and do not need to be changed.

131. Senator WARNER. Secretary Eastin and Mr. Arny, I am also concerned that military installation commanders around the country do not understand the DAR program as a way to address critical traffic problems affecting their personnel. How does the Department get the word out to installations about the program?

Mr. EASTIN and Mr. ARNY. The DAR program is a longstanding program that is referred to in regulations (Army Regulation (AR) 420–1, Army Facilities Management, February 12, 2008, and Joint Regulation AR 55–80, DOD Transportation Engineering Program, November 17, 2003), as well as in numerous facility management instructions and operating plans. Additionally, presentations on the DAR program were given at two major conferences organized by the DOD Office of Economic Adjustment targeting communities and installations that will be gaining DOD populations. Also, the report requested in the 2007 NDAA regarding the DAR program, submitted to Congress last May facilitating an increased awareness of the program within the Service BRAC offices and at the installations. Moreover, in the summer of 2006 the Military Surface Deployment and Distribution Command Transportation Engineering Agency (SDDCTEA) sent out information about the DAR program and requested information from the Service BRAC offices and installations that were gaining significant personnel. Information about the DAR program is available to anyone from the Department of Transportation website at http://www.fhwa.dot.gov/flh/defense.htm and from the SDDCTEA website at http://www.tea.army.mil/DODProg/HND/DAR.htm.

ANTI-TERRORISM/FORCE PROTECTION STANDARDS FOR DOD FACILITIES

132. Senator WARNER. Mr Arny, in 2002, the DOD developed and implemented new anti-terrorism/force protection (AT/FP) standards for DOD installations and any facility that houses more than 11 DOD employees. The standards include mandatory stand-off distances, perimeter security measures, and reinforced structures. Given the recent bombing of an Armed Forces recruiting station in New York City, these standards are vitally important as the first line of defense against a terrorist incident. Can you provide an assessment of the Department's progress in the implementation of these standards?

Mr. ARNY. The Department issued interim AT/FP standards on December 16, 1999. Standards were then updated and converted to UFC 4–010–01, DOD Minimum Antiterrorism Standards for Buildings and published on July 31, 2002, and was published on January 22, 2007. To ensure we maintain technical currency, a comprehensive review of standards is ongoing. Upon completion of the technical review, any changes to the Unified Facilities Criteria will then be disseminated and subsequently implemented. All new construction projects, major renovations, and new leases that meet the criteria currently incorporate existing AT/FP standards.

133. Senator WARNER. Mr. Arny, does the Department have a deadline for all DOD installations and facilities to comply with the standards?

Mr. ARNY. There is no deadline for all facilities to comply with the standards. The intent is for new construction of inhabited facilities to comply and to bring existing facilities into compliance over time as major investments are made or as leases are renewed. The Unified Facilities Criteria specified that the AT/FP standards will apply to MILCON projects starting with the fiscal year 2002 program. All projects, regardless of funding source, will comply starting with the fiscal year 2004 program. Since the fiscal year 2004 program, all MILCON projects have been reviewed to incorporate AT/FP standards. Since publication of the Unified Facilities Criteria in October 2003, whenever repairs to a DOD facility are programmed and the repair cost is at least 50 percent of the facility replacement cost, it is required that the entire facility be brought into compliance with AT/FP standards. Also, in any instance in which windows are to be replaced, the replacement windows must comply with AT/FP standards. While these are not deadlines, these stipulations ensure that AT/FP design standards will be incorporated into DOD facilities as these facilities are recapitalized.

134. Senator WARNER. Mr. Arny, will the deadlines be met?

Mr. ARNY. In compliance with the Unified Facilities Criteria, the Department is already reviewing all leases, new construction, and renovation projects to incorporate AT/FP standards.

135. Senator WARNER. Mr. Arny, what will be the process for granting waivers to the installations and facilities that do not meet the standards?

Mr. ARNY. The Department is not granting any waivers to the AT/FP standards. However, the AT/FP standards are structured as performance standards that can be met through different means. An installation commander may obtain prior approval consistent with Service or Agency guidance if any new construction project, renovation project, or leased facility will utilize an alternative means. In many cases where there are minimum prescriptive requirements such as standoff distance or glazing thickness, those requirements are based on performance standards and there are generally provisions to allow those performances to be provided through alternate means where those means will result in equivalent levels of protection. The intent of these standards is to minimize the possibility of mass casualties in buildings or portions of buildings owned, leased, privatized, or otherwise occupied, managed, or controlled by or for DOD. These standards provide appropriate, implementable, and enforceable measures to establish a level of protection against terrorist attacks for all inhabited DOD buildings where no known threat of terrorist activity currently exists. While complete protection against all potential threats for every inhabited building is cost prohibitive, the intent of these standards can be achieved through prudent master planning, real estate acquisition, and design and construction practices. Where the conventional construction standoff distances detailed in these standards are met, most conventional construction techniques can be used with only marginal impact on the total construction or renovation cost. The financial impact of these standards will be significantly less than the economic and intangible costs of a mass casualty event. While it is feasible to apply these standards to new construction as of the effective dates established herein, applying them to all existing construction and to all leased facilities as of those dates would not be feasible. The intent, therefore, is to bring existing buildings into compliance with these standards over time, as major investments are made in them or as leases are renewed, such that eventually all inhabited DOD buildings comply with these standards.

136. Senator WARNER. Mr. Arny, I notice that many projects to upgrade security at the main gates and entry points at installations are contained in the FYDP accompanying the budget request for fiscal year 2009. Given the Department's emphasis on AT/FP, why haven't the critical upgrades been treated as a higher priority?

Mr. ARNY. The Department is constantly reviewing priorities to ensure resources available are used to accomplish warfighting objectives. During the planning and programming process, the Services diligently review their programs to manage assets effectively by optimizing resources to deliver operational infrastructure for the warfighters at our installations. AT/FP projects are given the same rigor of consideration and scrutiny as other construction projects in determining funding priorities.

137. Senator WARNER. Mr. Arny, what percent of the installations in the Department's inventory have operating gates and entry points that do not meet current AT/FP standards?

Mr. ARNY. Installation commanders are responsible for applying protective measures consistent with the identified or perceived risk of people getting hurt or killed, and with the implementing guidance established by their Services and the geographic combatant commander for the area of responsibility within which the installation is located. They must protect their people on their installations by managing and mitigating the risk to those people in the event of a terrorist attack. In the case of operating gates and entry points, protective measures may vary depending on the force protection condition and threat-specific requirements. We do not currently monitor the requested percentage due to its propensity to change relative to threat assessments.

MARINE CORPS HELICOPTER FACILITY REQUIREMENTS AT MARINE CORPS BASE QUANTICO, VA

138. Senator WARNER. Secretary Penn, I notice that the National Defense Authorization budget request for fiscal year 2009 includes $64.1 million to construct a helicopter maintenance hangar and ramp at MCB Quantico. On a related note, I am also aware that the Navy program to acquire the next presidential support heli-

copter, which will be stationed at Quantico, is over budget and behind schedule. What current operations will the two MILCON projects support?

Mr. PENN. The primary mission supported by the two referenced MILCON projects at the Marine Corps Air Facility, Quantico is that of HMX–1, which performs presidential support with aircraft to be maintained at the proposed facilities. HMX–1 also performs operational test activity for new helicopter systems and products destined for use by the Fleet Marine Force. In support of this mission, HMX–1 is required to fly and maintain the CH–46E, VH–3, VH–60, VH–71, and the CH–53E helicopters. Additionally, HMX–1 provides helicopter lift support to Marine Corps Combat Development Center, Quantico schools such as Officer Candidate School, The Basic School, and various VIPs in the Washington, DC area. The existing hangars and apron space cannot meet current nor planned aircraft requirements.

139. Senator WARNER. Secretary Penn, is the MILCON for the hangar and ramp that the Navy has requested for fiscal year 2009 still a critical requirement if the new presidential helicopter is not delivered to the Navy as currently scheduled?

Mr. PENN. The hangar and ramp requested for fiscal year 2009 primarily supports HMX–1 operational test activity for new helicopter systems and products. HMX–1 flies and maintains the CH46E, VH–3, VH–60, VH–71, and CH–53 helicopters, along with presidential support. These projects are needed even if the new presidential helicopter is delivered later than scheduled.

[Whereupon, at 4:19 p.m., the subcommittee adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2009

TUESDAY, APRIL 1, 2008

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

THE CURRENT READINESS OF THE ARMED FORCES

The subcommittee met, pursuant to notice, at 2:52 p.m. in room SR–222, Russell Senate Office Building, Senator Daniel K. Akaka (chairman of the subcommittee) presiding.

Committee members present: Senators Akaka and Thune.

Majority staff members present: Michael J. McCord, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: William M. Caniano, professional staff member; David G. Collins, research assistant; Gregory T. Kiley, professional staff member; David M. Morriss, minority counsel; Lucian L. Niemeyer, professional staff member; and Sean G. Stackley, professional staff member.

Staff assistants present: Benjamin L. Rubin and Brian F. Sebold.

Committee members' assistants present: Bonni Berge, assistant to Senator Akaka; Andrew Shapiro, assistant to Senator Clinton; Sandra Luff, assistant to Senator Warner; and Jason Van Beek, assistant to Senator Thune.

OPENING STATEMENT OF SENATOR DANIEL K. AKAKA, CHAIRMAN

Senator AKAKA. Aloha and good afternoon to all of you. Senator Thune and I are happy to be here, after that vote on the floor of the Senate, and to commence our hearing on the second subcommittee meeting to discuss the current readiness of our military forces.

On March 12, we received a briefing, from each of the Services, on the readiness status of our Armed Forces. That session was a very useful initial discussion for today's hearing. Our committee, and indeed the entire Congress, shares the Nation's concern that our land, sea, and air forces are under tremendous stress. We have watched with apprehension as the current scope and pace of combat opportunities in Iraq and Afghanistan have stressed our military personnel and equipment over the last 6 years.

Military readiness does not just happen. It must be continuously measured, aggressively managed, and fully funded. We share the responsibility to ensure that this Nation has the land, sea, and air forces necessary to protect us and our interests at any time and anywhere in the world.

Each of our witnesses has the demanding responsibility for the measurement and management of their Service's readiness to meet the requirements of military operations today and in the future.

This afternoon, we welcome General Richard A. Cody, Vice Chief of Staff of the United States Army; General Robert Magnus, Assistant Commandant of the Marine Corps; Admiral Patrick M. Walsh, Vice Chief of Naval Operations; and General Duncan J. McNabb, Vice Chief of Staff, United States Air Force.

As this may well be the last time that General Cody and General Magnus testify before this subcommittee prior to their retirement later this year, I want to take this opportunity to thank you for your dedicated service to the Army, the Marine Corps, and this Nation. It has been my great pleasure and privilege to work with you both. Your commitment to this Nation's soldiers and marines is a model to all of us. So, please accept my warmest mahalo, which is thank you, and also aloha, for your support and service to our great Nation.

Gentlemen, again, we look forward to your testimony. So, let me call on Senator Thune for his statement.

Senator Thune.

STATEMENT OF SENATOR JOHN THUNE

Senator THUNE. Thank you, Mr. Chairman. I want to thank you for scheduling this hearing to discuss the critical issue of the current readiness of our Armed Forces.

I also want to thank our witnesses for their commitment and service to our country. Your experience and leadership ensures that, regardless of how much we have asked of our servicemembers, morale remains high, recruiting remains strong, and our units continue to accomplish their missions.

I also do want to take a moment, Mr. Chairman, as you did, to recognize the honorable service of two of our witnesses, who both will be retiring this year, after distinguished careers in their respective services.

General Cody, in addition to being the Army's Vice Chief of Staff since 2004, you have 36 years of experience, including command of the Screaming Eagles of the 101st Airborne Division and service in Albania, Korea, and the Middle East. I know you also have two sons who are serving in the Army, with a combined seven combat tours between them. So, the legacy of dedicated service continues for your family.

General Magnus, after 39 years, you're about to transition from active to inactive status, knowing that marines never really retire. You've had an amazing career, also, as a helicopter pilot, in assignments ranging from Thailand to the commanding general at Marine Corps Air Station Miramar, in California.

I want to thank both of you, and your families, for your leadership and commitment to your respective Service and to our Nation.

Mr. Chairman, last week, the President met with the Joint Chiefs of Staff at the Pentagon to review the same issue we will discuss today: the impact of sustained combat operations in Iraq and Afghanistan on the readiness of our forces. There's no doubt these issues are of the utmost importance to the national security interests of this Nation.

This month, Congress faces critical decisions about emergency supplemental funding for both current military operations and the readiness of our forces. In the debate to come, we must remember that our military forces are, indeed, showing the signs of stress and strain. General Cody has included, in his written testimony, that the Army is out of balance after 6 years of sustained combat operations against a ruthless and relentless enemy. This is to be expected. Any skilled and persistent enemy dedicated to the destruction of our national interests will seek to knock our formidable military forces out of balance; they will find ways to counter our strengths, through insurgency tactics, fomentation of civil war, and callous disregard for innocent lives. They seek any means possible to weaken our forces and to defeat us through attrition and dissolution of national will. We cannot let this happen.

In September 2001, the Department of the Army assessed that only about 50 percent of its combat units were fully ready to carry out their assigned missions. In the aftermath of the terrorist attacks, our Armed Forces on Active Duty and our citizen soldiers in the Reserve component responded to the call to duty with selfless sacrifice and a commitment to succeed in every mission, no matter how difficult. Regardless of their level of readiness, they've responded to every task with innovation, sweat equity, and the can-do attitude that is a hallmark of the best traditions of America's military.

The written testimony today describes the same candid responses of our forces. Airmen and sailors perform unfamiliar missions alongside their comrades in the ground forces. The Army is transforming the way it is organized to meet emerging threats, deploying units trained in innovative ways, and quickly modified doctrine for the mission at hand, in order to ensure absolute success. We provide these deploying units a full array of resources at the expense of nondeploying units, while we ship the newest equipment forward to the fight.

While these correct decisions ensure success in the war at hand, they have a detrimental effect on the strength and depth of our Reserves and our ground forces. These effects are understandable and, in some cases, unavoidable, but they impact our residual strength, our strategic depth. Our Nation has a vast array of national security interests. These interests require military forces prepared for the full spectrum of potential missions overseas and at home. Against this standard, many military commanders of ground forces rate their units as not fully prepared. I look forward to hearing from our witnesses of the actions being taken to improve the readiness of our nondeployed forces.

An assessment of unit readiness depends upon four factors in relation to assigned missions: personnel who are ready, adequate training, available equipment, and the working order of that equipment. I asked the witnesses to describe exactly which factors affect

current unit readiness. Given this level of detail, the Department of Defense (DOD) leadership and Congress can focus resources, prioritize efforts, and ultimately reverse negative readiness trends to restore balance to our Armed Forces.

Many fixes are already in place for many of the issues affecting readiness. The President's January 2007 announcement of an increase in the number of combat ground forces in the Army and the Marine Corps is a vital part of the readiness remedy. I would prefer that we grow the forces more quickly and with the assurance that we can maintain the same high-quality recruits we presently have in the force. I'm hopeful our witnesses will be able to tell us when this growth will translate into positive effects for readiness.

The witnesses described concerns with training. In the next 3 years, the availability of additional forces will add time between deployments to allow for full-spectrum training for mission-essential tasks. The Army has also transformed units to task-organized, modular brigades, reorganizing its Reserve Forces and growing new support units to address the need for high-demand and low-density skill sets. These efforts will reduce reliance on the other Services for augmentation and allow them to concentrate on their own training.

I also look forward to hearing what plans are in place to maximize the dwell time between deployments to ensure adequate preparation for a full range of missions.

In the written statements, the witnesses also emphasized the readiness impacts of equipment that is available, operable, and represents the best technology. Both the budget request for fiscal year 2009 and the second part of fiscal year 2008 emergency supplemental appropriations request pending before Congress contain funding requests to procure equipment in response to current shortages. I firmly believe the timely delivery of funds for the reset and reconstitution of equipment directly enhances the readiness of nondeployed forces. I hope our witnesses will be able to discuss their Service's investment strategy to re-equip forces and to restore prepositioned stocks for levels required by operational plans.

As a final note, I want to emphasize one readiness trend. This country is in a period of the longest sustained combat with an enemy since Vietnam. We're fighting a war with Armed Forces comprised completely of volunteers. Every person entering a recruiting station knows that he or she will eventually see combat. Additionally, servicemembers faced with the decision about whether to stay in the military know that they will continue to be deployed to combat zones, and know their families will continue to sacrifice. Yet, as this committee continues to watch recruiting and retention statistics closely, the numbers remain consistent with historic trends, morale remains high, young men and women continue to volunteer to serve. I'm not sure whether this is more a credit to their character or the result of outstanding efforts by military leaders to emphasize the tangible benefits and the noble endeavor of service to our country. Either way, I'm grateful for the decisions of our servicemembers, and I am determined to ensure that they and their families have everything that they need to be successful.

Thank you, Mr. Chairman. I look forward to the testimony from our witnesses.

Senator AKAKA. Thank you very much, Senator Thune.

Each of you have submitted a written statement. So, without objection, they will all be included in the record.

We would appreciate it if you would keep your comments short, to allow time for Senators' questions.

General Cody, will you please begin with your testimony?

STATEMENT OF GEN RICHARD A. CODY, USA, VICE CHIEF OF STAFF, UNITED STATES ARMY

General CODY. Thank you, Mr. Chairman and Senator Thune.

I'm honored to represent the Nation's 1 million soldiers, nearly 600,000 of whom are serving on Active Duty today, and over 250,000 of whom are deployed worldwide, doing the Nation's bidding, as I testify on these issues critical to the readiness of the United States Army.

As the Secretary of the Army and the Chief of Staff of the Army have testified, the coming decades are likely to be ones of persistent conflict. I agree with that assessment. To defend this Nation in a dangerous and unpredictable world, the Army, as part of the Joint Force, must be fully prepared to conduct prompt and sustained operations across the full spectrum of conflict, worldwide.

But, today our Army is out of balance. The current demand for forces in Iraq and Afghanistan exceeds our sustainable supply of soldiers, of units and equipment, and limits our ability to provide ready forces for other contingencies. Our readiness, quite frankly, is being consumed as fast as we can build it. Lengthy and repeated deployments, with insufficient recovery time at home station, have placed incredible stress on our soldiers and on their families, testing the resolve of the All-Volunteer Force like never before. While we should be extremely proud that our men and women in uniform have proven incredibly resilient so far, we must never take their selfless service for granted.

The senior leaders of the Army are committed to preserving the All-Volunteer Force, building strategic depth, and improving the capabilities of our soldiers, all the while providing the necessary combat forces for Iraq and Afghanistan. I know you are, too.

Our plan to restore balance by 2011 has four fundamental imperatives: sustain the force, prepare the force, reset the force, and transform the force.

Critical to these imperatives is our plan to grow the Army by 74,000 soldiers, which will provide a total of 76 brigade combat teams and approximately 227 support brigades across all three components of the Army by 2013. Following a reduction in operational demand, our rotational goals for a steady-state security posture of the Army is 1 year in combat or deployed, 3 years back, for the Active Force; and 1 year mobilized and 5 years back, for the Reserve component. Continued deployments below these goals put the All-Volunteer Force at risk in a time of persistent conflict.

At the same time, we must continue to modernize, so that our soldiers will always have tactical and technical overmatch against every enemy. The Future Combat System (FSC) will provide our soldiers an unparalleled understanding of the operational environ-

ment they're in, increased precision in lethality, and enhanced force protection in both irregular and conventional campaigns. In essence, the FCS will provide that overmatch. Soldiers need the FCS. They need it now, in the current fight, and they need it to defeat future enemies.

The FCS is this Nation's promise to the men and women on the ground who face the greatest danger, that we remain committed to provide the best equipment to help them accomplish their mission and return safely to their families.

To be ready to meet the needs of this Nation, our soldiers in this Army need full and timely funding. We need the remaining $66.5 billion from the fiscal year 2008 global war on terror funding, the $140.7 billion requested in the fiscal year 2009 base budget, and the fiscal year 2009 global war on terror supplemental request. A delay in the fiscal year 2008 global war on terror funding, the remaining piece of that supplemental request by the end of May, would create substantial impacts and unneeded stress on our people and our readiness.

The Nation and your Army have been at war for over 6 years. Our soldiers have borne the burden of this war with unparalleled strength and determination. Every day, they accomplish the mission. Every day, they do so with valor and incredible personal courage. For 15 months, 455 days, and what seems like an eternity of minutes when you are in combat, they and their families endure immeasurable hardships and personal sacrifices in defense of this Nation, and they do so with little complaint, because they believe this Nation is worth defending.

Those of us in leadership positions must be the vanguard to our soldiers' well-being. Our soldiers and their families must continue to be our utmost priority as we properly fund, man, train, and equip this All-Volunteer Force.

Congress has provided tremendous support to our Army these past 6 years, and we are grateful for all that you have provided. With the continued support of the Secretary of Defense, the President, and Congress, the Army will restore itself to balance and build the readiness and the strategic depth we need to meet the uncertainties of this world.

I await your questions.

[The prepared statement of General Cody follows:]

PREPARED STATEMENT BY GEN RICHARD A. CODY, USA

For over 6 years our Nation has been at war. Our Army—Active, Guard, and Reserve—has been a leader in this war. We have been fully engaged in Iraq, Afghanistan, and defending the homeland. Today, I am honored to represent the Nation's nearly 1 million soldiers—nearly 600,000 of whom serving on active duty and over 250,000 of whom are deployed worldwide—as I testify on issues critical to the readiness of the United States Army.

To understand the need for an Army that is fully prepared to conduct operations across the spectrum of conflict, one must clearly understand that the world in which we live is exceedingly dangerous. Global terrorism and extremist ideologies threaten our safety and our free way of life.

We believe that the coming decades are likely to be ones of persistent conflict among state, non-state, and individual actors who use violence to achieve their political and ideological ends. Soldiers will continue to confront highly adaptive and intelligent adversaries in complex terrain. They will exploit technology, information, and cultural differences to threaten U.S. interests. Soldiers must be ready to conduct full-spectrum operations in campaigns that include peace engagement,

counterinsurgency, and major combat operations. Because these missions require us to operate among the people, Army forces will continue to have a central role conducting Joint operations to implement our national security strategy and defend our Nation.

AN ARMY OUT OF BALANCE

Today's Army is out of balance. The current demand for our forces in Iraq and Afghanistan exceeds the sustainable supply and limits our ability to provide ready forces for other contingencies. While our Reserve component are performing magnificently, many Reserve component units have been assigned missions as an operational force, when they had been resourced as a Strategic Reserve for decades. Current operational requirements for forces and insufficient time between deployments require a focus on counterinsurgency training and equipping to the detriment of preparedness for the full range of military missions.

Given the current theater demand for Army forces, we are unable to provide a sustainable tempo of deployments for our soldiers and families. Soldiers, families, support systems, and equipment are stretched and stressed by the demands of lengthy and repeated deployments, with insufficient recovery time. Equipment used repeatedly in harsh environments is wearing out more rapidly than programmed. Army support systems, designed for the pre-September 11 peacetime Army, are straining under the accumulation of stress from 6 years at war. Overall, our readiness is being consumed as fast as we build it. If unaddressed, this lack of balance poses a significant risk to the All-Volunteer Force and degrades the Army's ability to make a timely response to other contingencies.

RESTORING BALANCE

We are committed to restoring balance to preserve our All-Volunteer Force, restore necessary depth and breadth to Army capabilities, and build essential capacity for the uncertain future. Our plan will mitigate near-term risk and restore balance by 2011 through four imperatives: Sustain, Prepare, Reset, and Transform.

SUSTAIN

To sustain our soldiers, families, and Army civilians in an era of persistent conflict we must maintain the quality and viability of the All-Volunteer Force and the many capabilities it provides to the Nation. By sustaining our soldiers and their families we will ensure that they have the quality of life they deserve, and that we will continue to recruit and retain a high quality force. In order to sustain our force we must offer dynamic incentives that attract quality recruits to meet our recruiting objectives for 2008 and beyond; provide improved quality of life and enhanced incentives to meet our retention objectives; continue to improve the quality of life for Army families; continue to improve care for Wounded Warriors and Warriors in Transition through a patient-centered health care system, Soldier and Family Assistance Centers, and improved Warrior Transition Unit facilities; and continue to support families of our fallen with sustained assistance that honors the service of their soldiers.

PREPARE

To prepare our solders, units, and equipment we must maintain a high level of readiness for the current operational environments, especially in Iraq and Afghanistan. To fully prepare our Army, we must continue to adapt and enhance the rigor and realism of institutional, individual, and operational training to enable soldiers to succeed in complex 21st century security environments; train soldiers and units to conduct full spectrum operations with improved training ranges to operate as part of a joint, interagency, or multi-national force; provide soldiers the best equipment through the Rapid Fielding Initiative, the Rapid Equipping Force, and base budget-funded modernization efforts; partner with private industry to rapidly develop and field equipment needed on today's battlefield; and continue to improve the Army Force Generation process which increases the readiness of the operating force over time by generating recurring periods of availability of trained, ready, and cohesive units

RESET

To reset our force we must prepare our soldiers, units, and equipment for future deployments and other contingencies. The objective of Reset is to undo the accumulated effects of more than 6 years of combat operations.

There are three broad components of Reset: resetting equipment, retraining soldiers and reconstituting units by revitalizing soldiers and families. Each of these components must be sufficiently resourced to set the conditions for units to prepare for their next deployment and future contingencies.

The Army must repair, replace, and recapitalize its equipment. As we reset equipment, we must not only return units to pre-deployment levels of equipment readiness, but also equip them at the standards required either as part of the modular Army or posture them to return to combat.

Retraining soldiers is another important component of Reset. Soldiers must be retrained to accomplish the full range of missions. Units back from deployments face the challenge of retraining soldiers for missions that may be different from those they just completed, especially in the Reserve component. Some units face a transformation process that includes a new mission and organizational structure. These requirements are in addition to professional education requirements for soldiers and leaders.

The Army must also revitalize soldiers and families. Repeated deployments of longer length combined with shorter dwell time at home have stressed soldiers and their families. Soldiers and their families must be given the time and resources they need to reintegrate and reverse the effects of the sustained operational tempo. The Army is providing a number of programs and services to assist the soldiers and families during this time. Properly resourced, these programs will contribute to revitalizing our soldiers and families.

TRANSFORM

To transform our force, we must continuously improve our ability to meet the needs of the combatant commanders in a changing security environment. In order to transform we must help balance our force and increase capacity to provide sufficient forces for the full range and duration of current operations and future contingencies by growing as quickly as possible; upgrade and modernize to remain an agile and globally responsive force with Future Combat Systems (FCS) as the core of our modernization effort; continue organizational change through modularity and rebalancing to become more deployable, tailorable, and versatile; complete the transition of the Reserve component to an Operational Reserve and change the way we train, equip, resource, and mobilize Reserve component units; and integrate the Grow the Army initiative, Base Realignment and Closure (BRAC), Global Defense Posture Realignment, and the operation of installations and facilities. Achieving these goals will increase our readiness, improve our efficiency, and improve the quality of life for our soldiers, families, and Army civilians.

I want to highlight three critical aspects of readiness: Modernization; Growth of the Army; and Full and Timely Funding.

MODERNIZATION

FCS are the core of our modernization effort and will provide our soldiers an unparalleled understanding of their operational environment, increased precision and lethality, and enhanced survivability in both irregular warfare and conventional campaigns. These improved capabilities cannot be achieved by upgrading current vehicles and systems. FCS will use a combination of new manned and unmanned air and ground vehicles, connected by robust networks, to allow soldiers to operate more effectively in the persistent and complex threat environments of the 21st century. Maintaining our technological edge over potential adversaries, providing better protection, and giving our soldiers significantly improved capabilities to accomplish their mission are the reasons for FCS. FCS capabilities currently are being tested at Fort Bliss, TX, and they are proving themselves valuable in the current fight and are being fielded to our soldiers in combat operations today.

Soldiers have always had to fight for information. Since World War II, 52 percent of casualties resulted from "finding the enemy." In irregular warfare, when the enemy hides among the people, soldiers need the Reconnaissance, Surveillance, and Target Acquisition (RSTA) capability to identify threats before the point man enters the building or the convoy hits an IED. Our goal is to develop the situation before making contact, so when soldiers engage the enemy, it is from a position of advantage instead of the ambush zone. FCS provides over 830 RSTA sensors—four times the number in the old brigade design and twice the number in the modular Brigade Combat Team (BCT). Plus, every soldier truly becomes an effective sensor when he's on the network. The FCS-equipped BCT also provides more Infantry to secure the population, build local contacts and gain more human intelligence. By combining timely and precise RSTA with the power of a robust network, soldiers can discern insurgent threats before they emerge instead of after they act. This combination of

RSTA and the network gives commanders what they need to see the environment, build shared situational awareness, act first and react swiftly to take the initiative away from the insurgent.

Given the risk to soldiers in close combat with irregular threats, soldiers need increased survivability in complex urban and human terrain. We are reaching the limits of what armored protection can provide in this kind of fight. FCS provides a new combination of networked and physical systems that help soldiers avoid detection, avoid the initial hit and survive to eliminate the exposed threat.

Task Force Observe, Detect, Identify, and Neutralize (ODIN) provides a current example in Iraq that reveals how FCS-like RSTA improves situational understanding and survivability by leveraging the power of the manned and unmanned team. Since we established Task Force ODIN to employ Unmanned Aircraft Systems, linked to commanders in the air and on the ground through the Common Ground Station, we have killed over several hundred IED emplacers, attacked the IED network, and captured 141 High-Value Targets. This manned/unmanned teaming has resulted in far more survivable manned aircraft. That's powerful. That's FCS capabilities working today—in combat.

FCS is the our highest priority program, and the Army's only major defense acquisition program on the Department of Defense's list of its 10 largest programs. Over the past three legislative cycles, funding for FCS has been cut by $790 million. These direct reductions have resulted in an indirect programmatic cost increases of $403 million, resulting in total impacts to the FCS program of over $1.2 billion. This impact has resulted in significant delays to System Development and Demonstration work, and have caused slippage in key FCS program milestones by up to 8 months. We cannot sustain these continued cuts to our #1 modernization program, and we ask for full funding of this year's request in the President's budget.

Another critical enabler for the success of our future force are the capabilities that manned and unmanned Army Aviation bring to the battlefield. Aviation forces continue to prove each day their versatility to rapidly reinforce and sustain the commander on the ground and overcome land-bound intervisibility lines and obstacles with responsiveness and unmatched timely and integrated reconnaissance, surveillance, and target acquisition. Army Aviation's vital role is enduring and therefore, the Army seeks your continued support to the efforts to modernize Army Aviation as we fight the Global War on Terror and transform, simultaneously. I ask your continued support for the production of the UH–60M, CH–47F, AH64D, UH–72A (LUH), AH–70 (ARH) and Joint Cargo Aircraft (JCA). Additionally, we seek your continued support in the development and procurement of Aviation Survivability Equipment, the Armed Reconnaissance Helicopter, and our Unmanned Aircraft Systems, Sky Warrior, Shadow, and Raven. Each of these systems provide required capabilities in direct support to the commander on the ground and their roles are assured for the next 20+ years.

GROWTH OF THE FORCE

Our Grow the Force initiative is a critical component of reducing stress on the force, improving readiness, and building strategic depth. In January 2007, the President approved a growth in Army End Strength by 74.2K (65K in the Active component, 8.2K growth in the Army National Guard, and 1,000 growth in the U.S. Army Reserve). This plan will build six additional Active component BCTs, 15 Support Brigades, and associated Combat Support and Combat Service Support units. We will culminate in a total of 76 BCTs and approximately 227 Support Brigades across all 3 components by 2013.

Under surge conditions the Army goal is to deploy the Active component at a 1:2 deployed to dwell ratio and the Reserve component at a 1:4 mobilized to demobilized ratio. At these ratios, the Army can supply 21–22 BCTs annually. Currently, meeting global demand requires dwell times well below this surge goal. Some units deploy for 15 months with only 12 months training at home station prior to their next deployment. To meet the joint demand for Army forces, some Reserve component units must also deploy sooner than the goal of 1 year mobilized and 4 years demobilized. Continued deployment rates below the surge goal put the All-Volunteer Force at risk in this era of persistent conflict.

The Army is executing a tightly-woven plan to support this growth, and we are executing this plan concurrently with the 2005 round of BRAC and the Global Defense Posture Realignment. This requires an investment in military construction that is unprecedented—over $66 billion from fiscal year 2006–2013. In order for the plan to have its intended affect on readiness, we must have full, predictable and timely funding for BRAC and military construction. An interruption of our planned

sequence of basing actions, and associated construction projects, will have profound impacts on readiness, and the quality of life of soldiers and their families.

FULL AND TIMELY FUNDING

Our soldiers need full and timely funding of the Army's fiscal year 2009 request of $140.7 billion to be ready to meet the needs of the Nation. For their sake and the safety of our Nation, we must remain dedicated to put the Army back in balance. Over the last 6 years, the Army has received increasing proportions of its funding through supplemental and global war on terrorism appropriations. Because of this recurring reliance on global war on terrorism funds and a natural overlap between base and global war on terrorism programs, the Army's base budget does not fully cover the cost of both current and future readiness requirements. Because the global war on terrorism planning horizon is compressed and the timing and amount of funding is unpredictable, some base programs would be at risk if supplemental funding is precipitously reduced or delayed.

The Army appreciates the $70 billion "global war on terrorism bridge fund" that Congress provided in December 2007. However, $66.5 billion from the fiscal year 2008 global war on terrorism request has not yet been provided to the Army. Congressional action on the balance of the global war on terrorism request prior to the end of May will provide funds in time to prevent any disruption in operations or programs. A delay beyond the end of May will create substantial impacts on readiness. Anticipated impacts include:

- The Army runs out of pay for Active Duty and National Guard soldiers in June 2008;
- The Army runs out of O&M for the Active component in early July and for the Guard in late June;
- Two Stryker BCTs may not receive hull protection kits before they deploy;
- Armored Security Vehicles could face a break in production;
- Army National Guard will not receive 10 CH–47 F model helicopters;
- Converting and existing BCTs will not receive the Bridge to Future Networks communication systems; and
- The Army will be unable to upgrade and construct facilities for returning Wounded Warriors at Forts Drum, Campbell, Stewart, Carson, Hood, Riley and Polk

There are clear implications on the Army's readiness to each and every one of these projected impacts. I ask for your full and timely support of the balance of the fiscal year 2008 global war on terrorism request, and the fiscal year 2009 base budget. They are absolutely vital to supporting our soldiers, sustaining their families, and restoring balance to our Army.

PRESERVING THE STRENGTH OF THE NATION

The Nation and your Army has been at war for over 6 years. Our soldiers have demonstrated valor, endured countless hardships, and made great sacrifices. Over 3,000 soldiers have died and many more have been wounded. The awards our soldiers have earned reflect their accomplishments and bravery on the battlefield. But their valor is not enough to restore balance and readiness to our Army. We must continue to invest in our centerpiece—soldiers—and the families that support them.

Congress has provided tremendous support to our Army these past 6 years, and we are grateful for all you have provided. You have extended our recruiting incentives, provided for our Wounded Warriors, grown the Army, made significant improvements in the quality of life of our soldiers and their families, and since September 11 you have authorized and funded 94 new programs worth over $100 billion. With the continued support from the Secretary of Defense, the President, and Congress, the Army will restore balance, build the readiness necessary in an era of persistent conflict, and remain the strength of the Nation.

Senator AKAKA. Thank you very much.

General Magnus?

STATEMENT OF GEN. ROBERT MAGNUS, USMC, ASSISTANT COMMANDANT OF THE MARINE CORPS

General MAGNUS. Chairman Akaka, Senator Thune, thank you for this opportunity to report to you today on the readiness of your Marine Corps.

On behalf of our marines, sailors, and their families, I would like to extend my appreciation for the sustained support that Congress provides your Marine Corps.

Your marines are fully engaged in the long war. Today, with over 33,000 marines deployed, from Iraq to Afghanistan, the Horn of Africa to West Africa, from Korea to the Philippines, and here in our Homeland hemisphere, your marines and sailors are performing magnificently under challenging and often dangerous conditions. I want to assure you that our warriors in combat are our number one priority. They are well-trained, well-led, and well-equipped for their assigned missions.

Although we are currently meeting our operational requirements with ready, mission-capable forces, the net effects of sustained combat operations and our high operational tempo are taking a toll on our marines, their families, our equipment, and the full-spectrum-training readiness. Contributing to the stress on our force is the short dwell time between deployments and our intense focus on counterinsurgency operations. The short dwell time at home does not allow our units the time to train on the full-spectrum missions needed to be ready for other contingencies. This most directly affects your marines' proficiency in core competencies, such as combined arms and amphibious operations.

To ensure our forward-deployed forces maintain high readiness, we have been required to source personnel and equipment from nondeployed units and pre-positioning programs. This cross-leveling of personnel and equipment has reduced the nondeployed units' ability to train for those other contingency operations.

First, to sustain the demands of the long war while we correct the effects of stress, the Marine Corps is growing its Active component end strength to 202,000 marines. This increase will provide the combatant commanders with ready marines for the current counterinsurgency mission. It will also improve our Active component deployment-to-dwell ration to 1-to-2, reducing the stress on marines and families, and ensuring that marines have the necessary full-spectrum training. The increased Active end strength will create three balanced Marine Expeditionary Forces and also reduce the need to mobilize our Reserve Forces, improving their dwell ratio to 1-to-5.

Second, we are resetting our forces to ensure our equipment remains ready for tomorrow's missions. For over 5 years, intensive combat operations have resulted in the heavy use and loss of our ground and aviation equipment. Operational demands have also increased our equipment maintenance and replacement costs far beyond what was planned in our baseline budgets. With Congress's help over the past 3 years, we have begun to make progress in meeting reset requirements. To date, Congress has provided $10.9 billion in supplemental funding towards our estimated current total reset requirement of $15.6 billion. We look forward to continuing to reset our forces with the remaining fiscal year 2008 global war on terror request.

Third, to ensure that your Marine Corps will remain ready for future challenges, we will continue to modernize our warfighting equipment, including new ships and aircraft, and our infrastructure. I am proud to report that your support has helped ensure the

continuing success of marines and sailors. The morale and resiliency of your marines have never been higher. They volunteer to serve their Nation at war, have been sent to do that mission, and know that they are succeeding, despite very demanding conditions and a ruthless enemy. We will continue to keep our primary focus on supporting marines and sailors in combat and on taking care of their families at home. We will continue to reset and modernize your Marine Corps, ensuring that it remains ready today, ready tomorrow, and ready for the uncertain challenges of the future.

Congress's support has enabled us to succeed. That continuing support will ensure that we will always, as Congress has directed, "be the most ready when the Nation is least ready."

I look forward to your questions.

[The prepared statement of General Magnus follows:]

PREPARED STATEMENT BY GEN. ROBERT MAGNUS, USMC

I. INTRODUCTION

Chairman Akaka, Senator Thune, and distinguished members of the subcommittee; on behalf of your Marine Corps, I would like to thank you for your generous and sustained support and look forward to this opportunity to discuss the readiness of your Marine Corps. Your marines know that the people of the United States and their Government are behind them, and your support has been exceptional.

America's Marine Corps is fully engaged in the Long War. Around the globe, they are performing magnificently under challenging and dangerous conditions, and despite a high operational tempo, the morale and resiliency of your marines have never been higher. They believe in what they are doing, and know that their sacrifices are making a positive difference everyday. We are currently meeting all operational requirements with ready, mission-capable forces, but sustained combat operations and our high operational tempo are taking a toll on our warriors, equipment, and full spectrum training readiness, as well as their families. To address these challenges we need your continued support to maintain current capabilities, reset the force, and modernize to prepare for future national security challenges. With your continuing support, we will remain the Nations' premiere expeditionary force in readiness—most ready when the Nation is least ready.

II. STRESS ON THE FORCE—USMC COMMITMENTS IN THE LONG WAR

Our operational tempo and the global demand for Marine forces in support of the Long War remain high. Today, nearly 32,000 marines are deployed worldwide. Over 25,000 marines continue to support operations in Iraq, where we are having extraordinary success in transitioning responsibility to Iraqi security forces and disrupting insurgent activities—resulting in dramatically improved security throughout al Anbar province.

Elements of Marine Corps Forces Special Operation Command continue to serve afloat with our Marine Expeditionary Units, and provide foreign military training teams to partner-nation Special Operations Forces—most recently in Mauritania. Also serving ashore, Marine Corps Forces Special Operations Command continues to conduct combat operations with Afghan, U.S., and allied Special Forces units in Afghanistan. Additionally, this month the Marine Corps will deploy approximately 3,400 additional marines to Afghanistan to conduct combat operations against resurgent Taliban forces, and to help build capacity within the Afghan National Security Forces.

This past year, Marine forces participated in over 60 Theater Security Cooperation events, ranging from small Mobile Training Teams in Central America to Marine Expeditionary Unit exercises in Africa, the Middle East, and the Pacific. Additionally, the Marine Corps conducted civil-military and humanitarian assistance operations including New Horizons events in Nicaragua, land mine removal training in Azerbaijan, fire fighting support in Southern California, and cyclone disaster relief in Bangladesh.

Across the globe, Marine Security Guard forces provide crucial support at U.S. embassies from Amman to Zagreb. They perform their duties superbly, as demonstrated in Belgrade. Our Fleet Anti-terrorism Security Teams provide a forward deployed expeditionary capability in support of the combatant commanders and

their naval component commanders by protecting our personnel and key infrastructure. They recently provided a quick reaction force in support of President Bush's trip to Africa.

Due to the continued high demand for Marine forces, our non-deployed units are consistently stressed by the requirement to send their leadership personnel as individual augmentees for transition teams, joint headquarters, and other requirements in support of Operations Iraqi Freedom (OIF) and Enduring Freedom (OEF). While these Marine leaders are enhancing the capabilities of Iraqi and Afghan security forces, and performing needed functions with our deployed joint headquarters, their extended absence from our nondeployed forces leave their units short of the key personnel needed to effectively train, develop unit cohesion, and lead.

Contributing to the stress on our force is the short dwell time between deployments and a necessarily intense focus on counterinsurgency operations. Deploying units conduct a rigorous pre-deployment training program focused heavily on the Iraq and Afghanistan counterinsurgency missions. The short dwell time available at home does not allow our units the time to train to the full spectrum of missions needed to be expeditiously responsive for other contingencies. This short dwell time and heavy training focus on counterinsurgency limit the ability to develop and maintain proficiency in core competencies such as combined arms and amphibious operations. Additionally, the need for units such as artillery, mechanized maneuver and air defense units to train and conduct "in lieu of missions" (such as security, military policing, and civil affairs) degrades the readiness of those units to conduct their regular primary mission. While the result is a Marine Corps well trained for ongoing operations in Afghanistan and Iraq, there is significant risk in our degraded ability to support other operations, including major combat operations where those primary mission, full spectrum capabilities would be required.

The sustained, high operational tempo of the past several years continues to take its toll on our equipment readiness. In order to ensure that our forward deployed forces are sufficiently equipped, we have cross-leveled equipment from our nondeployed units, strategic programs, and in-stores assets. This cross leveling has degraded our nondeployed units' ability to train for and conduct additional contingency operations.

The net effect of focusing our equipment and personnel priorities on forward deployed units, coupled with a heavy training focus on counterinsurgency operations, is that our ability is very limited to rapidly provide ready forces to conduct other small or large scale operations as well as Theater Engagement, Theater Security Cooperation, and Humanitarian Assistance, missions. Currently, units require additional time to form, train, and equip their forces before deploying in support of contingency operations. Such delay limits effective early options for the Commander in Chief and increases the likelihood of U.S. casualties.

As we continue the Long War, we must maintain current capabilities while we simultaneously prepare for the challenges of the future. The Marine Corps will do this by: right-sizing the force; resetting the force; taking care of our warriors and their families; and modernizing the Marine Corps for the future.

III. RIGHT-SIZING THE MARINE CORPS

Today, your Active component Marine Corps end strength is approximately 188,000 marines. As the first step towards minimizing stress on our force and meeting the demands of the Long War, the Marine Corps will grow its Active component personnel end strength to 202,000 marines by 2011. This increase in structure will provide the capabilities for three balanced Marine Expeditionary Forces—each possessing significant ground, aviation, combat logistics, and command and control capability—capable of executing full spectrum operations anywhere in the world. Our end strength growth is designed to move the unit deployment-to-dwell time ratio, currently near 1:1 for most units, to a more acceptable ratio of 1:2. This increased dwell time will provide units with additional time to conduct full spectrum training, and significantly reduce the strain on marines and their families. Our increase in training capacity will be gradual, as we stand up new units, add end strength, and grow our mid-grade enlisted and officer leadership. These are all vital parts of our growth that cannot be developed overnight.

Although growing our force structure presents challenges, we are progressing well. Last year we stood up two infantry battalions and added capacity to our combat engineer battalions and air naval gunfire liaison companies. This year we will add a third infantry battalion, and increase capacity in much needed skill sets including intelligence, communication, civil affairs, military police, unmanned aerial vehicle, helicopter, air command and control, combat service support, and explosive ordnance disposal. Additionally, our growth in fiscal year 2008 will add 200 marines

to the Marine Corps Recruiting Command, and nearly 500 to our Training and Education Command.

a. Growing the Force: 202,000 Marines

The Marine Corps surpassed its fiscal year 2007 authorized end strength goal of 184,000, and is well on track to meet both the fiscal year 2008 goal of 189,000 marines and our targeted end strength of 202,000 marines by fiscal year 2011.

Recruiting

A vital factor in sustaining our force and meeting end strength goals is the recruitment of qualified young men and women with the right character, commitment, and drive to become marines. With over 70 percent of our end strength increase comprised of marines on their first enlistment, our recruiting efforts are a critical part of our overall growth. We continue to recruit the best of America's young men and women into our ranks. In fiscal year 2007, the Marine Corps added 5,000 marines to our total authorized end strength, and achieved over 100 percent of the Active component accession goal necessary to grow the force. We also met 100 percent of our Reserve recruiting goals. We met these goals while maintaining the high quality standards the American people expect of their marines. Over 95 percent of our accessions were high school graduates (Department of Defense (DOD) standard is 90 percent), and over 66 percent were in the upper mental group testing categories (DOD standard is 60 percent). In fact, we believe these high standards make the Marine Corps more attractive to those considering service in the Armed Forces in a time of war. Furthermore, there is a direct correlation between the quality of youth today and the long term effects it has on reducing attrition at the recruit depots, increasing retention, and improving readiness in the operating forces.

We know that active and Reserve recruiting will remain challenging particularly given the increased accession requirements needed to meet our end strength growth. To succeed, we need the continuing support of Congress to sustain our existing programs and the incentives essential to achieving our recruiting mission.

Retention

Retention is the other important part of building and sustaining the Marine Corps. The Marine Corps achieved unprecedented numbers of reenlistments in both the first term and career force in fiscal year 2007; a strong indicator of our force's high morale. The expanded reenlistment goals, in which we sought to reenlist over 3,700 additional marines, resulted in the reenlistment of 31 percent of our eligible first term force and 70 percent of our eligible career force. This achievement enabled us to reach the first end strength increase milestone of 184,000 while maintaining our high quality standards. In fact, a recent Center for Naval Analysis study showed that the quality of our first term force has improved steadily since fiscal year 2000. The percentage of marines that were high school graduates, scored in the top 50th percentile of the Armed Forces Qualification Test (AFQT), and achieved a first class physical fitness test score, increased from 40 percent in fiscal year 2000 to 51 percent in fiscal year 2007.

For fiscal year 2008, our retention goals are even more aggressive—17,631 compared to 16,098 in fiscal year 2007—but we fully expect to meet them. Our continuing success will be attributable to two important enduring themes. First, marines are motivated to "stay marine" because they are doing what they signed up to do—fighting for and protecting our Nation . . . and they know they are winning. Second, they understand our culture is one that rewards proven performance—our Selective Reenlistment Bonuses (SRB) are designed to retain top quality marines that possess the most relevant skill sets.

Our Marines' leadership and technical skills make them extraordinarily marketable to lucrative civilian employment opportunities. To retain our outstanding marines, we need Congress' support for SRB funding. In fiscal year 2007, the Marine Corps spent approximately $460 million in SRB and Assignment Incentive Pay (AIP) to help reach our end strength goal. With a reenlistment requirement of 17,631 in fiscal year 2008, the Marine Corps expects to spend $536 million in reenlistment incentives. This aggressive SRB plan will allow us to retain the right grade and skill sets for our growing force, particularly among key military occupational specialties.

Reserve Component End Strength

Our operations in Iraq and Afghanistan are a Total Force effort, which includes the superb performance by Marine Reserve Forces. The Marine Corps goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve component. As our Active Force increases in size, the current, necessary reliance on our Reserve Forces will decrease—helping us achieve the desired deployment-to-dwell ratio within our cur-

rent authorized end strength of 39,600 Selected Marine Corps Reserves. As with every organization within the Marine Corps, we consistently review the make-up and structure of our Reserve component to ensure the right capabilities reside within the Marine Forces Reserve units and the Individual Mobilization Augmentee program.

Military-to-Civilian Conversions

Military-to-civilian conversions replace marines in non-military-specific billets with qualified civilians, enabling the Corps to return those marines to the operating forces. Since 2004, the Marine Corps returned 3,096 marines to the operating force through military-to-civilian conversions. We have only 27 new conversions scheduled for fiscal year 2008, but plans are underway to convert approximately 900 military police billets to civilian security personnel over the next 4 years. We will continue to pursue sensible conversions that will help improve unit personnel readiness and aid in our deployment-to-dwell ratio goals for the force.

b. Growing the Force: Warfighting Investment

Close cooperation between the Marine Corps and our industry partners enabled an accurate assessment of the materiel requirements to grow our force. This cooperation was fundamental to providing the units created in fiscal year 2007 with the equipment they needed to enter their predeployment training cycle and to be prepared to deploy in this fiscal year. Prioritization of equipment levels and the redistribution of our strategic stocks also played a large role in the preparation of these units. With Congress' continued support, the numerous equipment contracts required to support our growth to 202,000 marines were met during fiscal year 2007 and will be met through fiscal year 2008 and beyond.

The Commandant recently directed a comprehensive Marine Corps-wide Tables of Equipment (T/E) review. The changing security environment and lessons learned by operations in Iraq and Afghanistan have made it clear that many of our units T/E do not necessarily reflect the way we fight today, or will fight in the future. It will take 3 to 4 years to work through these equipping challenges and return our total force equipment readiness to the levels which preceded OIF/OEF, but it is a necessary step. The new T/E will support enhanced mobility, lethality, and command and control across a dispersed battlefield for the entire operating force—Active and Reserve components—and will ensure that our marines remain capable of meeting both the traditional and irregular warfighting requirements of future conflicts.

c. Growing the Force: Infrastructure Investment

Military construction is an essential component supporting the Marine Corps growth to 202,000 marines by fiscal year 2011. Because our end strength will increase before final construction is complete, we are providing interim support facilities that will include lease, rental, and purchase of temporary facilities. Our plan will ensure adequate facilities are available to support the phase-in and final operating capability of a 202,000 Marine Corps, while meeting our environmental stewardship responsibilities.

Military Construction—Bachelor Enlisted Quarters Initiative.

For single marines, housing is our top military construction focus. Barracks are a significant quality of life element for our single marines, but funding shortages and competing priorities over the past several decades forestalled new construction projects. We are now committed to providing adequate billeting for all of our unmarried, junior enlisted and noncommissioned officers by 2012—and for our increased end strength by 2014. To do that, we doubled our bachelor housing funding request from fiscal year 2007 to 2008; with more than triple the 2008 amount in fiscal year 2009. We are also committed to funding the replacement of barracks furnishings on a 7-year cycle and prioritizing barracks repair projects to preempt repair backlogs.

Public Private Venture (PPV) Housing

For married marines, the housing privatization authorities are integral to our efforts to accommodate both current housing requirements and those resulting from our planned force structure increases. Thanks to congressional support, the Marine Corps had business agreements in place at the end of fiscal year 2007 to eliminate all of our inadequate family housing. However, we intend to continue our PPV efforts to address current inventory deficiencies in adequate housing units, as well as the housing deficit being created by the increase in end strength to 202,000. Presently, 99.2 percent of our U.S. inventory is privatized and we will have 99.7 percent of the inventory privatized by the end of fiscal year 2013. 96 percent of our worldwide inventory is privatized and we will have privatized 97 percent of this inventory

by this time next year. We don't expect to privatize more than 97 percent of the worldwide inventory.

Training Capacity

As part of our holistic growth plan, we are increasing training capacity and reinvigorating our predeployment training program to provide support to all elements of the MAGTF across the full spectrum of potential missions. In order to accomplish this we are conducting planning studies into an expansion of our range complex at the Marine Corps Air Ground Combat Center in Twentynine Palms, CA, in order to support large-scale MAGTF live-fire and maneuver training. Additionally, in accordance with the Secretary of Defense's Security Cooperation guidance, we are developing training and education programs to build the capacity of allied and partner nations. We are also developing the capability to conduct large-scale MAGTF exercises within a joint, coalition, and interagency context to maintain proficiency in core warfighting functions such as combined arms maneuver, amphibious operations, and maritime prepositioning operations. Finally, our budget request supports our training and education programs and training ranges to accommodate the 27,000 Marine Corps end strength increase.

Infrastructure Energy Considerations

While we continue to concentrate on the many aforementioned programs, we have not lost our focus on efforts to reduce energy consumption at our installations. We have embraced recent legislative and Presidential mandates to reduce energy consumption and set into place several programs to meet the new energy reduction requirements. Since the new baseline year of 2003, the Marine Corps has reduced its annual energy consumption rate from an overall level of 98.7 Million British Thermal Units (MBTUs) per Thousand Square Feet (KSF) to a present level of 93.22 MBTU per KSF, equating to an estimated utilities cost avoidance of $10.7 million in fiscal year 2007. For energy projects awarded since 2003, the average project payback period is 9.9 years.

We are focusing on our mandate to reduce consumption by a minimum of 3 percent per year through 2015. To achieve this, $4 million in fiscal year 2008 and $29 million in fiscal year 2009 are programmed to support energy projects that have payback periods of less than 15 years (such as solar roofs, replacement of older heating and air conditioning units with higher efficiency models, and hiring supplemental energy contractor staff whose employment is dependant on lowering installation energy consumption and costs). We also continue to focus on contractor financed energy programs that have been made available through the renewed Energy Savings Performance Contract legislation. Any additional congressional funding support for the DOD Military Construction Energy Conservation Improvement Program would also directly add to our energy reduction efforts. Noteworthy projects which the Marine Corps recently completed or awarded are: the installation of one of DOD's largest solar array field (1 megawatt, payback of 9.9 years with an annual cost avoidance of $392,518) at MCAGCC Twentynine Palms; contract award of a 1.25 megawatt wind turbine (payback of approximately 11 years and an annual cost avoidance of $493,727) at MCLB Barstow; and lighting and air conditioning upgrades at MCB Hawaii (payback of 11.8 years with an annual cost avoidance of $1,089,600).

IV. RESETTING THE FORCE

For over 5 years now, the Marine Corps has been involved in intense combat operations resulting in the heavy use and the loss of our combat equipment. The demands of the conflict in Iraq and the greater global war on terror increased our equipment maintenance and replacement costs far beyond what was made available in our baseline budget. We are very thankful that Congress has been extremely supportive in providing required global war on terror funding to continue our reset efforts.

a. Reset Funding

Reset funds replenish the equipment needed to keep the Marine Corps responsive to today's threats. Costs categorized as "reset" meet one of the following criteria: maintenance and supply activities to restore and enhance combat capability to unit and pre-positioned equipment; replace or repair equipment destroyed, damaged, stressed, or worn out beyond economic repair; and enhance capabilities with the most up-to-date technology. With Congress' help over the last 3 years, we have begun to make significant progress in drawing down our reset requirements. To date, Congress provided $10.9 billion in supplemental funding towards our estimated current total reset the force requirement of $15.6 billion. The timely appro-

priation of procurement funds in the title IX funds in fiscal year 2007 allowed us an early start on this year's procurement actions that will ultimately provide new and improved equipment to our marines. We also look forward to receiving the $1.3 billion reset funding remaining in the fiscal year 2008 global war on terror. This funding is critical to our continued progress with resetting the force. As the Long War evolves, we will continue to refine and assess our reset costs.

b. Ground Equipment Readiness

Due to Congress' continuing support our deployed forces have the equipment they need and deserve. Our deployed warfighters are our number one priority and receive our highest equipping priority. Deployed units are reporting the highest readiness levels of equipment supply and condition. Sustaining high deployed equipment readiness has been a total force effort and is not without long term ramifications and consequences. Approximately 26 percent of all Marine Corps ground equipment and nearly 25 percent of our active duty aviation ground equipment are engaged overseas. Most of this equipment is not rotating out of theater at the conclusion of each force rotation; it remains in combat, often used on a near-continuous basis, at a pace that far exceeds normal peacetime usage. While the vast majority of our equipment passed the test of sustained combat operations, it is being subjected to more than a lifetime's worth of wear and tear stemming from increased vehicle mileage, operating hours, and exposure to harsh environmental conditions—accelerating both equipment age and maintenance requirements.

For example, in OIF, crews are driving Light Armored Vehicles in excess of 8,700 miles per year—3.5 times more than the programmed annual usage rates of 2,480 miles per year. Our tactical vehicle fleet is experiencing some of the most dramatic effects of excessive wear, operating at five to six times the programmed rates. Additionally, the improvised explosive device (IED) threat forced us to modify vehicles with heavy armor plating, which further accelerated the wear and tear on these assets. These factors, coupled with the operational requirement to keep equipment in theater without major depot repair, significantly decreased the projected lifespan of this equipment. As a result, we can expect higher than anticipated reset costs due to the need to replace assets that are not economically repairable. Depot level maintenance requirements for the repairable equipment will continue beyond the conclusion of hostilities in Iraq and Afghanistan.

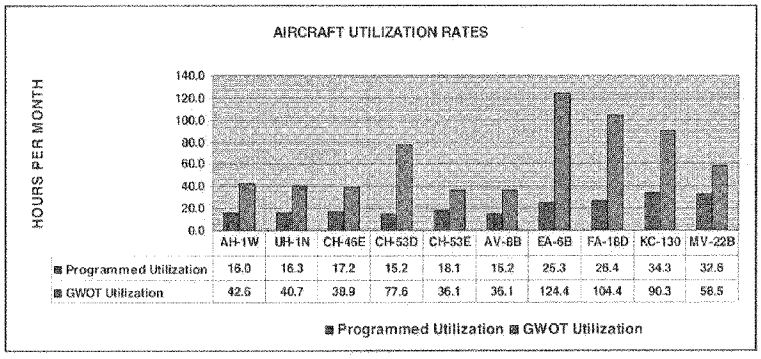
Equipment aging adds to the readiness challenge as well. As equipment ages, more time, dollars, and effort are expended repairing legacy equipment. Maintaining optimal readiness, while continuing to support OIF, OEF, and other contingencies, will require additional resources for maintenance as well as for the replacement of equipment.

To support deployed marines, we drew additional equipment from our Maritime Prepositioning Ships, prepositioned stores in Norway, and also retained equipment in theater from units that rotate back to the United States. The operational materiel impacts of these efforts have been outstanding. The average mission capable rates of our deployed forces' ground equipment remain above 90 percent—but achieving this operational availability was not without cost.

The cost has been a decrease in nondeployed unit readiness. Because of funding lags and long lead times for production, the fielding of new equipment for the operating forces has lagged needs. As a result, equipment across the Marine Corps is continuously cross-leveled to ensure units preparing to deploy have sufficient equipment to conduct our rigorous predeployment training programs. This focus on "next-to-deploy" units for the distribution of equipment has left many nondeployed units with insufficient equipment to effectively train for the full breadth of possible contingencies. The timely delivery of replacement equipment is crucial to sustaining the high readiness rates for the marines in theater and improving readiness of the forces here at home. While Congress provided the funding requested to maintain our equipment readiness and grow the force, much of this equipment is still many months away from delivery.

c. Aviation Equipment Readiness

Similar to our ground equipment, the operational demands and harsh environments of Iraq, Afghanistan, and the Horn of Africa taxed our aging fleet of aircraft. Our aircraft are flying at two to three times their designed utilization rates (Figure 1) to support our marines, sister Services, and coalition partners.



	AH-1W	UH-1N	CH-46E	CH-53D	CH-53E	AV-8B	EA-6B	FA-18D	KC-130	MV-22B
Programmed Utilization	16.0	16.3	17.2	15.2	18.1	15.2	25.3	26.4	34.3	32.6
GWOT Utilization	42.6	40.7	39.9	77.6	36.1	36.1	124.4	104.4	90.3	58.5

Figure 1

Despite this unprecedented use, our maintenance and support personnel sustained a 79 percent aviation mission-capable rate for deployed Marine aircraft over the past 12 months.

Maintaining the readiness of these aviation assets, while preparing aircrews for their next deployment, is and will continue to be an enormous effort and constant challenge for our marines. To maintain sufficient numbers of aircraft in deployed squadrons, our home squadrons took significant cuts in aircraft and spare parts—resulting in a 30 percent decrease in the number of nondeployed units that are deployment capable over the last 5 years. Reset programs have helped us mitigate degradation of our aircraft materiel readiness through aircraft modifications, proactive inspections, and additional maintenance actions. These efforts successfully bolstered aircraft reliability, sustainability, and survivability. Again, similar to our ground equipment, additional requirements for depot level maintenance for airframes, engines, weapons, and support equipment will continue well beyond the conclusion of hostilities. Because we are simply running short of aircraft on our flight lines due to age, peacetime attrition, and wartime losses, continued funding support for our essential programs to modernize our aircraft fleet is critically needed.

d. Prepositioning Equipment and Stores

Comprised of three Maritime Prepositioning Squadrons and other strategic equipment stocks in Norway, the Marine Corps prepositioning programs are a critical part of our ability to respond to contingency operations and mitigate risk for the Nation. Targeted withdrawal of equipment from our strategic stocks, along with cross-leveling of equipment in nondeployed units, has been a key element in supporting combat operations. Prepositioned equipment withdrawals have provided the necessary equipment in the near term, while we follow with the contracting and acquisition of new equipment. Congress has generously supported our need to reset shortfalls within our strategic programs.

Maritime Prepositioning Force (MPF)

We used our MPF assets heavily in support of global war on terror requirements. Eleven vessels supported the initial introduction of forces in Iraq in 2003. In February 2004, MPSRON–2 supported the reintroduction of Marine Forces into Iraq. The bulk of that equipment remains in Iraq supporting your marines. Equipment was removed from MPSRON–1 in fiscal year 2007 to support the end strength growth of the Marine Corps to 202,000 marines. This decision reduced readiness of the MPF, but it was the best solution to meet our demand in advance of new equipment deliveries from industry. MPSRON–1 will deploy with 80 percent of its prepositioned equipment and 100 percent of its stocks in June 2008, and will begin full reconstitution in June 2010 during its next scheduled maintenance cycle. MPSRON–2 was reconstituted to the greatest extent possible and returned to service with roughly 50 percent of its prepositioned equipment set. Equipment is being staged at Blount Island Command to support the reconstitution of MPSRON–2 during maintenance cycle 9 (occurring May 2008 through June 2009). While industry is responding to our funded demand for equipment, the window of opportunity when we can influence a ship's load during maintenance cycles is very short. Of course,

we continue to balance the demands to reconstitute our MPF with the requirements to equip our growing force and deploying marines.

Prepositioning readiness was impacted by changing the equipment needed to react to an adaptive enemy. To better protect our forward deployed marines and sailors, we are integrating protected vehicles into our prepositioning programs. The integrated armor on our trucks and engineer equipment is impacting the amount of equipment our ships can carry, due to their increased size and weight. To offset the loss in equipment stowage, we are working with the Navy to incorporate newer, more flexible ship platforms from the existing Military Sealift Command fleet to replace aging legacy Maritime Prepositioning Ships (MPS).

We seek to incorporate 3 of the Military Sealift Command's 19, large, medium-speed, roll-on/roll-off ships (LMSR) as replacements for 5 of our older leased platforms. The LMSRs are U.S. owned and significantly expand MPF flexibility. These vessels provide a stability that new leasing laws preclude, while allowing the Marine Corps to reconstitute and optimize MPF to meet combatant commander requirements.

Marine Corps Prepositioning Program-Norway

In addition to our afloat prepositioning program, equipment from Marine Corps Prepositioning Program-Norway (MCPP–N) is used in support of Long War operations. Attainment for major end items within MCPP–N is 46 percent, an increase from 38 percent in our last report. The Marine Corps will reset MCPP–N in concert with our other operational priorities.

e. Depot Maintenance

Depot maintenance is key to sustaining equipment readiness. The Marine Corps aggressively works to improve equipment readiness and availability by managing the conditions that affect our depot maintenance rework plans. These conditions include: the uncertainty of the timing of reset, asset availability, timing of funding, equipment condition, and evolving skill requirements. The in-theater identification of equipment and scope of work to be performed enables better planning for parts, manpower resources, funding requirements, and depot capacity. Triage assessments made in theater and relayed back to the sources of repair help to reduce the repair cycle time, return mission capable equipment to the warfighter quicker, and improve materiel readiness.

The only factor limiting our two depots is asset (carcass) availability, not funding or their workload capacity. When required, we can increase capacity to support surge requirements through: overtime, additional shifts, and additional personnel. Our depot workforce has multiple trade skills ranging from laborers to engineers, enabling work to be performed on over 260 product lines. However, much of the equipment in theater includes items not previously repaired by any depot facility, and as a result, the existing work force may require additional training. Ultimately, new personnel, as well as continued augmentation through contractor support, may be required. We are leveraging State and local institutions, such as technical colleges and universities, to provide valuable assistance in training our workforce in skills such as welding, environmental science, and engineering.

The Marine Corps Maintenance Centers have implemented Continuous Process Improvement (CPI) methodologies through the use of modernized business practices to enhance depot operations. Those tools include Manufacturing Resource Planning II (MRP II), Lean Six Sigma, Theory of Constraints, and International Standard Office (ISO) certified quality systems. This CPI approach, coupled with key engineering projects, significantly enhances depot maintenance processes and operations.

Additionally, Maintenance Centers collaborate with private industry and other Services to identify process improvements designed to enhance materiel readiness. We also coordinate with the other Services to reduce redundancy in our efforts. Examples of the excellent coordination between the Marine Corps and other Services include: the repair of Marine Corps M1A1 tanks at the Anniston Army Depot; the repair of various Marine Corps electronic equipment at Tobyhanna Army Depot; and Marine Corps maintenance on Navy/Coast Guard Paxman engines. The Marine Corps also contracts or out sources work which allows us to purchase repairs through: a Depot Maintenance Interservice Agreement with another service, a contract with a private vendor, or a Public/Private Partnership. In all cases, the repair source is evaluated for the best return on the investment for the Marine Corps.

f. Equipment Retrograde Operations from CENTCOM AOR

Marine Corps Logistics Command took the lead as the Service Executive Agent for the retrograde of equipment in the CENTCOM theater in 2006. In addition to receiving, preparing, and shipping equipment no longer required within theater, Marine Corps Logistics Command (Forward) coordinates strategic lift requirements

and manages the redistribution of principle end items. Since June 2006, over 15,731 principle end items were processed at the retrograde lot in Al Taqaddum, Iraq, and approximately 11,799 items were shipped back to Blount Island Command for disposition. Once disposition is received, assets are sent to Marine Corps Logistics Command to be repaired, stored, or used to fill requisitions. If deemed uneconomical to repair, assets are sent to the Defense Reutilization Marketing Office. These actions will enable us to better manage the demand for equipment and to influence readiness rates across the enterprise.

In order to enhance our preparedness to retrograde a greater volume of equipment from the CENTCOM AOR, we are seeking facilities project improvements that will increase throughput operations at Blount Island Command. Naval Facilities Engineering Command is prepared to support us in this endeavor.

V. TAKING CARE OF WARRIORS AND FAMILIES

Taking care of our marines, sailors, and their family members is a fundamental commitment and critical to our current and long-term readiness. Throughout our proud history, our successes have been through the cumulative efforts and sacrifices of individual marines and sailors. We have a moral obligation to ensure their well being during their time in the Marine Corps and their transition back to civilian life. When marines are wounded, ill, or injured, we will take care of them—they are marines for life. When marines die, we will honor our fallen angels, and assist their families. This enduring obligation also includes the well being of their families—who are essential to the resilience and effectiveness of our marines and sailors who serve alongside them. Because of the demands of the Long War and the need to improve support and services for our warriors and families, we are putting our family readiness programs on a wartime footing.

a. Casualty Assistance

Marines selflessly serve, assuming the often dangerous work of defending our Nation. Whenever marines pay the ultimate price, we will continue to honor them as selfless patriots who gave their last full measure of devotion to the Nation. Our casualty assistance program will ensure the families of our fallen marines are always treated with compassion, dignity, and honor.

Trained Casualty Assistance Calls Officers provide the families of fallen marines assistance with their transition through the stages of grief. Last year during congressional hearings and inquiries into casualty next-of-kin notification processes, we testified about deficiencies that we discovered in three key and interrelated casualty processes: command casualty reporting, command casualty inquiry and investigation, and next of kin notification. Reacting quickly to understand and fix these deficiencies, we ordered an investigation by the Inspector General of the Marine Corps. Without waiting for a final investigative report, the Commandant of the Marine Corps directed actions, which included issuing new guidance to commanders—reemphasizing investigation and reporting requirements, and the importance of tight links between these two systems, and with next of kin notification. We will continue to monitor our processes to ensure families receive timely and accurate information relating to their marine's death or injury.

b. Putting Family Readiness on a Wartime Footing

Last year, we conducted self-imposed, rigorous assessments of our family support programs. We gained reliable data to build upon our strengths and to execute needed improvements. Actions are underway to refresh, enhance, or improve: our family readiness programs at the unit and installation levels, including our Exceptional Family Member Program and the School Liaison Officer Program.

Through our assessments, we determined that major enhancements are needed to the Marine Corps Family Team Building Program and Unit Family Readiness Program. These programs form the centerpiece of our family support and are based on a peacetime model with an 18-month deployment cycle. They are also largely supported on the backs of our dedicated volunteers. While our volunteers are performing magnificently, they need substantial increases in program support. Reacting quickly to the assessments, the Commandant directed a sustained funding increase for Marine Corps family readiness program reforms in fiscal year 2008 which include:

- Formalizing the role and relationship of process owners to ensure accountability;
- Expanding programs to support the extended family of a marine (spouse, child, and parents);
- Establishing primary duty billets for Family Readiness Officers at regiment, group, battalion, and squadron levels;

- Improving the quality of life at remote and isolated installations;
- Increasing Marine Corps Family Team Building installation personnel;
- Refocusing and applying technological improvements to our communication network between commanders and families;
- Dedicating appropriate baseline funding to command level Family Readiness Programs; and
- Developing a standardized, high-quality volunteer management and recognition program.

We request Congress' continued support so we may continue to advance these reforms and address the evolving requirements of our warfighters and their families.

c. Wounded Warrior Regiment

In April 2007, the Wounded Warrior Regiment was activated to develop a comprehensive, integrated approach to Wounded Warrior care and to continue to ensure that "marines take care of their own." The Regiment reflects our deep commitment to the welfare of our marines, sailors, and families throughout all phases of recovery. The Regiment provides non-medical case management, benefit information and assistance, and transition support. We use "a single process" that supports Active Duty, Reserve, and separated personnel, and is all inclusive for resources, referrals, and information.

There are two Wounded Warrior Battalions, headquartered at Camp Lejeune, NC, and Camp Pendleton, CA. The Battalions have liaison teams at major military medical treatment facilities, Department of Veteran's Affairs Poly-trauma Centers (VAPTC), and Naval Hospitals. Additionally, the Battalions provide local support in regions without military treatment facilities or VAPTCs through Marine For Life Home Town Links (M4L HTL), or Wounded Warrior Regiment District Injury Support Cells.

The Regiment constantly assesses how to improve the services it provides. One of the major initiatives is a Job Transition Cell manned by marines and representatives of the Departments of Labor and Veteran Affairs. The Regiment also established a Wounded Warrior Call Center for 24 hour a day/7 days a week support. The Call Center receives incoming calls from marines and family members with questions, and makes outreach calls to the almost 9,000 wounded marines who left active service. A Charitable Organization Cell was created to facilitate linking wounded warrior needs with charitable organizations that can provide the needed support. Additionally, the Regiment maintains a liaison presence at the Department of Veterans Affairs (VA) Headquarters, and liaisons from the VA and the Department of Labor are located within our Wounded Warrior Regiment headquarters at Marine Corps Base, Quantico.

I deeply thank you for your support on behalf of our wounded warriors and their families. The numerous visits from Members of Congress and their own families, are deeply appreciated by them and their families. Your new Wounded Warrior Hiring Initiative to employ our injured in the House and Senate demonstrates your commitment and support to their future well-being. We are grateful to Congress for the support for wounded warriors in the 2008 National Defense Authorization Act. This landmark legislation will significantly improve the quality of their lives and demonstrates the Nation's enduring gratitude for their selfless sacrifices.

d. Traumatic Brain Injuries

The IEDs used by our enemies cause blast and penetrating traumatic brain injuries (TBIs). TBI awareness and education is part of our pre-deployment, routine, and post-deployment training. All marines are being screened for TBI exposure during the post-deployment phase and those identified with it receive comprehensive evaluation and treatment.

Concussive blast injuries to the brain are currently classified as mild, moderate, or severe traumatic brain injuries. Physical examinations performed by medical personnel, aided by screening tools such as the Military Acute Concussion Evaluation (MACE) and the Glascow Coma Scale (GCS), assist in the diagnosis and categorization of TBI. Despite this, Mild TBI (mTBI) can be difficult to detect with the current screening techniques available in the theater of operations. The Marine Corps is seeking a means to use the Automated Neuropsychological Assessment Metrics (ANAM), developed by the Army, to evaluate an individual's neuro-cognitive functioning (i.e. brain operations that are responsible for all aspects of perceiving, thinking, and remembering) following exposure to concussive blast. To be maximally effective, pre-exposure testing with the ANAM is required to establish the baseline functioning of each marine and sailor prior to deployment. The Marine Corps is working closely with the Center of Excellence for Psychological Health and Trau-

matic Brain Injury to advance our understanding of TBI and improve the care of all marines.

e. Post-Traumatic Stress Disorder

The Marine Corps has partnered with Veterans Affairs and its National Center for Post-Traumatic Stress Disorder (NCPTSD) to improve the psychological health of our marines, sailors, and families through research and effective new training and early intervention programs. Our premiere PTSD research project is the "Marine Resilience Study," a collaboration with the VA at San Diego and Boston, as well as the Naval Health Research Center, to prospectively study the biological, psychological, and social factors that predict resilience in two battalions of ground combat marines bound for Iraq or Afghanistan. Initial phases of this ground-breaking study are under way at MCAGCC Twentynine Palms. Through collaborations with the NCPTSD and both Navy Medicine and the Navy Chaplaincy, we have also developed new Combat and Operational Stress First Aid tools for early intervention for acute traumatic stress and loss in operational environments. We have also partnered with UCLA and the National Child Traumatic Stress Network to establish over the next 6 months a family resilience training program known as Families Overcoming Under Stress at our four largest mobilization and demobilization sites. We are determined to reduce the frequency and severity of PTSD in our marines, sailors, and family members through effective, evidence-based primary and secondary prevention programs.

The Marine Corps is thankful to Congress for their leadership and support of research as well as treatment for TBI, PTSD, and other combat-related mental disorders. We will continue to place a high priority on improving our knowledge and treatment of these disorders and providing non-clinical assistance to marines and their families.

f. Combat and Operational Stress Control

Marine Corps commanders are fully engaged in promoting psychological health among our marines, sailors, and their family members. Small unit leaders have the greatest potential for detecting stress occurrences and assessing their impacts on warfighters and family members. Marine leadership fosters an environment at all levels where our warriors learn it is proper to ask for help, because taking care of marines and ensuring their readiness means caring for physical and psychological health. We stress this to marines repeatedly during pre-deployment training, deployment, and post-deployment periods, as well as through the training continuum. The Navy is supporting expansion of embedding Navy mental health professionals in operational units—the Operational Stress Control and Readiness program. The goal by fiscal year 2010 is for 161 Navy personnel (62 medical officers, 16 chaplains, and 83 sailors) embedded at all levels of the MEF. We are also collaborating with the other Services, the Department of Veterans Affairs' NCPTSD, and external agencies to determine best practices for marines and their families.

g. Exceptional Family Member Program (Respite Care)

Parental stress can be heightened for families who are not only impacted by operational tempo, but have the challenges of children with special needs. To focus on this issue, we offer active duty families enrolled in the Exceptional Family Member Program (EFMP) up to 40 hours of free respite care per month for each exceptional family member. Many of our families rely on TRICARE's Enhanced Care Health Option (ECHO) program which offers limited respite care, but provides other important benefits such as medical equipment, mental behavior therapy, rehabilitation, special education, and transportation. Unfortunately, in many cases, the monthly ECHO cap of $2,500 does not enable families to cover all of these services, forcing them to choose between respite care and other benefits. The Marine Corps EFMP now underwrites the respite care, enabling families to apply ECHO resources to these other treatment services. We also seek to provide a "continuum of care" for our exceptional family members through: our assignment process; working with TRICARE and the Department of the Navy Bureau of Medicine and Surgery to expand access and availability to care; and providing family support programs to ease relocations and ensure quality care transitions.

h. Family Member Pervasive Developmental Disorders

The sustained readiness and effectiveness of marines and sailors during deployment requires that they know family members are supported at home. Currently, the TRICARE ECHO program is not able to provide sufficient support to children of servicemembers with special needs, to include Pervasive Developmental Disorders such as: Autistic Spectrum Disorder, Asperger's Disorder, Rett's Disorder, Childhood Disintegrative Disorder, and Pervasive Developmental Disorder Not Otherwise

Specified. The Marine Corps is working closely with the DOD Office of Family Policy Work Group on examining options to expand its Educational & Developmental Intervention Services (EDIS). EDIS is the DOD response to the Individuals with Disabilities Education Act, a Federal mandate that provides Developmental Services for children 0 to 3 years old, and Special Education Services for children 3 to 21. EDIS delivers early intervention services to eligible infants and toddlers in domestic and overseas areas, and medically related service programs for school age children in DOD schools overseas.

i. Water Contamination at Camp Lejeune

Past water contamination at Camp Lejeune continues to be a very important issue for the Marine Corps. Our goal is to use good science to determine whether exposure to the contaminated water at Camp Lejeune resulted in any adverse health effects for our marines, their families, and our civilian workers. The Marine Corps supports the Agency for Toxic Substances and Disease Registry in their health study, which is planned to be completed in March 2009. With the help of Congress, the National Academy of Sciences is also helping us by studying this difficult issue. Their study is expected to be completed in the fall of 2008.

The Marine Corps is making progress notifying former residents and workers of this issue and we established a call center and notification registry, where the public can provide contact information, so we can keep them apprised of the completion of these health studies. Additionally, 50,000 letters will be mailed by 31 March 2008 to individuals who were identified in a DOD personnel database that were former residents and/or workers at Camp Lejeune.

VI. PREPARING MARINES FOR CURRENT OPERATIONS

The Training and Education Continuum for deploying marines begins with entry level training, ascends through formal schools, home station training, Professional Military Education, and culminates with a final unit Pre-Deployment Training Program (PTP) assessment. This ascending-levels-of-competency approach allows marines of all ranks to be trained at the right level, at the right time, and the right place. Mojave Viper (MV), Desert Talon (DT), and Mountain Warrior (MW) are established as the primary OIF/OEF Pre-Deployment Training Mission Rehearsal Exercises. The Marine Corps PTP is both realistic and adaptive. Utilizing role players and live fires, PTP prepares marines mentally, physically, and culturally as to what they can expect in the combat environment. Training is constantly updated based on lessons learned. PTP is conducted in five nested blocks in ascending levels of competency and culminates in a full-scale, intelligence-driven, controlled, and evaluated exercise conducted at Twentynine Palms, Bridgeport, Yuma, or an approved alternate venue. During fiscal years 2006 and 2007, the PTP resulted in over 42,000 marines receiving combined arms and urban operations training at MV in Twentynine Palms, CA; over 2,800 marines receiving mountain operations training at the Mountain Warfare Training Center in Bridgeport, CA; and over 12,000 marines participating in aviation-focused DT exercises in Yuma, AZ.

Core Values and Ethics Training

As part of our ethos, we continually seek ways to improve ethical decisionmaking at all levels. In 2007, we implemented the following initiatives to strengthen our Core Values training and prepare marines for the mental rigors and challenges of combat:

- Tripled the amount of time Drill Instructor and recruits conduct "foot locker talks" on values (increasing instruction time from 14 to 41.5 hours);
- Institutionalizing habits of thought for all marines operating in counterinsurgencies, the message of the importance of ethical conduct in battle, and how to be an ethical warrior in all operating environments and locations;
- Re-emphasized the Values component of our Marine Corps Martial Arts Program, which teaches Core Values and presents ethical scenarios pertaining to restraint and proper escalation of force as the foundation of its curriculum;
- Educated junior marines on the "strategic corporal" and the positive or negative influence they can have;
- Published pocket-sized Law of War, Rules of Engagement, and Escalation of Force guides;
- Increased instruction at our Commander's Course on command climate and the commander's role in cultivating battlefield ethics, accountability, and responsibility.

Marine Corps Center for Lessons Learned

Our Marine Corps Center for Lessons Learned applies lessons from operational experiences as well as those of the Joint Staff, other Services, and Joint Forces Command to guide efforts for "fine tuning" and transforming our force. This rapid, continuous process ensures the latest enemy and friendly tactics, techniques, and procedures are incorporated in our training programs. In 2007, as result of these lessons learned, the Marine Corps implemented changes in pre-deployment training in such areas as detention operations; transition teams; interagency coordination of stability, support, transition, and reconstruction operations; irregular warfare; and the role of forensics in counterinsurgency operations.

Experimentation

Research, development, and experimentation are key factors to adapting our force, enhancing training, and providing the foundation for our own future warfighting capabilities. We continuously work with the Office of Naval Research, the Defense Advanced Research Projects Agency and other Services Science and Technology and Research and Development (R&D) activities, leveraging their special, significant efforts. The Marine Corps Warfighting Laboratory conducts experiments to support operating force requirements and combat development with improved capabilities. Some examples of current projects include:

- "Combat Hunter," a project aimed at enhancing observation and hunting skills of individual marines operating in a combat environment;
- Company Level Intelligence Cell experiment, designed to provide us with a "best practices" model and to standardize infantry battalion intelligence processes;
- Squad Fires experiment, enhancing close air support to squad-level units;
- Combat Conditioning project, examining advances in physical fitness training to best prepare marines for the demands of combat; and
- Lighten the Load initiative, an effort to decrease the amount of weight carried by marines in the field.

VII. MODERNIZING THE MARINE CORPS

In addition to recruiting and retaining high quality marines and ensuring their individual readiness, we are also committed to providing our warriors with the very best warfighting equipment and capabilities. Our equipment modernization has high priority, so that we can ensure ready, relevant and capable Marine Air Ground Task Forces now and in the future. As careful stewards of our Nation's resources, we must decide the most effective ways to modernize our Total Force. With this in mind, we continue to sustain the readiness of our aging legacy equipment by resetting it and also fielding next generation capabilities. Because we are at war, we must do both, modernizing on the march. Thankfully, Congress has consistently supported our efforts to achieve long-term modernization, while maintaining our current readiness to prosecute the Long War.

a. Urgent Warfighting Requirements

Designed to procure equipment for commanders more expediently than if submitted through the traditional acquisition process, our Urgent Universal Needs Statement (UUNS) process uses a secure, web-based system that provides full stakeholder visibility from submission through resolution. We have studied and continue to review our overall capabilities-based Joint Capabilities Integration and Development System (JCIDS) requirements generation process, including the wartime UUNS process, to ensure we meet valid warfighter needs for timely effective and efficient material solutions. One example of our efforts to provide timely responses is that, through continuous process improvement, and a Lean Six Sigma review, we have reduced average UUNS processing time from 142 to 83.2 days and transitioned over 50 emerging capabilities into programs of record. Typically, UUNS are either funded by reprogramming funds from approved programs or through congressional supplemental funding until we can transition them through the next budgeting cycle. We are committed to rapidly and properly equipping our warriors, continuously reviewing our system for opportunities to increase efficiency and responsiveness in order to provide marines the best combat equipment and protection as swiftly as we can identify and test material solutions and field them.

b. Enhancing Individual Force Protection and Survivability

The Marine Corps is pursuing technological advancements in personal protective equipment because marines in combat deserve the best gear for their mission. Fully recognizing the factors associated with weight, fatigue, and movement restriction, we are committed to provide our marines with the latest in personal protective

equipment—such as the Modular Tactical Vest, QuadGard, Lightweight Helmet, and Flame Resistant Organizational Gear.

Body Armor

Combat operations in Iraq and Afghanistan highlight the need to evolve our personal protective vest system. In February 2007, we began transitioning to a newly-designed Modular Tactical Vest (MTV) which integrates more easily with our other personal protection systems and provides greater comfort by incorporating state-of-the-art load carriage techniques. The MTV also incorporates our combat-proven Enhanced Small Arms Protective Inserts (E–SAPI) and Side SAPI plates. These plates are provided to every marine in the central command theater of operations to render the best protection available against a wide variety of small arms threats. The initial acquisition objective for the MTV was 60,000 vests in response to a UUNS, with deliveries completed in October 2007. The Marine Corps placed a final order for 24,000 additional MTVs and deliveries began in Nov 07 with approximately 17,000 vests received to date. With this initial capability fielded to all deployed forces we are now using feedback from our marines and sailors to refine the vest into a system that can further enhance the performance and safety of the warfighter.

QuadGard.

The QuadGard system provides ballistic protection for a marine's arms and legs when they are serving as a turret gunner on convoy duty. This system, which integrates with other personal ballistic protection equipment, provides additional protection against ballistic threats—particularly improvised explosive device fragmentation.

Lightweight Helmet

Similar to body armor, we continue to rapidly evolve the best head protection. The Lightweight Helmet (LWH) weighs less than its predecessor and provides a high level of protection against fragmentation threats and 9mm bullets. Because of tests, including studies by the University of Virginia on the effects of ballistics and blunt impacts, we now have replaced the sling suspension with a superior protection pad system inside the helmet. We are retrofitting more than 150,000 helmets with the pad system and have already fielded enough helmet pads for every deployed marine. Since January 2007, all LWHs produced by the manufacturer were delivered with the approved pad system installed. In October 2007, we began fielding an initial buy of 69,300 of the Nape Protection Pad (NAPP), which provides additional ballistic protection to the occipital region of the head (where critical nervous system components are located), with final deliveries scheduled for April 2008. The NAPP is attached to the back of the LWH or the Modular Integrated Communications Helmet (MICH), which is worn by our reconnaissance marines, to include MARSOC personnel. The Marine Corps currently has 1,800 MICHs in its inventory. We continue to work with the U.S. Army and to challenge industry to build a lightweight helmet that provides greater ballistic protection by defeating the 7.62 mm round fired from widely used AK–47s.

Flame Resistant Organizational Gear (FROG)

In February 2007, we began fielding FROG to all deployed and deploying marines. This lifesaving ensemble of flame resistant clothing items—gloves, balaclava, long-sleeved under shirt, combat shirt, and combat trouser—will reduce exposure to flame injuries. We also began providing flame resistant fleece pullovers to marines for use in cooler conditions, and are developing flame resistant varieties of cool/cold weather outer garments with planned fielding in late fiscal year 2008. With the mix of body armor, undergarments, and outerwear, operational commanders can determine what equipment their marines will employ based on mission requirements and environmental conditions. As with individual and unit equipment, we continue ongoing development and partnerships with other Services, seeking the best available flame resistant protection for our marines.

Counterimprovised Explosive Devices

The incorporation of lessons learned is integral to the Marine Corps Counterimprovised Explosive Devices (CIED) effort. We are mindful that our enemies are constantly evolving to offset our military capabilities and technology superiority; therefore, our ability to support the warfighter and maintain optimum readiness levels is accomplished through multiple complementary efforts within the Marine Corps and the larger Joint and Interagency CIED communities of interest. The following is a sampling of some of these efforts:

• Upgrading our Counter Radio-controlled IED Electronic Warfare systems to meet rapidly evolving threats, while remaining engaged with the Navy's Joint Program Office to develop a joint solution.
• Modernizing our Family of Explosive Ordnance Disposal Equipment through enhancement of technician tool kits and greater robotics capabilities.
• Evaluation of new technologies to enhance our Family of Imaging Systems portfolio and protect against both vehicle and personnel-borne IEDs.
• Continuing to field our point, route and area Persistent Intelligence, Surveillance and Reconnaissance capabilities—Ground Based Operational Surveillance System, Unmanned Aerial Systems, and Angel Fire.
• Explosives odor detection, infantry-based, off-leash IED Detector Dogs have proven very effective in their first deployment and the Marine Requirements Oversight Counsel has approved an effort to eventually provide dogs to every deployed maneuver battalion.
• Specific to CIED, Training and Education Command's Marine Corps Engineer School has created Master Lesson Files, established Mobile Training Teams in support of home station training, incorporated CIED education into existing institutional and virtual training platforms, and is coordinating CIED upgrades to our training facilities.
• Lastly, we continue to develop CIED and counter insurgency capabilities normally associated with law enforcement through the fielding of Biometrics tool kits and embedded law enforcement officers.

c. Marine Aviation

Just like our ground combat and support elements, Marine Aviation must sustain current operations, reset the force and modernize. Execution of any one of these is a formidable challenge. Today, Marine Aviation is executing all three concurrently in order to win today's battles, while preserving our warfighting capabilities to be ready to respond to other contingencies. Your marines rely on aging aircraft to execute a wide array of missions including casualty evacuation for our wounded and timely close air support for troops in contact with the enemy. Legacy aircraft production lines are no longer active—exacerbating the impact of combat losses and increasing the urgency for the Marine Aviation Plan (AvPlan) to remain fully funded and on schedule. The AvPlan incorporates individual program changes, synchronizes support of our end strength growth to 202,000 marines, and provides the way ahead for Marine Aviation as it transitions 39 of 71 squadrons. By 2017, Marine Aviation will transition from 13 legacy aircraft to 7 new aircraft.

F–35B: Joint Strike Fighter (JSF)

The Marine Corps has not received a new tactical aircraft in a decade, with our last delivery an F/A–18D in 1998. In fiscal year 2009 we plan to procure the first of 420 F–35B aircraft, with IOC beginning in fiscal year 2012. We will complete the transition from the F/A–18 and AV–8B by fiscal year 2024. The Marine Corps literally skipped a generation of strike fighters in order to field an all Short Take-Off/Vertical Landing (STOVL) fifth generation aircraft force. The F–35B STOVL will provide a quantum leap in capability, basing flexibility, and mission execution across the full spectrum of warfare. The JSF will act as a networked, integrated combat system in support of ground forces and will be the centerpiece of Marine Aviation. F–35B Lightning II development is on track with the first flight of the BF–1 STOVL variant scheduled for spring 2008. The fiscal year 2009 budget requests eight aircraft for delivery in fiscal year 2010. These aircraft will support pilot transition training and are essential to the Initial Operational Capability (IOC) of fiscal year 2012. The manufacture of the first 19 test aircraft is on schedule and underway.

MV–22 Osprey

The 360 MV–22 aircraft planned for procurement by the Marine Corps are already bringing revolutionary assault support capability to our forces in harm's way. The MV–22 has begun to replace the CH–46E aircraft which are over 40 years old, and which have very limited performance to support the MAGTF. In September 2005, the V–22 Defense Acquisition Board approved full rate production. MV–22 IOC was declared on 1 June 2007. The current inventory of 57 operational MV–22 aircraft that have been delivered are based at Marine Corps Air Station New River, NC; NAS Patuxent River, MD; and Al Asad Air Base, Iraq. Even though we are at war, modernization on the march means we must transition 2 squadrons per year, with 30 aircraft per year requested in the budget. With current rate of production, the transition will be complete (FOC) in 2018.

VMM–263 is presently deployed to Al Asad Air Base in Iraq, and has already proven the significant capabilities of the Osprey in combat. The rapidly evolving use of MV–22s in Iraq tells a compelling story: on a daily basis MV–22s carry twice the load, twice as far, at twice the speed. The aircraft's operational reach rapidly ranges the entire area of operations at altitudes above the reach of our enemy's weapons. Congress answered our request for an aircraft that could carry more, fly farther, faster, and safer.

KC–130J

KC–130J Hercules aircraft are continuously deployed in support of Operation Iraqi Freedom providing multi-mission, tactical aerial refueling, and fixed-wing assault support. Its theater logistical support reduces the requirement for resupply via ground, limiting the exposure of our convoys to IEDs and other surface-borne attacks. The recent introduction of the aerial refuelable MV–22, combined with the retirement of the legacy KC–130F/R aircraft due to fatigue life and parts obsolescence, requires an accelerated procurement of the KC–130J.

The Marine Corps is programmed to procure a total of 46 aircraft by the end of fiscal year 2013. To date, 29 new aircraft have been delivered, 7 more are on contract and 2 aircraft are requested in the fiscal year 2009 budget for a total of 38. This is still 13 aircraft short of our inventory objective of 51 KC–130Js for the Active Force. Ultimately, the Marine Corps will also seek to replace our 28 Reserve component KC–130T aircraft with KC–130Js, thus necking down our aerial refueling force to a single T/M/S.

UH–1/AH–1

The H–1 Upgrades Program will replace AH–1W and UH–1N helicopters with state-of-the-art AH–1Z and UH–1Y models. The H–1 Upgrades Program, through a combination of remanufacture and new procurement, modernize our fleet to 100 UH–1Ys and 180 AH–1Zs. With approval to increase the size of the Marine Corps Active component to 202,000, procurement must increase to 123 UH–1Ys and 227 AH–1Zs. To date, seven UH–1Y and four AH–1Z have been delivered. The first UH–1Y scheduled deployment is on track for the third quarter of fiscal year 2009. To support this effort and continue H–1 modernization, the fiscal year 2009 budget requests $496.9 million for aircraft procurement and spares with $3.9 million for continued R&D.

CH–53K

In operation since 1981, the CH–53E is becoming increasingly expensive to operate and faces reliability issues. Its replacement, the CH–53K, will be capable of externally transporting 27,000 lbs to a range of 110 nautical miles, more than doubling the current CH–53E lift capability. Maintainability and reliability enhancements of the CH–53K will significantly decrease recurring operating costs and will radically improve aircraft efficiency and operational effectiveness over the current CH–53E. The program passed Milestone B in December 2005 with a subsequent contract awarded to Sikorsky Aircraft Corporation in April 2006. IOC is scheduled for fiscal year 2015. The program is proceeding through its developmental stages and will begin to procure airframes in the fiscal year 2013 budget request. The transition to the CH–53K will culminate in fiscal year 2021, with a total procurement of 156 aircraft for our seven Active and one Reserve squadrons.

d. Tactical Wheeled Vehicle Protection (Armoring)

Our vehicle armoring efforts are absolutely critical to protecting our marines against IEDs and other weapons. Our goal is to provide the best level of available protection to 100 percent of in-theater vehicles that go "outside the wire." Our tactical wheeled vehicle strategy pursues this goal through the coordination of product improvement, technology insertion, and new procurement in partnership with industry. The Marine Corps, working with the Army and other Services, is fielding armored vehicles such as: the Mine Resistant Ambush Protected Vehicle (MRAP), the Medium Tactical Vehicle Replacement Armor System, the Logistics Vehicle System (LVS) Marine Armor Kit, and the Uparmored High Mobility Multi-Wheeled Vehicle (HMMWV).

Medium Tactical Vehicle Replacement (MTVR) Armor System (MAS)

The MAS provides an integrated, armor enclosed, climate-controlled cab compartment and an armored troop carrier for our MTVR variants. These vehicles are also being upgraded with an improved blast protection package consisting of fuel tank fire protection kits, blast attenuating seats, five-point restraint harnesses, improved belly and fender-well blast deflectors, and 300 AMP alternators. Basic MAS was installed in all of the Marine Corps MTVRs in the Central Command's theater of oper-

ation. The target for completing installation of MAS blast protection retrofits on in-theater vehicles is fourth quarter fiscal year 2008.

Logistics Vehicle System Marine Armor Kit (MAK) II

The LVS MAK II provides improved blast, improvised explosive device, and small arms protection over the current LVS MAK. It has a completely redesigned cab assembly that consists of a new frame with armor attachment points and integrated 360-degree protection and an integrated air conditioning system. Additional protection provided by the LVS MAK II includes overhead and underbody armor using high, hard steel, rolled homogenous armor, and 2.75″ ballistic windows. The suspension system will also be upgraded to accommodate the extra weight of the cab armor. We estimate the LVS MAK II armoring effort will complete fielding by February 2009.

Uparmored High Mobility Multi-Wheeled Vehicle (HMMWV) Upgrade-Fragmentation Kit 2 and Kit 5

"Fragmentation Kit 2," enhances ballistic protection in the front driver and assistant driver wheel-well of HMMWVs, and "Fragmentation Kit 5," reduces injuries from improvised explosive devices, as well as armor debris and fragmentation. Installation of both fragmentation kits was completed in fiscal year 2007. In addition, new Uparmored Expanded Capacity Vehicle (ECV) HMMWVs were fielded to theater in fiscal year 2007 to support the "surge." The Marine Corps has adopted a strategy of armoring 60 percent of the current 25,385 HMMWV Authorized Acquisition Objective (15,231 vehicles). All newly acquired Expanded Capacity Vehicle (ECV) HMMWVs will have an Integrated Armor Package. Of those, 60 percent will be fully uparmored during production to include the appropriate "B" kit and fragmentation kits. The Marine Corps will continue to work with the Army to pursue the development of true bolt-on/bolt-off "B" kits and fragmentation kits to apply in a retrofit approach (as needed) to vehicles delivered with Integrated Armor Package only. We are also evaluating the Army's objective kit development and collaborating with the Army and Office of Naval Research to assess new protection-level capabilities.

Mine Resistant Ambush Protected Vehicles

Over the past 2 years industry has designed MRAP vehicles with a V-shaped armored hull and protect against the three primary kill mechanisms of mines and IED: fragmentation, blast overpressure, and acceleration. While designs are improving, these vehicles provide the best available protection against IEDs, just as the enemy is trying to improve these crude but potentially lethal weapons. Experience in theater shows that a marine is four to five times less likely to be killed or injured in a MRAP vehicle than in an uparmored HMMWV. To date, no marines have been killed or seriously injured from IED attacks while traveling in the MRAP vehicles.

The total DOD requirement for MRAP vehicles is 15,374—of which 3,700 were originally allocated for the Marine Corps. However, the Joint Requirements Oversight Council (JROC) recently approved the Marine Corps refined requirement for 2,225 MRAP vehicles (the JROC Memorandum is pending final signature this month). This decision supports the Marine Corps operational assessment of the vehicles, which reviewed changes in mission tasking and existing Tactics, Techniques and Procedures.

As another example of our adaptation to evolving threats, the Joint MRAP Vehicle Program Office has recently selected qualified producers of a new MRAP II vehicle for the Marine Corps and other forces. Vehicles procured through this second solicitation will meet enhanced survivability and performance capability required by field commanders. The Marine Corps is very pleased and thankful for the overwhelming support of Congress on the MRAP program. We request Congress' continued support for these lifesaving vehicles as we transition to the sustainment of these vehicles into fiscal year 2009.

e. Ground Mobility

The Army and Marine Corps are leading the Services in developing tactical wheeled vehicle requirements for the joint force to provide an appropriate balance of survivability, mobility, payload, networking, transportability, and sustainability. The Army/Marine Corps Board is a proven valuable forum for; the coordination of development and fielding strategies; production of armoring kits and uparmored HMMWVs; and responding to requests for Mine Resistant Ambush Protected vehicles. The Ground Mobility Suite includes the following systems:

Expeditionary Fighting Vehicle (EFV)

The EFV represents the heavy weight capability in our Ground Combat Tactical Mobility portfolio. The EFV is designed for maneuver operations conducted from the sea and sustained operations in the world's littoral regions, but its inherent capabilities provide utility across the spectrum of conflict. As the Corps largest ground combat system acquisition program, the EFV is the Nation's only sea-based, surface-oriented vehicle that projects combat power from a seabase to an objective. A fighting vehicle designed to strike fast and deep, it will replace the aging Assault Amphibious Vehicle—in service since 1972. The EFV's amphibious mobility, speed of maneuver, day and night lethality, enhanced force protection capabilities, and robust communications will substantially improve joint force capabilities. Its over-the-horizon capability will enable amphibious ships to increase their standoff distance from the shore—protecting them from enemy anti-access weapons. An EFV mine protection feasibility study was completed last October, which assessed external V-Hull, internal V-Hull, and appliqué configurations for survivability and performance impacts. The study concluded that the appliqué configuration provides increased mine blast protection with minimum performance impacts. A final EFV feasibility report from The Center for Naval Analyses concerning this enhanced armor configuration is pending. System development and demonstration has been extended to allow design for reliability through 2008, and fabrication and test of seven new EFV prototypes, with Milestone C in 2011. Delivery of 573 vehicles will begin in 2013, with the program scheduled to achieve IOC in 2015 and FOC in 2025.

Joint Light Tactical Vehicle (JLTV)

The JLTV represents the light weight capability in our Ground Combat Tactical Mobility portfolio and will be the centerpiece of our Tactical Wheeled Vehicle Fleet. This fleet will also include the HMMWV Expanded Capacity Vehicle series, the MRAP Vehicle, and the Internally Transported Vehicle (ITV). The Army/Marine Corps Board has been the starting point for vetting of joint requirements for JLTV—which will provide protected, sustained, networked, and expeditionary mobility in the light tactical vehicle weight class. Throughout 2007, Army and Marine Corps combat and materiel developers coordinated with the Joint Staff, defining requirements and acquisition planning for the replacement for the HMMWV. In December, JLTV was approved for entry into the acquisition process at Milestone A with the Army as the lead Service. A Request for Proposal was released this month, initiating competitive prototyping for the fabrication of a family of vehicles and companion trailers. After prototype evaluation, we expect at least three competitors to be selected for the technology development phase. We must continue to sustain HMMWVs in our forces until their replacement with JLTVs. We are committed to full funding of 5,500 JLTVs in Increment one. IOC is scheduled for 2012.

Marine Personnel Carrier (MPC)

The MPC represents the medium weight capability in the Ground Combat Tactical Mobility portfolio. It is not a replacement vehicle, but will complement the capabilities offered by the EFV and the JLTV across the range of military operations. Increasing armor-protected mobility for infantry battalion task forces, the MPC program balances vehicle performance, protection and payload attributes. Joint staffing of an Initial Capabilities Document and a draft concept of employment were completed in 2007. The MPC program is currently preparing for a Milestone A decision in the second quarter of fiscal year 2008 and is on track for a Milestone B decision in the first quarter of fiscal year 2010. The MPC requirement is for 558 vehicles, with an IOC date in the 2015 timeframe.

Internally Transported Vehicle (ITV)

The ITV is a family of vehicles that will provide deployed MAGTFs with MV–22/CH–53 internally and externally-transportable ground vehicles. The ITV program will field an expeditionary vehicle that provides units equal to or greater mobility than the maneuver elements they support. The ITV includes powered prime movers and towed trailers which will provide deep maneuver and rough terrain mobility for the Expeditionary Fire Support System (120 mm mortar) and other payloads. The fiscal year 2009 budget contains $8 million for 44 ITVs. ITV recently successfully completed a Government Accounting Office audit and is currently undergoing a DOD Inspector General audit. IOC is planned during fiscal year 2008 and FOC is planned for fiscal year 2011.

f. MAGTF Fires

Our Triad of Ground Indirect Fires provides organic complementary, precision fire capabilities that facilitate maneuver during combat operations. The Triad requires a medium-caliber cannon artillery capability; an extended range, ground-based rock-

et capability; and a mortar capability with greater lethality and greater tactical mobility than current artillery systems. The concept validates the capabilities provided by the M777 lightweight 155mm towed howitzer, the High Mobility Artillery Rocket System, and the Expeditionary Fire Support System.

M777A2 Lightweight Howitzer

The Lightweight 155 (M777A2) is a Joint USMC/Army program in Full Rate Production which replaces all legacy, aging heavier weight M198 howitzers. It can be lifted by the MV–22 Osprey and the CH–53E helicopter and is paired with the MTVR for improved cross-country mobility. Through design innovation, navigation, positioning aides, and digital fire control, the M777A2 offers significant improvements in lethality (with the Excalibur precision munition capability), survivability, and mobility. We began fielding the first new howitzers to the operating forces in April 2005 and expect to complete fielding 511 howitzers in fiscal year 2011. The M777A2 was first used in OIF in October 2007.

High Mobility Artillery Rocket System (HIMARS)

HIMARS fills a critical range and volume gap in Marine Corps fire support assets by providing 24 hour, all weather, ground-based, indirect precision and volume fires throughout all phases of combat operations ashore. When paired with Guided Multiple Launch Rocket System rockets, HIMARS will provide a highly responsive, precision fire capability to our forces. There is $109 million budgeted in fiscal year 2009 to procure USMC HIMARS tactical and training rockets. To date, we have fielded and trained one Reserve Battery and two Active-Duty batteries. Battery F, 2/14 completed the first operational deployment of a Marine Corps HIMARS unit, firing 24 tactical rockets in support of Operation Iraqi Freedom (OIF). The requirement for HIMARS is 46 and we expect to achieve FOC by fiscal year 2010.

Expeditionary Fire Support System (EFSS)

The EFSS will be the principal indirect fire support system for the vertical assault element of the Ship-to-Objective Maneuver as part of a Marine Expeditionary Force (MEF) assault element. EFSS consists of two ITV prime movers, a 120mm rifled towed mortar, an ammunition trailer, and ammunition. In conjunction with the MV–22 Osprey and the CH–53 helicopter, EFSS provides a 110 nautical mile radius, internal lift capability. Supported units will have immediately responsive, organic indirect fires at ranges and lethality well beyond their current battalion mortars. Fiscal year 2009 provides $22.1 million for accelerated procurement of 41 EFSS systems. The requirement for EFSS is 66 systems and will be manned and supported by artillery regiments. EFSS recently completed successful operational testing. IOC is planned for fiscal year 2008, and FOC is planned for fiscal year 2010.

g. Unmanned Aerial Systems (UAS)

The Marine Corps is taking aggressive action to modernize and improve organic UAS capabilities. The Marine Corps UAS are organized into three tiers, tailored to the mission and requirements of the supported command. Tier III UAS serve at the Marine Expeditionary Force (MEF) level. Tier II UAS support Regimental Combat Team and Marine Expeditionary Unit operations, and Tier I UAS support battalion and below operations. At the Tier III level, we have transitioned Unmanned Aerial Vehicle Squadrons (VMU) from our legacy Pioneers to the Army developed RQ–7B Shadow. We are also initiating a reorganization of the squadrons' force structure to better task-organize for mission requirements and began the stand up of a third Active component VMU squadron. The addition of a third VMU squadron is critical to sustaining current operations and will help in decreasing the operational tempo from our current deployment-to-dwell ratio of less than 1:1—to a more sustainable 1:2 ratio. This rapid transition and reorganization, initiated in January 2007, will be complete by the fourth quarter fiscal year 2009, significantly improves organic Marine Corps UAS capability while increasing joint interoperability and commonality.

For our Tier II needs, using supplemental appropriations provided by Congress, the Marine Corps is using an ISR services contract to provide Scan Eagle systems to Multi-National Forces-West, Iraq. Contracted Scan Eagles are expected to fill the Tier II void until future fielding of the Tier II/Small Tactical UAS (STUAS), a combined Marine Corps and Navy program which began in fiscal year 2008 and is planned for fielding in 2011.

At the Tier I level, the Marine Corps is transitioning from the Dragon Eye to the Joint Raven-B program, used by the US Army. When fully fielded, the Marine Corps UAS family of systems will be networked through a robust and interoperable command and control system that will provide commanders an enhanced capability to use across the spectrum of military operations.

h. Logistics Modernization

Logistics challenges during Operation Iraqi Freedom and subsequent operations accelerated the requirement to modernize Marine Corps logistics. The Marine Corps Logistics Modernization (LogMod) program is a three-pronged, enterprise-wide, logistics improvement and integration effort designed to increase the operational reach and lethality of the Marine Air Ground Task Force (MAGTF). LogMod is focused on enhancing the readiness of deployed forces, increasing the operational availability of equipment, and decreasing the logistics burden of Marine units. It constitutes the most comprehensive, end to end approach ever taken to improve MAGTF logistics. Once fully implemented, the LogMod program and its initiatives will drive improvements in technologies, processes, and people through modernization of doctrine, training, and organizations. As a roadmap for more effective expeditionary logistics, logistics modernization will greatly enhance our ability to operate in all environments and in all theaters. A key initiative was the implementation of the Marine Logistics Group reorganization.

The 2006–2007 reorganization of the garrison-focused Force Service Support Groups (FSSGs) into expeditionary Marine Logistics Groups (MLGs) created a more adaptable, capable, and rapidly deployable logistics organization. The MLG allows for the rapid formation of deployable, task-organized logistics forces, providing experienced logistics command and control for planning and operations while fostering strong habitual working relationships between supported and supporting units. Significant process change and adoption of new technologies will increase the effectiveness of logistics on the battlefield. By decreasing process steps and levels, supply and maintenance chains are being streamlined to increase velocity of support and services. Visibility of assets and requests for support, enhanced by new IT enablers and technologies such as Radio Frequency Identification (RFID), will allow deployed forces to decrease their support footprint on the battlefield, trading inventory volume for accurate and timely information. Enhanced transportation and distribution processes and organizations provide dedicated assets to prioritize cargo, optimize routing, and reduce uncertainty. Deployed forces are using recently-developed technologies such as the Battlefield Command Sustainment Support System (BCS3) and Warehouse-to-Warfighter (W2) to gain visibility of assets as they move across the "last tactical mile" from sustainment areas to combat forces. In total, Marine Corps Logistics Modernization will ensure the readiness and sustainment of combat forces in any operational environment. Of critical importance is the development and fielding of the Global Combat Support System-Marine Corps (GCSS–MC).

Global Combat Support System-Marine Corps

GCSS–MC will deliver a modernized information technology system that will enhance logistics support to the warfighter. As the primary information technology enabler for the Marine Corps Logistics Modernization efforts, the system's primary design focus is to enable the warfighter to operate while deployed and provide reach back capability from the battlefield. GCSS–MC is designed with modern, commercial off-the-shelf enterprise resource planning software that will replace our aging legacy systems. The GCSS–MC Block 1 focuses on providing the operating forces with an integrated supply/maintenance capability and enhanced logistics-chain-management planning tools. Field user evaluations and initial operational test and evaluations are scheduled for second quarter fiscal year 2009, followed by fielding of the system and Initial Operating Capability during fiscal year 2009. Future blocks will focus on enhancing capabilities in the areas of warehousing, distribution, logistics planning, decision support, depot maintenance, and integration with emerging technologies to improve asset visibility.

VIII. CONCLUSION

Since 2001, the austere expeditionary environment, high operational tempo, and effects of combat have tested the flexibility and exceptional abilities of your marines. They have repeatedly succeeded. This sustained effort has come at substantial cost in terms of personal sacrifice on the part of individual marines and their families, as well as the cumulative wear and tear on our equipment. Your marine's remarkable resilience and professionalism vindicates the Nation's trust and confidence in them. In this Long War, it is imperative that we keep primary focus on support for our marines in combat, while resetting and modernizing a multi-capable force ready for our Nation's future challenges. Congress' continued and consistent support has enabled us to prevail in today's battles and will ensure that we always remain the Nation's premier expeditionary force in readiness!

Senator AKAKA. Thank you very much, General Magnus.

Admiral Walsh?

STATEMENT OF ADM PATRICK M. WALSH, USN, VICE CHIEF OF NAVAL OPERATIONS

Admiral WALSH. Chairman Akaka, Senator Thune, a little over a year ago, I departed Bahrain as the Naval Component Commander to U.S. Central Command, and I was the Commander of U.S. Fifth Fleet. In many respects, I was the beneficiary of the support of this committee, as well as the investments made to the readiness account. I was a customer, and I witnessed many of the values that we talk about when it comes to forward presence, power projection, and deterrence. So, it's a real honor to be here today and to thank you and to testify, on behalf of sailors around the world, here, on the readiness of our Navy.

Today, 51 percent of the Navy is underway. Our sailors are operating with maritime coalition partners and the U.S. Coast Guard. Additionally, 15,000 serve on the ground in the Central Command (CENTCOM) area of responsibility.

On any given day, their service is impressive and noteworthy. Just for example: In the past year, strike groups provided persistant forward presence in trouble spots around the globe; Carrier air wings supported joint operations in Afghanistan and Iraq; riverine squadrons patrolled internal waterways of Iraq; a guided-missile destroyer destroyed a malfunctioning satellite; SEABEES, explosive ordnance disposal teams, SEALs, and Individual Augmentees served alongside marines, soldiers, and airmen; the fleet provided disaster relief in Central American, humanitarian assistance in the Pacific Rim, and worked to promote economic prosperity with African partners; helicopters provided support to firefighters in San Diego; and our divers provided support to civil authorities after the collapse of a bridge in Minneapolis.

While our maritime forces respond to contingencies, sustained wartime operations have placed acute demand on our people, our readiness, and our force structure. The fiscal year 2009 budget delivers the capabilities needed to these focus areas.

So, thanks to your support, the current risk in these areas, in our view, is moderate. However, we need to highlight for you, today, specific concerns that we have about future operations that elevate our risk-assessment trend lines to significant, in three areas. Beginning with people: Attracting, developing, and retaining the best and the brightest remains a top priority, especially in our naval special warfare and our special operations field, in our nuclear power field, our medical community and chaplain communities.

The Navy needs your continued strong support for accession bonuses, as well as special and incentive pays. You've given us the necessary tools to attract and retain talent in these critical skill sets.

In the area of readiness: To provide a ready, responsive expeditionary, full-spectrum force, we must train the way we conduct our national security missions. Your support for the readiness accounts has allowed us to train uninterrupted in time of war. Additionally, we need your continued support and partnership for the training required for full-spectrum operations as local groups, and in some

cases, local governments, challenge our ability to conduct active sonar and carrier landing training.

In the area of force structure: Our immediate challenge is in managing the impact of high operating rates in harsh conditions on equipment. Specifically, the demand for select forces exceeds our ability to sustain the supply of these assets. The high tempo of operations has consumed service life faster than programmed. This is why early in the Chief of Naval Operation's (CNO) tenure, he made it a priority to examine our industrial base, personally walk the shipyard, and take a hard look at the procurement accounts for aviation and surface combatants. Our immediate concern is for wing-fatigue repair on our P–3 aircraft.

Last fall, we published a new Maritime Strategy that reflects what we have learned about the evolving security environment. We see a direct connection, and draw a direct correlation, between the stability of the global commons and the security and the prosperity of the Nation. No matter what advancements futurists predict for the movement of energy and goods, the bulk of the world market will continue to move by sea in an environment where the security challenge has become increasingly transnational.

We recognize how quickly conflict can escalate, how ideological movements can become destabilizing and disrupt the international economic system. The potential for conflict based on grievance, resentment, and state interests, fueled by weapons proliferation, characterized by terrorism, insurgency, and disorder, now seems more likely in areas of vulnerability, poor governance, and demographic stress. In this environment, we understand why we must position forces forward, to move promptly and interrupt the symptoms and conflict before local problems become regional or international.

The character of today's challenge cuts across boundaries and borders and therefore it demands solutions that are rapid, credible, joint, interagency, combined, and cooperative. This is why the Navy, the Marine Corps, and the Coast Guard took the unprecedented step and signed the first Unified Maritime Strategy, which acknowledges the traditional role of the Services, as well as recognizes that security challenge requires us to move seamlessly across the maritime domain, prepared for the full spectrum of military operations.

Because you have invested in recruiting, we have a high-quality force. Because you invested in education, we have a skilled and technically competent force. Because you invested in the quality of life for our families, we retain a senior, seasoned, and experienced force. Because you've invested in full-spectrum training, we are a force prepared for the full range of military operations, from irregular warfare to major combat, which gives us the opportunity to describe where we can go and what we can do, rather than where we cannot go and what we cannot do. Because you've invested in readiness, we can sustain our posture forward. It means that, on any day in the Navy, we knock down the door or serve as the force in Strategic Reserve. It means that when we are on station, we don't reach a tipping point, we move in any direction, any time, and any place, for as long as the Nation needs us. Your investment presents true military options for national leadership. The value of what we

do is that we're in a position to lead, to play an enduring leadership role, to assert national interests on the world stage in operations that range from combat to disaster relief and humanitarian assistance.

The American people have given us a skilled, experienced, credible, agile Navy, with sailors who reflect the commitment of the country and reveal the soul of the Nation. Our readiness story is about strength, but it's also about generosity and humanity. It's about what we must defeat in war, and what we can build in peace as a force of last resort and guarantor of freedom. Your support for the 2009 budget will help us meet the challenge of this security environment that we describe.

So on behalf of a ready, responsive, and relevant Navy, I'd like to thank you again for your enduring support for our sailors, our civilians, and our families.

[The prepared statement of Admiral Walsh follows:]

PREPARED STATEMENT BY ADM PATRICK M. WALSH, USN

NAVY READINESS

Chairman Akaka, Senator Thune, and distinguished members of this subcommittee, I am privileged to appear before you today along with my Service counterparts, to testify on the readiness of our military forces. The brave men and women, sailors and civilians, of the United States Navy continue to perform exceptionally well under demanding conditions and congressional support remains fundamental to their success. Your Navy will remain the preeminent maritime power, providing our country a global naval expeditionary force committed to global security and prosperity.

INTRODUCTION

We remain a maritime nation that relies heavily on the security of the vast maritime commons. This is the setting in which our country and its allies compete for global influence; a setting that is typically characterized neither by absolute warfare nor absolute peace. While defending our citizenry and defeating our adversaries in war remains the undeniable ends of seapower, it must also be applied more broadly if it is to serve our national interests through promoting greater collective security, stability, and trust.

Before I address our current budget submission and continuing readiness challenges, I will review the many successes achieved against a challenging backdrop this past year.

2007 ASSESSMENT

Throughout 2007, your Navy repeatedly demonstrated its global maritime dominance and influence, the essence of our maritime strategy. Our sailors performed superbly, combating terrorism across a broad spectrum of missions including Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) as well as fighting for the hearts and minds through international disaster relief, humanitarian missions, and providing defense capabilities in support of civil authorities.

In January, when Iran's provocations led the President to call for the presence of two carriers in the Central Command area of operation, Navy responded by surging U.S.S. *Ronald Reagan* (CVN 76). With our Fleet Response Plan (FRP) operational availability construct as the enabler, within weeks Navy had two CSGs on station and had deployed a third CSG during our Japan-based carrier's scheduled maintenance.

Navy continued its significant contribution to the Joint Force supporting OIF and OEF in 2007. In addition to maintaining the elevated operational tempo (OPTEMPO) of our SEABEES, Explosive Ordnance Disposal teams, and SEALs, the Navy Expeditionary Combat Command (NECC) deployed Navy's first two Riverine Patrol Squadrons, aligning seams in maritime security operations as Navy returns to the brown-water environment. Navy F/A–18 Hornets, operating from the U.S.S. *Enterprise* supported Air Force-apportioned missions in Afghanistan after the Air Force grounded its F–15 aircraft. Other equally important contributions to stabilizing the security posture in the Middle East were provided by Navy port oper-

ations support units, maritime patrol aircraft, medical teams, and leadership and support for Joint Task Forces at Guantanamo Bay and the Horn of Africa, Provincial Reconstruction Teams, the detention center at Camp Bucca, and the Counter Radio-Controlled Electronic Warfare group. On any given day, Navy forces contributed more than 25 ships and submarines, 440 aircraft, and 22,000 sailors serving both afloat and ashore to the Central Command joint effort.

Navy continues to increase the capacity of our allies through our Theater Security Cooperation and Foreign Military Sales (FMS) programs. Our persistent global presence using distributed forces that are mission tailored, increase the effectiveness of our coalition partners through bi-lateral and multi-lateral naval exercises. Some of the notable engagements include exercise Malabar with the Indian, Japanese, Australian, and Singapore navies, FRUKUS with the French, Russians, and British, and Phoenix Express with European and Northern African navies. Meanwhile, exercise Valiant Shield brought together three Carrier Strike Groups, six submarines, and a wide array of Navy and joint capabilities. Likewise, FMS is an important aspect of our security cooperation programs that is designed to improve interoperability, military-to-military relations, and global security. The sale of U.S.S. *Trenton* to the Indian Navy, U.S.S. *Heron* and U.S.S. *Pelican* to Greece, and U.S.S. *Cardinal* and U.S.S. *Raven* to Egypt are recent examples of our FMS program in action.

This past year, the Navy-Marine Corps team worked closely with the State Department and relief agencies as first responders to three natural disasters showcasing Navy's operational agility and logistics expertise. The U.S.N.S. *Gysgt Fred W. Stockham* provided relief to tsunami victims in the Solomon Islands by delivering almost 8 tons of relief supplies; providing more than 140 aid workers; and flying 30 sorties and 20 medical evacuations (MEDEVACs). The U.S.S. *Wasp*, U.S.S. *Samuel B Roberts*, and U.S.N.S. *Comfort* participated in Hurricane Felix relief efforts in Central America. During a period of 1 week, they provided more than 500 aid workers, flew more than 150 sorties and 70 MEDEVACs, and delivered more than 23 tons of food, 11 tons of water, and 1 ton of medical and infant supplies. Most recently, U.S.S. *Kearsarge*/22nd Marine Expeditionary Unit (MEU) and the U.S.S. *Tarawa*/11th MEU responded to the cyclone that hit Bangladesh in November 2007 by delivering nearly 60 tons of drinking water and 127 tons of supplies; flying 115 sorties; and treating more than 2,300 patients.

Navy humanitarian assistance (HA) efforts continue to have a positive impact on America's image abroad, influencing perceptions across the spectrum from the personal level to the political and national levels. Navy's 2007 outreach was provided by U.S.N.S. *Comfort* and U.S.S. *Peleliu* who, combined, visited 20 countries, treated more than 130,000 medical, 29,000 dental, and 20,000 veterinarian patients, conducted more than 1,400 surgeries, performed more than 60 engineering projects, and invested 3,000 man-days in community relations projects.

Navy also proudly demonstrated its ability to provide defense support to civilian authorities as part of several Northern Command led unified missions. In August, Mobile Dive and Salvage Unit Two (MDSU 2) assisted the Department of Transportation and the State of Minnesota in response to the tragic collapse of a bridge along I–35 in Minneapolis. MDSU 2 divers conducted hand over hand search in the Mississippi River locating remains and assisting in debris removal efforts. Two months later, Navy provided fixed and rotary wing aircraft assistance in battling the wildfires ravaging the San Diego countryside. Navy civilian firefighters worked shoulder to shoulder with State and local organizations fighting the Harris Ranch and Witch Creek fires while sailors, including medical personnel provided relief to civilian evacuees. Our mission of support, compassion, and commitment is enduring and codified in our maritime strategy.

On the manpower front in 2007, more than seventeen thousand Individual Augmentees (IA) were specially trained in support of the global war on terror, OIF, and OEF, in assignments far removed from the sea. Our Active component IAs now receive notification an average of 46 days prior to execution of orders. Our Reserve component receives notification an average of 54 days in advance. Navy is committed to remaining responsive to COCOM requirements as it works towards its goal of 60 days advance notification. A new Global War on Terror Support Assignment (GSA) detailing process incorporates current IA assignments. The short-term goal of GSA detailing is to create an environment where GSA assignments are the normal business practice and IAs are the exception.

Navy also recently opened the Comprehensive Combat and Complex Casualty Care facility, a 30,000 square foot, $4.4 million Prosthetic and Rehabilitation Service in San Diego, as it expanded screening and caring for all its wounded, ill, or injured sailors including those at risk for Post Traumatic Stress Disorder and Traumatic Brain Injury.

In 2007, Navy continued to meet the majority of its recruiting and retention goals. We exceeded our enlisted accession goals for the ninth consecutive year but were only able to achieve 98 percent of our Active officer goal and 52 percent of our Reserve officer goal resulting in shortfalls in medical students and chaplains. Likewise, Navy achieved all of its enlisted retention and attrition targets while facing increasing challenges to retaining its captains (O–6).

Last year, Navy commenced execution of its third phase of its diversity campaign. This phase is dedicated to holding navy leadership accountable at the highest levels in our enterprises and challenging them to ensure that our top talent is provided the opportunity to compete for timely, competitive, and meaningful key assignments. Additionally, we have moved to systematic engagements with our affinity groups, historically black colleges and universities, and Hispanic institutions working at the national, regional, and local levels to ensure a coordinated and focused approach in reaching minority students. Accordingly, we have increased our opportunity to attract diverse talent by actively engaging in our outreach to younger minority students and their influencers in order to raise awareness and provide substantive information on the importance of the science, technology, engineering, and math disciplines. Finally, we have revamped diversity training throughout the learning pipeline from enlisted boot camp to the Senior Enlisted Academy, as well as from the most junior officer to our new flag officers, in order to communicate a coherent, compelling, and consistent message at all levels of the chain of command.

National Security Personnel System (NSPS) implementation for our Navy civilian employees remains on track as well. Since its Navy inception, 28,000 employees have been successfully converted to NSPS with 32,000 more targeted for conversion through November 2008. Developing better tools to attract and retain quality civilian employees remain key human resource elements of NSPS and are vital to the system's success and the Department's ability to complete implementation by the end of 2009.

Navy remains committed to good stewardship of the taxpayers' dollars. We have heightened our review and understanding of output metrics and their relationship to warfighter needs. We are looking at the cost of readiness and driving out inefficiencies through application of LEAN thinking while seeking to generate increased readiness at reduced cost. Additionally, Navy continues its transformation from a vertically oriented, administrative/business structure into a more responsive and transparent matrixed model known as the Navy Enterprise Framework. Though still maturing, the Navy Enterprise Framework will better leverage the value streams of people, dollars, and materiel needed to deliver warfighting readiness to Navy component and combatant commanders. This transformation extends down to the unit level, shifting from a force structure focus to one that is capability centered.

Last fall, the Chief of Naval Operations (CNO), along with the Commandants of the Marine Corps and Coast Guard, unveiled the Cooperative Strategy for 21st Century Seapower. This unprecedented, collaborative strategy incorporates input from the American public, obtained through a series of "Conversations with the Country", business leaders, and the academic community. The strategy identifies expanded core capabilities of the Maritime Services: forward presence, deterrence, sea control, power projection, maritime security, and humanitarian assistance and disaster response. This template for maritime capability and capacity is designed to protect our homeland, secure strategic access, and preserve global freedom of action. It guides our enduring cooperation with existing and emerging partners and builds bridges of trust with the international community.

The maritime strategy will guide our investment decisions and for the development and execution of policies, plans, and programs for current and future operations. It informs our Navy Strategic Plan (NSP), which aligns budgetary decisions with future operations and risk assessments, and our Naval Operating Concept (NOC), which delineates the objectives and missions of the Navy and underscores our warfighting interdependence.

CURRENT READINESS (FISCAL YEAR 2008)

Navy's current readiness remains moderately strong. Congressional support has been critical in this regard and, as a result, Navy units and individual augmentees deploy combat ready—properly trained and properly equipped. We continue to be the most dominant and influential naval force, globally, and across all maritime missions.

On February 20, the Navy succeeded in intercepting a non-functioning National Reconnaissance Office satellite in its final orbits using a single modified tactical Standard Missile-3 (SM–3) fired from U.S.S. *Lake Erie* (CG 70). The one-time modifications made to a finite number of missiles will be reconfigured back to the anti-

ballistic missile configuration. Further, the Aegis Ballistic Missile Defense (BMD) system which was deployed does not have the capability to shoot satellites with the one exception of this unique mission. The interception of this satellite does, however, demonstrate the adaptability of our forces and systems to the BMD mission.

A further example of the flexibility of our forces and the relevance of our Maritime Strategy is the first ever Africa Partnership Station (APS) which is currently deployed to West and Central Africa through May 2008. Part of the Global Fleet Station concept, APS seeks to support regionally sustained, focused training and multinational/interagency collaboration. To date the U.S.S. *Fort McHenry,* U.S.S. *Annapolis*, and H.S.V. *Swift* have participated with 12 nations, bolstering maritime security by increasing African maritime capability and promoting economic prosperity and stability through trust.

On 25 March 2008, we had 104 ships on deployment (37 percent of the Fleet) and 143 ships underway (51 percent of the Fleet) in every theater of operation. This includes seven aircraft carriers and four big deck amphibious ships (LHA/LHD) (Figure 1).

A Day in the Navy
25 March 2008

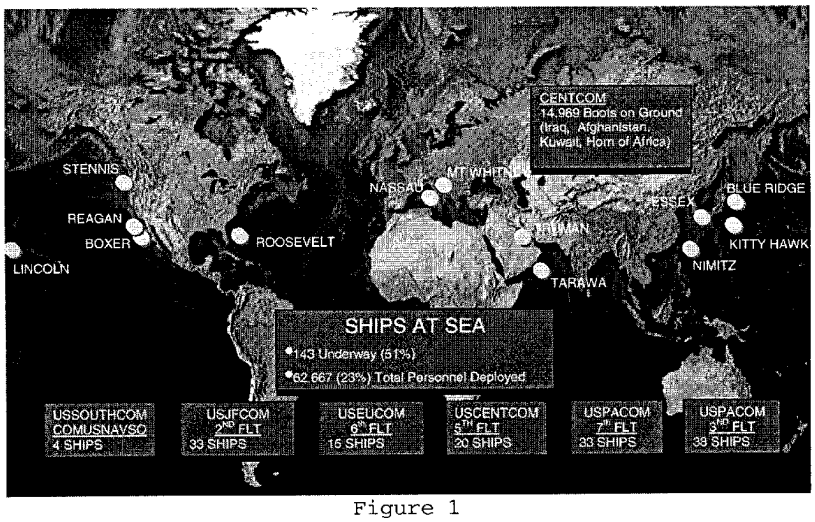


Figure 1

That same day, 2,746 Active and Reserve Seabees, and 4,065 members of our Active and Reserve medical corps were serving overseas, many in combat support roles. Additionally, 831 members of the Navy Special Warfare community were deployed overseas (of 3,616 deployable), as were 288 Explosive Ordnance Disposal personnel (of 552 available to deploy), and 862 Naval Coastal Warfare/Expeditionary Security Force personnel (of 3,057 deployable).

The Navy's Individual Augmentation (IA) program is central to Navy's ability to support the global war on terror, and is a near-seamless integration of our Active and Reserve components. Since 11 September 2001, over 48,000 Navy reservists have been mobilized in support of the global war on terror. On any given day, over 20,000 citizen-sailors (or 29 percent of the Reserve Force) are on some type of Active Duty (AD) or Inactive Duty (ID) orders at their supported commands meeting global COCOM requirements. This number includes about 5,000 Reserve component sailors mobilized in support of OIF and OEF. Additionally, we maintain the capacity to rapidly increase contingency support with more than 28,000 Reserve component sailors yet to be mobilized.

Navy continues to refine its process for identifying, assigning, and training its IAs. This year, we expect to more than double the number of sailors assigned to IA orders via the global war on terror Support Assignment (GSA) order process. This process seeks to eliminate uncertainty, improve sailor and family support, enable and reward volunteerism, and ensure detailers involvement in sailors' professional

development and career progression. Begun in 2007, this process will be used for 73 percent of the IA assignments by the end of fiscal year 2009. Once a sailor has been assigned a global war on terror mission they are supported by various initiatives under the direction of the Expeditionary Combat Readiness Center (ECRC). Significant improvements in 2007 included: 1) Established permanent Navy Liaison Officer support at all major Army training sites with a significant IA sailor training population, 2) Coordinated Army issue of Operational Clothing and Individual Equipment, ensuring all IA sailors are fully equipped with the same top line combat gear as U.S. Army soldiers to perform their mission, 3) Implemented Warrior Transition Program (WTP) in Kuwait for returning IA sailors incorporating various aspects of post-deployment medical and Combat Operational Stress Control screening and counseling to ensure returning sailors receive the appropriate post-deployment care, and 4) Coordinated with CNIC's Fleet and Family Service Centers and OMBUDSMAN to host various IA Family Forums, Family Readiness Briefs, and Family Support "Webinars." Because Operational Stress is an everyday fact of life for all sailors, Navy has embarked on an initiative to de-stigmatize how stress management is viewed. This effort will foster a culture of resiliency and mutual support that equips our sailors and families to better function in a high-OPTEMPO global war on terror environment.

Navy also continues to emphasize family support and compassionate medical care for our wounded sailors. Our focus on our sailors and their families has resulted in achieving a lower than national average suicide rate, a reduction in disciplinary incidents, and a significant decline in the number of divorces in the first quarter of fiscal year 2008. Additionally, Navy medicine is adapting its care to ensure the medical and psychological well-being of all deployed and returning personnel. Navy's continuum of care includes extended monitoring of physical and psychological health from pre-deployment to beyond post-deployment, redesigned expeditionary medical facilities, and access to the Safe Harbor Program for severely wounded, ill, and injured sailors. Safe Harbor provides: personalized assistance and contact after reaching a continental United States hospital, resources to meet identified non-medical needs of the member and family members, establishing and maintaining contact with the sailor's command, proactive outreach and visitation services, and support for sailors to return to the service or transition to civilian life. Recently, Safe Harbor's mission expanded to become the focal point for case tracking, policy oversight, and individualized case management (on an as-needed basis) for Navy wounded, ill, and injured. We are enacting this concept as a logical evolution from our existing processes, to an enhanced, more comprehensive care capability.

Navy is postured to continue generating ready forces for the current fight while maintaining the capability and capacity to surge assets in response to national tasking. FRP has been extraordinarily effective for the last 5 years because it has prepared Navy well to respond to global events. Because of the FRP operational availability construct, Navy remains poised to provide our Nation the capability to open doors whenever and wherever needed and hold them open for the follow-on forces.

FISCAL YEAR 2009 BUDGET REQUEST

The fiscal year 2009 Navy budget reflects a commitment to deliver worldwide presence, credible deterrence and dissuasion capability, the ability to project power from Navy platforms anywhere on the globe, and the ability to prevail at sea. This budget reflects the best balance of resources to achieve this priority across the triad that produces readiness now and in the future; acquisition of key platforms and weapons systems, personnel, and the operations and maintenance that sustains and trains our forces. The fiscal year 2009 budget and its associated force structure plans represent the capabilities needed to meet current and future strategic challenges with a moderate, trending towards a significant, degree of risk.

ACQUISITION—BUILDING A FLEET FOR THE FUTURE

Ship Programs

The fiscal year 2009 budget continues to shift to next generation warships, providing an increase of three ships from fiscal year 2008 (Figure 2). The fiscal year 2009 shipbuilding budget funds 7 ships, including the 11th *Virginia* class fast attack submarine, the third DDG 1000, 2 Littoral Combat Ships (LCS), 2 T-AKE Dry Cargo and Ammunition Ships, and the first Joint High Speed Vessel (JHSV) for the Navy.

Shipbuilding Programs

	FY08	FY09	FY10	FY11	FY12	FY13	FY09-13
CVN 21	1	-	-	-	1	-	1
SSN 774	1	1	1	2	2	2	8
CG(X)	-	-	-	1	-	1	2
DDG 1000	-	1	1	1	1	1	5
LCS	1	2	3	3	4	6	18
LPD 17	1	-	-	-	-	-	-
JCC(X)	-	-	-	-	1	-	1
JHSV	-	1	1	1	1	1	5
T-AKE	-	2	-	-	-	-	2
MPF Aviation	-	-	1	-	-	-	1
MPF LMSR	-	-	-	-	1	-	1
MPF MLP	-	-	1	-	1	1	3
New Construction	4	7	8	8	12	12	47
Sea Shore Connect tors	-	-	-	1	-	3	4
CVN RCOH	-	1	-	-	-	1	2
SSBN ERO	1	1	1	1	1	1	5

Figure 2

Note: JCC(X) has been renamed LCC (R)

The budget provides the second increment of funding for the construction of the lead CVN–21 aircraft carrier, the U.S.S. *Gerald R Ford* (CVN 78), and advance procurement funding for CVN 79. Likewise the budget provides funding for DDG 1002, the third ship of the class, and advance procurement funding for DDG 1003. Consistent with the National Defense Authorization Act for Fiscal Year 2008, directing a cost cap of $460 million for future LCS procurements, Navy budgeted for two more LCSs in fiscal year 2009 as well as Mine Countermeasures Warfare, Anti-Submarine Warfare, and Anti-Surface Warfare mission module packages. The fiscal year 2009 budget includes funds for the second and third Guided Missile Cruiser (CG) mods designed to extend the service life of these platforms to 35 years. To pace the 2020 threat environment, the fiscal year 2009 budget includes funding for the long lead time elements of the backfit modernizations of three Guided Missile Destroyers (DDG) in fiscal year 2011. Additionally, the fiscal year 2009 budget continues the Landing Craft Air Cushion (LCAC) modernization program by funding service life extensions for six crafts.

The fiscal year 2009 budget continues full rate production of the Tactical Tomahawk missile which provides a premier attack capability against long range, medium range, and tactical targets on land and can be launched from both surface ships and submarines. Acquisition of major ship weapons systems are outlined in Figure 3.

Major Ship Weapons Quantities

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Tactical Tomahawk	394	207	209	218	243	226
Standard Missile	75	70	74	98	137	158
RAM	90	90	90	90	90	90
ESSM	85	86	88	-	-	-
Lightweight Torpedoes	133	120	290	260	271	260
Heavyweight Torpedoes	84	84	96	96	96	96
Trident II	12	24	24	24	24	-

Figure 3

Note: Standard Missile quantities include both SM-2 and SM-6.

Aviation Programs

Navy Aviation acquisition continues to be at the forefront of our Nation's defense and accordingly, this budget continues to decrease the average age of our aircraft inventory from a high above 20 years in the 1990s to 18 years in 2006 and to 17 years in 2009. The recently approved Navy Aviation Plan (NAvPlan) 2030 is based on fiscally informed, rigorous analysis providing a long range recapitalization and modernization plan to support the Maritime Strategy. NAvPlan 2030 demonstrates continued commitment to the Joint Strike Fighter, Navy Unmanned Combat Aircraft System, and a robust Airborne Electronic Attack capability. Multi-year procurement contracts for F/A–18E/F, EA–18G, and MH–60R/S have enabled Navy to realize significant savings and stretch available procurement funds. The budget reflects procurement of 206 aircraft in fiscal year 2009, an increase of 23 aircraft over fiscal year 2008 levels as Navy continues planned growth towards Full Rate Production profiles of JSF, EA–18G, and MH–60R (Figure 4).

Aircraft Programs

	FY08	FY09	FY10	FY11	FY12	FY13	FY09-13
JSF	6	8	18	19	40	42	127
F/A-18E/F	24	23	18	17	22	-	80
EA-18G	18	22	22	10	-	-	54
MV-22B	21	30	30	30	30	30	150
AH-1Z/UH-1Y	15	20	28	28	26	27	129
MH-60S	18	18	18	18	18	18	90
MH-60R	27	31	27	28	25	27	138
E-2D AHE	3	3	3	4	4	4	18
CH-53K (HLR)	-	-	-	-	-	6	6
P-8A (MMA)	-	-	6	8	10	13	37
C-40A	-	2	-	1	1	1	5
T-6A/B(JPATS)	44	44	44	43	43	23	197
KC-130J	4	2	2	2	2	2	10
VH-71	-	-	3	4	4	4	15
BAMS UAV	-	-	-	4	4	4	12
MQ-8B (VTUAV)	3	3	6	6	9	10	34
TOTAL	183	206	225	222	218	211	1,102

Figure 4

Acquisition of the Lightning II Joint Strike Fighter (F–35C) Carrier Variant continues in fiscal year 2009. The fiscal year 2009 budget accelerates the procurement of F/A–18E/F/G aircraft to meet the demand for our current lead fighter/attack aircraft. The budget supports the multi-year procurement of both the Seahawk MH–60R and Knighthawk MH–60S helicopters, which are part of a joint contract with the Army's UH–60M Blackhawk. Three E–2D Advanced Hawkeye LRIP aircraft are funded in fiscal year 2009, signaling a shift of effort from RDT&E to procurement. The fiscal year 2009 budget funds the advance procurement of the first P–8A aircraft slated to replace the aging P–3 fleet. The P–8A Multi-mission Maritime Aircraft (MMA), based on the Boeing 737 platform, will achieve Initial Operational Capability (IOC) in fiscal year 2013. The fiscal year 2009 budget supports CONPLAN 7500 and the QDR by providing a persistent ISR capability through developing, acquiring, and fielding transformational Unmanned Aerial Vehicle (UAV) technologies.

Aircraft weapons arm the warfighter with lethal, interoperable, and cost-effective weapons systems. Fiscal year 2009 marks the final year of JDAM procurement while continuing critical acquisition of JSOW, AIM–9X (Sidewinder), AMRAAM, and the AGM–88E Advanced Anti-Radiation Guided Missile (AARGM). Development also continues, with Army as the lead service, on the Joint Air-to-Ground Missile (JAGM), an extended range, precision-guided weapon for fixed wing, rotary wing, and UAV aircraft (Figure 5).

Major Aviation Weapons Quantities

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
JSOW	416	496	515	535	524	546
AIM-9X	170	205	202	200	220	221
JDAM	1145	169	-	-	-	-
AMRAAM	78	147	156	157	181	203
AARGM	29	39	54	81	146	276

Figure 5

SUSTAINING COMBAT READINESS

Operational readiness enables our forces to respond to persistent and emerging threats. The top readiness priority is ensuring that forces are fully trained and ready to deploy and remain supported while deployed. This budget request includes resources in the operating and maintenance accounts to deliver a "6+1" FRP posture for fiscal year 2009. We continue to monitor the trade space to execute the right readiness for the right cost. Navy seeks to achieve this balance by continually evaluating threat assessments, the capabilities and capacities of the Fleet, our mandate to sustain these forces, and the risk our combatant commanders and Navy component commanders face.

Ship Operations

The budget provides for a deployable battle force of 286 ships in fiscal year 2009 including 11 aircraft carriers and 31 amphibious ships (Figure 6). Fiscal year 2009 marks a significant milestone as Navy is scheduled to retire its last conventionally powered aircraft carrier, U.S.S. *Kitty Hawk*, as it welcomes the last *Nimitz* class aircraft carrier, *George HW Bush*, to the fleet. In fiscal year 2009, ten battle force ships will be commissioned: one Nuclear Aircraft Carrier (CVN), three Guided Missile Destroyers (DDG), one Nuclear Attack Submarine (SSN), one Amphibious Assault Ship (LHD), one Amphibious Transport Dock Ship (LPD), and three Dry-Cargo Ammunition Ships (T–AKE).

The fiscal year 2009 budget provides sufficient funding to steam these ships an average of 45 days per quarter while deployed and 22 days per quarter while non-deployed. This underway Operational Tempo (OPTEMPO) reflects an executable baseline with acceptable risk with elevated OPTEMPO in support of global war on terror requirements.

Battle Force Ships

	FY 2007	FY 2008	FY 2009
Aircraft Carriers	11	11	11
Fleet Ballistic Missile Submarines	14	14	14
Guided Missile (SSGN) Submarines	4	4	4
Surface Combatants	104	108	111
Nuclear Attack Submarines	53	52	53
Amphibious Warfare Ships	31	32	31
Combat Logistics Ships	31	31	31
Mine Warfare Ships	14	14	14
Support Ships	17	17	17
Battle Force Ships	**279**	**283**	**286**

Figure 6

Navy's Strategic Sealift forces are resourced to provide a rapid response in delivering the initial military equipment and supplies required for a contingency. These forces, layered in depth, include forward deployed pre-positioned ship squadrons as well as surge ships maintained in a Reduced Operating Status (ROS) from 4 to 30 days. The number of days indicates the time from ship activation until the ship is available for tasking. Only ROS–4 and ROS–5 ships are included in the surge capacity in Figure 7.

Strategic Sealift

	FY 2007	FY 2008	FY 2009
Prepositioning Ships:			
Maritime Prepo Ships (O&M,N)	16	15	15
USPACOM Ammo Prepo (O&M,N)	1	1	1
Army Prepo Ships (O&M,A)	10	6	6
Air Force Prepo Ships (O&M,AF)	4	3	3
DLA Prepo Ships (DWCF)	2	1	1
Surge Ships:			
Large Medium-Speed RORO Ships (NDSF)	11	11	11
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	0
Ready Reserve Force Ships (NDSF)	48	42	49
Prepositioning Capacity (millions of square feet)	5.7	4.3	4.3
Surge Capacity (millions of square feet)	9.0	9.0	9.0
Total Sealift Capacity (millions of square feet)	14.7	13.3	13.3

Figure 7

Starting in fiscal year 2008, the Army no longer has a requirement for four of its ten Prepositioned Large Medium Speed RO/RO (LMSR) ships. These ships were returned to Navy, are being maintained in a ROS–30 status, and will be leveraged in our termination of the capital lease on five Maersk class (foreign-built) vessels. Navy will also purchase two MPS ships currently under long-term capital lease in fiscal year 2009 and two in fiscal year 2010. Additionally, one container ship and one tanker ship will be procured in fiscal year 2009 as elements of the restructured USMC Afloat Prepositioning program. Navy will continue to maintain its two hospital ships, the U.S.N.S. *Mercy* and the U.S.N.S. *Comfort*, in a ROS–5 status to support warfighting, humanitarian and disaster assistance efforts, and operations other than war.

SHIP MAINTENANCE

Navy's fiscal year 2009 ship maintenance budget funds 100 percent of the projected work on refueling overhauls and 97 percent of the remaining notional requirement (Figure 8). Navy continues to mature its ship maintenance strategy using the SHIPMAIN process to generate continuous process improvements and prioritization of maintenance. The One Shipyard for the Nation approach seeks to optimize the Nation's public and private nuclear shipyards and contractor support to ensure the ability to mobilize fleet support infrastructure across the board and rise to meet fleet demands in time of war. Multi-Ship/Multi-Option contracts establish long-term vendor relationships and reduced life cycle maintenance costs achieved through improved advanced planning. The Nation's ship repair base, both public and private sectors, has the capacity to execute the fiscal year 2008 and fiscal year 2009 ship maintenance plans as well as the deferred maintenance amounts reflected in Figure 8.

Ship Maintenance

(Dollars in Millions)

	FY 2007	FY 2008	FY 2009
Active Forces			
Ship Maintenance	4,154	4,340	4,140
Depot Operations Support	955	1,062	1,167
Total: Ship Maintenance (O&MN)	**$5,109**	**$5,402**	**$5,307**
Percentage of Projection Funded	100%	96%	97%
Annual Deferred Maintenance	$26	$180	$130
CVN Refueling Overhauls (SCN)	1,067	295	628
SSBN Refueling Overhauls (SCN)	263	229	261
Total: Ship Maintenance (SCN)	**$1,330**	**$524**	**$889**
% of SCN Estimates Funded	100%	100%	100%
Reserve Forces			
Ship Maintenance	76	40	63
Percentage of Projection Funded	100%	89%	81%
Annual Deferred Maintenance	-	$4	$15

Note: Totals may not add due to rounding.

Figure 8

AVIATION OPERATIONS

The fiscal year 2009 budget provides for the operation, maintenance, and training of 10 active Navy carrier air wings. Figure 9 depicts the Aviation inventory. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training (FAT). The fiscal year 2009 budget supports an average T-rating of T–2.5 across the Inter-Deployment Training Cycle enabling Navy to achieve its "6+1" FRP Carrier Strike Group goal.

Aircraft Force Structure

	FY 2007	FY 2008	FY 2009
Active Forces	21	21	21
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	4	4	4
Helicopter Anti-Submarine Light Wings	2	2	2
Helicopter Combat Support Wings	2	2	2
Reserve Component Forces	3	3	3
Navy Tactical Air Wing	1	1	1
Logistics Air Wing	1	1	1
Marine Air Wing	1	1	1
Primary Authorized Aircraft (PAA) - Active	2,291	2,349	2,354
Navy	1,302	1,332	1,330
Marine Corps	989	1,017	1,024
Primary Authorized Aircraft (PAA) - Reserve	333	290	278
Navy	171	169	166
Marine Corps	162	121	112
Total Aircraft Inventory (TAI)	3,729	3,803	3,844
Active	3,396	3,513	3,566
Reserve	333	290	278

Figure 9

Fleet Replacement Squadron (FRS) operations are budgeted at 89 percent in fiscal year 2009, which is slightly below the goal of 94 percent of student level training requirements enabling pilots to complete the training syllabus. In fiscal year 2009, Fleet Air Support (FAS) is funded to provide sufficient hours to meet 98 percent of the total notional hours required. Navy Reserve component aviation will provide 100 percent of the adversary and logistics air support, make central contributions to the counter-narcotics efforts, conduct mine warfare, and augment Maritime Patrol, Electronic Warfare, and Special Operations Support global war on terror missions. In fiscal year 2009, Reserve component aviation is budgeted at 94 percent of their required hours, the minimum level to allow aircrews to maintain readiness in all mission areas. Figure 10 displays Active and Reserve flying hour readiness indicators.

Flying Hour Program

	FY 2007	FY 2008	FY 2009	GOAL
Active				
TACAIR- Navy	*T-2.5*	*T-2.6*	*T-2.5*	*T-2.5*
TACAIR – Marine Corps	*T-2.0*	*T-2.2*	*T-2.0*	*T-2.0*
Fleet Replacement Squadrons (%)	*83%*	*94%*	*89%*	*94%*
Fleet Air Support (%)	100%	98%	98%	98%
Monthly Flying Hours per Crew (USN & USMC)	23.7	18.3	18.5	
Reserve Component				
Reserve - Navy	*T-2.8*	*T-2.6*	*T-2.7*	*T-2.6*
Reserve – Marine Corps	*T-2.8*	*T-2.6*	*T-2.7*	*T-2.6*
Reserve Squadrons (%)	*85%*	*96%*	*94%*	*98%*
Monthly Flying Hours per Crew (USNR & USMCR)	11.7	13.5	13.0	

Figure 10

AVIATION MAINTENANCE

The Aviation Depot Maintenance program funds repairs required to ensure operational units have sufficient numbers of airframes, engines, and repairables to support achieving the quantity of aircraft ready for tasking to execute assigned missions. The fiscal year 2009 budget funds this readiness-based program to ensure deployed squadrons have 100 percent of their Primary Authorized Aircraft (PAA) prior to and for the duration of their deployment. Likewise the budget supports achieving the zero bare firewall engine goal, aided by engineering improvements increasing engine "time on wing". Non-deployed squadrons assume minimal risk in both airframes and engines as depicted in Figure 11. The Navy Aviation Enterprise (NAE) AIRSpeed strategy continues to deliver cost-wise readiness by focusing efforts on reducing the cost of business, increasing productivity, and improving customer satisfaction.

Aircraft Depot Maintenance

(Dollars in Millions)	FY 2007	% at Goal	FY 2008	% at Goal	FY 2009	% at Goal
Active Forces						
Airframes	715		581		601	
Engines	333		329		367	
Other Components	129		100		159	
Total: Active Aircraft Depot Maintenance	**$1,176**		**$1,010**		**$1,127**	
Airframes - Active Forces						
Deployed Squadrons meeting goal of 100% PAA	143	*100%*	141	*100%*	140	*100%*
Non-Deployed Squadrons meeting goal of 90% PAA	151	*100%*	141	*92%*	121	*82%*
Engines - Active Forces						
Engine TMS meeting Zero Bare Firewall goal	36	*97%*	35	*100%*	35	*100%*
Engines TMS meeting RFI Spares goal of 90%	62	*85%*	60	*85%*	60	*85%*
Reserve Forces						
Airframes	101		82		102	
Engines	37		34		43	
Total: Reserve Aircraft Depot Maintenance	**$138**		**$116**		**$145**	
Airframes - Reserve Forces						
Non-Deployed Squadrons meeting goal of 90% PAA	60	*100%*	51	*89%*	53	*95%*
Engines - Reserve Forces						
Engine TMS meeting Zero Bare Firewall goal	21	*100%*	20	*100%*	20	*100%*
Engine TMS meeting RFI spares goal of 90%	38	*90%*	35	*85%*	35	*85%*

Note: Totals may not add due to rounding.

Figure 11

EXPEDITIONARY OPERATIONS

Navy continues to place significant emphasis on its existing and emerging expeditionary warfare capabilities as it seeks to strengthen available forces for Phase O and Phase V operations. Established in January 2006, the NECC was formed as the functional commander for Explosive Ordnance Disposal (EOD)/Mobile Diving and Salvage (MDS), Maritime Expeditionary Security Forces (MESF), Naval Construction Forces (NCF), Riverine Forces, Navy Expeditionary Logistics Support Group (NAVELSG), ECRC, Maritime Civil Affairs Group (MCAG), and Combat Camera. NECC combines the Navy's existing and new expeditionary forces under a single commander to provide the Joint Force Maritime Component Commander (JFMCC)/Navy Component Commander (NCC) with the capability to conduct operations across the full spectrum of expeditionary operations, including maritime security operations; combat service support; theater security cooperation support; disaster relief; security assistance; shaping operations; and stability, security, transition, and reconstruction (SSTR) operations.

Based on operational requirements, NECC will deploy mission-specific units or multi-mission integrated adaptive force packages to fulfill JFMCC/NCC demands by using both the existing solid foundation of core capabilities in the Navy Expeditionary Force and emerging new mission capabilities. Combining these forces under a unified command structure increases the overall readiness and responsiveness of the Navy to support existing and evolving irregular warfare missions in major combat operations (MCO), Maritime Security Operations (MSO) (also referred to as Global War on Terrorism or global war on terror), or maritime homeland security/defense (M–HLS/D).

EXPEDITIONARY MAINTENANCE AND PROCUREMENT

The fiscal year 2009 budget also provides funds for critical construction and force protection equipment for the NECC. Predictably, the equipment used by NECC units, such as the Seabees, EOD, and MESF, is wearing out at accelerated rates due to operations in Iraq, Kuwait, Horn of Africa and Afghanistan. Moreover, Sea-

bee and EOD units deployed to Iraq and Afghanistan require improved self-protection against improvised explosive devices (IED). Ongoing operations in Iraq have demanded new vehicles to protect troops against the array of explosive devices they encounter. Mine Resistant, Armor Protected (MRAP) vehicles have been developed to better withstand these threats, and are being delivered to the force.

EXPEDITIONARY WEAPONS AND SENSORS

Significant weapons shortages existed in Expeditionary Forces in the years following September 11, 2001. These shortfalls have been nearly eliminated. Weapons accessories, vital to expeditionary sailors, also require replacement. These accessories include aim point mounts, scopes, grips, rail assemblies, as well as an assortment of laser aiming devices and night vision equipment.

Preparing Expeditionary Forces to fight the global war on terror requires significantly more ammunition than was previously identified. In fact, both the increased mission and expanding force structure have led to a greater than 400 percent increase in the requirement for small arms and crew-served weapon ammunition compared to fiscal year 2005.

MANPOWER, PERSONNEL, TRAINING, AND EDUCATION

Navy forces stand ready to execute our Maritime Strategy largely due to the dedication and motivation of individual sailors (Active and Reserve), Navy civilians, and their families, as well as our contracted support staffs. Just as they have devoted themselves to serving our Nation, we, as leaders, must devote resources and shape policies to ensure that they are personally and professionally fulfilled by that service. Recruiting, developing, and retaining diverse and highly capable men and women is central to our continued success and remains one of the CNO's top priorities. This push is the backdrop to our Strategy for our People that will level our end strength following several years of personnel reductions resulting from increased efficiencies ashore and a reduction in manpower intensive force structure (Figure 12).

Active Navy Manpower Trend

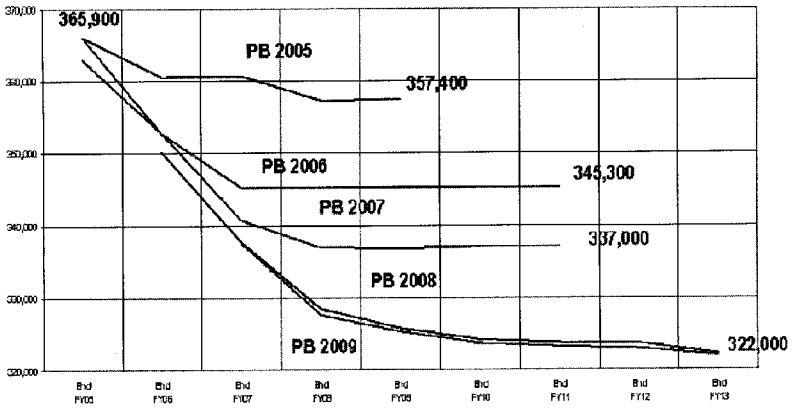


Figure 12

Manpower readiness begins with properly sizing and shaping our requirement. Extensive capability-based analysis of current and future force structure and warfighting requirements associated with a 313-ship, 2,813-aircraft Navy has validated a steady-state Active component end strength requirement of 322,000 and Reserve component end strength requirement of 68,000. Our goal is to position Navy as a top employer, in order to gain a competitive position in the market and provide our people an appropriate life work balance, not only to recruit them, but also to retain the best and brightest.

Navy Recruiting Command is relentless in its pursuit of hiring young talent to serve in our Navy. For 77 consecutive months, active Navy has met its monthly shipping goals while sustaining the high quality of sailors being sent to the fleet.

However, the Medical Corps, Chaplain Corps, Nuclear Power Officers, and Enlisted Special Operations communities pose the greatest risk and challenge our ability to sustain the All-Volunteer Force.

Our medical program initiatives illustrate how we are working to overcome the challenge of recruiting in a highly competitive market due to a national shortage of health care professionals which is projected to worsen in the future. While the recruiting of medical professionals continues to improve, Navy only attained 82 percent of the Active component medical specialty mission and 57 percent of the Reserve component mission in 2007. Navy has since implemented a number of monetary and special programs including: 1) the Medical Leads Assistance Program where our own officers are generating interest in Navy Medicine, 2) participating in the Department of Defense Medical Examination Review Board program where busy students and professional medical community applicants can go to more convenient civilian and military medical treatment facilities rather than spending an entire day processing through a military entrance processing station, and 3) increasing accession bonuses and student stipends for targeted medical specialty applicants.

For fiscal year 2009, Navy has increased its accession goals to prepare for the leveling off of Navy manpower reductions. The authority to pay enlisted bonuses up to $40,000 made a significant contribution last year and will continue to help the services combat a declining propensity to serve among our Nation's youth.

Despite a weakening economy, there will be increased competition for our Nation's best talent. Our sailors expect innovative and flexible compensation policies, a commitment to continuing education, and professional development opportunities. Retaining our sailors will continue to be challenging due to comparable compensation and benefits offered by industry balanced with the sacrifices and commitments we ask our sailors and their families to make. To address these challenges we are aggressively pursuing the use of tools that allow us to manage our people across the continuum of service, from Active and Reserve uniform service through civil service, promoting a "Stay Navy" message. Accordingly, we are providing our sailors with professional credentialing opportunities, considering alternative manning constructs, expanding sailor and family support, and exploring initiatives that support the life/work balance our people desire.

There has been significant growth in demand for control grade officers. At the same time, we are experiencing a shortage of inventory of these senior officers. We have taken aggressive steps to understand the considerations behind officers' decisions to stay on active duty past the 26 year point. Recent surveys indicate that retention among Unrestricted Line (URL) captains is largely driven by 3 factors: family stability, financial concerns (a leveling off or reduction of pay and retirement benefits compared to civilian opportunities), and job satisfaction. I am exploring a variety of monetary and non-monetary incentives to encourage more senior officers to make the choice to "stay Navy" past the 26 year point.

Navy Reserve Forces are a key element of Navy's goal to better align its total Force to provide fully integrated operational support to the joint force. Under the Navy Enterprise Framework, the Navy continues to validate new mission requirements and an associated billet structure for its Reserve Force to meet the capability requirements of the future. The ongoing Active Reserve Integration (ARI) process continues to align Reserve Forces under Active Force oversight, through initiatives such as: the divestiture of MCMs to the AC and the transformation of Naval Coastal Warfare to the MESF.

Navy civilians are also an integral part of our Total Force. From forklift operators to nuclear physicists, civilians work alongside servicemembers to ensure the adequacy of our logistics chains and progress new weapons systems from an idea to reality. The National Defense Authorization Act for Fiscal Year 2008 restricts military to civilian conversions for the medical community through September 30, 2012. Due to the enactment date of this legislation, its provisions are not reflected in the fiscal year 2009 President's budget request, but the plan is now being readdressed. We are working closely with the Office of the Secretary of Defense on this matter. The Navy is leveraging the NSPS in making strides towards identifying key competencies to ensure the right mix of people and skills are recruited and retained.

Our pays and benefits continue to keep pace with the civilian sector and in concert with accession bonuses and special pays significantly contribute to our ability to attract new talent and retain our best. The manpower, personnel, training and education policies and programs we have in place today and our ongoing initiatives in diversity, life/work balance, family readiness, and the continuum of medical care, are expected to position Navy among the best organizations—a "Top 50 Employer" known for valuing its people.

FACILITIES

Our shore installations are extensions of our warfighting capabilities and are among our most complex systems. Our installations must be ready to deliver scalable, agile, and adaptive capabilities to meet the requirements of our Fleet and families. In the past, we have accepted significant risk in our shore establishment to adequately fund Fleet readiness, our people accounts, weapons systems, and future force structure. As a result the condition, capability, and readiness of our shore installations have degraded to an unacceptable level by industry standards. We must reverse this trend. Navy Ashore Vision 2035 will provide the guiding principles for our shore establishment, take advantage of leveraging the joint capabilities we share with other services, and will ensure that the shore establishment is properly sized, configured, located, and networked to deliver our required operational requirements and quality of service to our people. This strategy is fully aligned with the congressionally-mandated Base Realignment and Closure (BRAC) process.

The Navy's fiscal year 2009 military construction investment strategy focuses on:

- Recapitalizing inadequate and inefficient facilities that directly support the warfighter
- Constructing new facilities to improve quality of life for our sailors and their families
- Supporting new mission and R&D facility requirements
- Enhancing anti-terrorism and force protection
- Correcting critical deficiencies

The fiscal year 2009 Military Construction-Navy (MCN) budget requests appropriations of $1,116 million that includes 32 projects for the Active Navy and 3 projects for the Reserve Navy.

Navy continues to leverage the capabilities of the supporting communities where we work and live. In fact, Navy continues its reliance on the private sector as the primary source of housing for sailors and their families. The power of leveraging the local community is highlighted in our new Public-Private Venture Bachelor Quarters at San Diego and Norfolk. With the help of your Special Legislation and our progressive private partners, Navy is providing quarters that will positively impact their decision to "Stay Navy". Other specific housing projects in the fiscal year 2009 budget include $62.6 million for the replacement of 146 units at Naval Station Guantanamo Bay, Cuba and $50 million in post-acquisition construction for the improvement and repair of 342 units in Guam and Japan. Additionally, $8.4 million is included to support the construction of 46 homes at Naval Construction Battalion Center Gulfport, MS, through the use of military housing privatization authorities.

Appropriate investments of facility sustainment, recapitalization, and demolition are necessary to maintain Navy's inventory of facilities in good working order and preclude premature degradation. Navy uses an industry-based facility investment model to keep the inventory at an acceptable quality level through life cycle maintenance, repair, and disposal. Navy has increased sustainment funding in fiscal year 2009 to 90 percent across the Future Years Defense Program funding for recapitalization. The fiscal year 2009 budget exceeds the DOD 67 year recapitalization rate goal primarily due to BRAC investments. Figure 13 recaps Navy's facility sustainment, restoration, and modernization submission.

Facility Sustainment, Restoration, and Modernization

(In Millions of Dollars)	FY 2007	FY 2008	FY 2009
Navy	1,151	1,147	1,396
Annual Unfunded Sustainment			
Navy	107	240	157
% of Model Funded	*91%*	*83%*	*90%*
Restoration and Modernization (R&M) Funding			
Navy	1,863	1,963	2,160
Facilities Recapitalization Rate (Years)			
Navy	62	60	50

Figure 13

CONGRESSIONAL SUPPORT REQUESTED

Marine Mammals and Sonar

The most critical readiness issue relates to Navy's ability to train using active sonar and not endanger marine mammal populations. Submarines with improving stealth and attack capability—particularly modern diesel attack submarines with air independent propulsion—are proliferating worldwide at an alarming rate. Locating these relatively inexpensive but extremely quiet boats presents our Navy with a formidable challenge and requires the use of active sonar. Ongoing litigation that threatens to limit our ability to conduct medium frequency active sonar training and thus become combat certified atrophies the skills required to employ this vital technology.

The Navy is engaged in a comprehensive effort to achieve full compliance with the National Environmental Policy Act, Marine Mammal Protection Act, Endangered Species Act, Coastal Zone Management Act, and Executive Order 12114. Navy continues to increase funding for marine mammal research and provides more than one half the world wide funding for marine mammal research. We must, however, continue to prepare our Navy for deployment and the possibility of combat operations.

Aviation Transitions

Navy's aging "legacy" aircraft are showing significant wear from the increased OPTEMPO directly associated with OIF and OEF. The expected service life (ESL) of an aircraft is a function of the designed flight hours and the actual fatigue life expended through operational missions (launches, recoveries, extreme operational environment, etc.). This increased OPTEMPO has accelerated airframe attrition due to their reaching ESL sooner than designed and pressurized retirement dates for legacy aircraft.

Navy's aging P–3 and EP–3 fleets are particularly challenged as we continue to provide valuable airborne intelligence, surveillance, and reconnaissance capability to the combatant commanders. The average age of our P–3 fleet is more than 28 years and the average age of an EP–3 fleet is more than 34 years. Both aircraft were expected to serve 30 years. In December, we grounded 39 P–3C aircraft where projected fatigue wing cracks exceeded an acceptable level of risk. Navy appreciates your consideration of its Supplemental funding request that will support the immediate purchase of wing material for outer wing replacement on 42 P–3C aircraft. Additionally, Navy will add Anti-Surface Warfare (ASuW) systems to some 19 training non Anti-Submarine Warfare capable airframes to mitigate ASuW risk to current plan response. Navy also seeks to mitigate portions of this capability gap by accelerating delivery of the P–8A Multi-Mission Aircraft by 15 months.

A future concern, one third of the Navy's legacy TACAIR fleet, F/A–18 A–D series aircraft, is currently operating beyond design limits, and the bulk of the fleet, F/A–18 C/D series aircraft, are operating at an average flight hour expenditure rate 30 percent greater per year than planned.

Encroachment

Another readiness issue impacting our ability to train to meet the full spectrum of operations is the increasing encroachment of our installations and ranges. Our ability to use installations for their intended purposes and the ability to augment then when necessary to respond to changing national defense requirements is being pressurized by State and local citizen interest groups. Navy's continuing difficulty to establish an Outlying Landing Field on the east coast is illustrative of this challenge. An OLF is required to enable Navy to train aviators for Carrier Air Wing operations at sea. This training is an integral element of the FRP operational availability construct. In consideration of the concerns of local citizens and environmental groups Navy has terminated the Environmental Impact Study (EIS) on the originally selected five North Carolina sites and subsequently plans to issue a new EIS on five different sites in North Carolina and Virginia. Navy continues its outreach program seeking a win-win situation for all parties. We are grateful for your continued support as we work with Congress and the States of Virginia and North Carolina to ensure that we can fully train our young men and women.

United Nations Law of the Sea Convention

To interact more effectively with our maritime partners to ensure that the seas of the world remain safe and open for all nations, the Navy strongly supports U.S. accession to the Law of the Sea Convention joining 154 party nations. Robust operational and navigational rights codified in the Law of the Sea Convention must be preserved for the Navy to continue to maximize its ability to execute the Maritime Strategy. Our current non-party status constrains our efforts to develop enduring

maritime partnerships. It inhibits us in our efforts to expand the Proliferation Security Initiative and elevates the level of risk for our sailors as they undertake operations to preserve navigation rights and freedoms, particularly in areas such as the Strait of Hormuz and Arabian Gulf, and the East and South China Seas. Accession to the Convention is of critical importance to global naval maritime and over flight mobility.

RESET THE FORCE

We remain a Nation at war—a long war against violent extremists in which naval forces provide a significant part of the worldwide rotational military presence and an increasing portion of the required support for ground units in Operations Enduring Freedom/Iraqi Freedom (OEF/OIF). An ongoing challenge we face today is to sustain our present capability and enhance our ability to conduct nontraditional missions in order to ensure continuity in the projection of naval power and influence.

Navy's support of OIF, OEF, and the global war on terror continue to require a higher OPTEMPO than was planned during peace-time operations. In the near term this translates to greater operational cost (maintenance, parts, and fuel). Longer-term impacts are under close evaluation, but ships, aircraft and ground equipment returning from the war will require depot-level attention to remain responsive to emerging threats.

Past supplemental funding has mitigated some of the Navy's costs but Navy's outstanding reset requirement is nearly $11 billion. The fiscal year 2008 Reset requests totaled $3.6 billion of which $500 million has been received via the bridge supplemental. The funds received to date have been aligned to fleet depot maintenance (~$410 million), Explosive Ordnance Disposal (EOD) Systems (~$80 million OPN), and ammunition accounts (~$10 million PANMC).

Navy's outstanding Reset requirement is currently estimated at $10.9 billion. Of this remaining requirement, the fiscal year 2009 supplemental request will include maintenance funds for Ship, Aviation, and Ground Forces as well as procurement funding for aircraft and aviation spares and repairables, Expeditionary Combat and Physical Security equipment, and ordnance.

Navy continues to evaluate its reset requirements as our high OPTEMPO operations continue and the equipment is used more extensively than originally planned. Replacement equipment and aircraft are essential to preclude near- to mid-term capability gaps in these areas. Deferring reset requirements will equate to increased risks in the future.

CONCLUSION

The security challenges of the 21st century are complex and varied. They range from the irregular, asymmetric threats of terrorists, self-proclaimed Jihadist organizations, and rogue states and belligerent nations, to the conventional and highly sophisticated military technologies of China, North Korea, and Iran. Navy is out and about, doing the essential missions for the Nation, but that level of security comes at a cost to our people, our current readiness, and the future fleet. Our Navy's capabilities and capacity must be balanced with the resources we are provided to address these diverse strategic challenges.

Our Navy provides a high rate of return on your investment, costing the taxpayers less than 1 percent of the GDP. We strive to sustain combat readiness, build a fleet for the future and develop 21st century leaders. The Navy readiness story is one of military might but it is also has chapters about generosity and humanity. Your U.S. Navy is ready for further tasking.

Senator AKAKA. Thank you, Admiral Walsh.

General McNabb?

STATEMENT OF GEN. DUNCAN J. MCNABB, USAF, VICE CHIEF OF STAFF, UNITED STATES AIR FORCE

General MCNABB. Chairman Akaka, Senator Thune, and distinguished committee members, it's a pleasure to be here this afternoon.

I thank the committee for your tremendous support of our soldiers, sailors, marines, airmen, and coast guardsmen in ensuring that we have what we need, to win. On behalf of the over 600,000

total force airmen, thank you for the opportunity today to talk about the very important subject of readiness.

Our airmen have been vital to the success of the joint team to win this critical global war on terror while constantly providing the global deterrence that keeps our enemies at bay and our friends assured. We stand ready to go to the most dangerous places on the planet tonight to protect our country, and if the Nation needs us to go, tomorrow or 20 years from now, we will go. Our airmen, like our fellow warriors, have been tested in the crucible of war, and been found worthy. As part of the Joint Force, our airmen have pushed our combat capability to new heights, and have forever changed the way we fight.

We have compressed the kill chain. With our ground combat teams, we have developed the tactics and technology that allows the joint team to find the enemy and strike where needed and when needed. Airmen have evolved the battlespace vigilance. We keep an unblinking eye on rooftops and over ridgelines so our ground forces are not surprised by the enemy and are always prepared to engage them.

Our airmen have revolutionized the concept of air mobility. We have moved our mobility forces forward with innovative ideas and equipment to precisely resupply forces on the ground and reduce the number of ground convoys in harm's way. Airmen have extended our aeromedical evacuation bridge. We move our wounded warriors to higher levels of care faster than ever, saving the remarkable Americans who have risked their lives in defense of this great Nation.

Our airmen are absolutely honored to do their part, but we have sustained this increased tempo for over 17 years, with the last 6 being the highest in over 40 years. Senator Thune, you mentioned that. This pace has had its effect on our people and our equipment. Our overall readiness is down, across the board. The average age of our aircraft is over 24 years, and we're flying this equipment harder than ever, accelerating the wear and tear on our inventory. We have witnessed an 11 percent decline in our fully-mission-capable rate, and this rate would have decreased even further, were it not for the superb work in our depots and our superb maintainers.

The high tempo has also affected our airmen and their families. Just like my counterparts here today, many elements of our force are stressed with deployment-to-dwell ratios of 1-to-1. Notably, we've seen declining reenlistment rates among our mid-level NCOs. We're watching all these indicators closely and doing everything that we can to maintain the quality of life for our airmen and their families.

Despite these challenges, we are committed to the defense of this great Nation and this great cause of freedom. We know our Nation and our joint team absolutely depends on us, and, when called again, we will go. However, we cannot rest on the laurels of our current dominance in air. We must also be able to dominate airspace and cyberspace tomorrow. We ask the committee for your continued help to recapitalize and modernize our aging equipment, to improve our readiness, and to provide future generations of airmen with equipment that is worthy of the challenges that they will face.

Mr. Chairman, I thank you for this subcommittee's continued help, and I look forward to your questions.

[The prepared statement of General McNabb follows:]

PREPARED STATEMENT BY GEN. DUNCAN J. MCNABB, USAF

I. INTRODUCTION

Your Air Force is engaged around the world, fighting terrorists and insurgents in the Long War. We appreciate the Senate Armed Services Committee's continued support of our air, space, and cyberspace forces as they fly and fight across the globe promoting and defending the Nation's interests. Since the Long War began, congressional supplemental funding each year, including the $5.5 billion provided for fiscal year 2008, has helped ensure that our airmen deployed in combat overseas are trained, equipped, and ready day-to-day to perform their mission. As we prepare for the next year of global operations, the Air Force is grateful for the support the committee provided through the National Defense Authorization Act for Fiscal Year 2008, and as always, we appreciate the great lengths to which the committee has gone to support our airmen, their families, and their quality of life.

In the Long War, we continue to fulfill our indispensable roles as airmen for the Joint team working with our sister Services to enhance and capitalize on joint synergies—taking the entire team to higher levels. Simultaneously, as the Nation's sword and shield, we stand prepared to assure allies and dissuade, deter and, if necessary, defeat enemies on a global scale. For over 17 years, the United States Air Force has been engaged in continuous combat providing the Nation and its partners unparalleled advantage in three warfighting domains—air, space, and cyberspace. Our airmen have maintained constant watch, deployed continuously, engaged America's adversaries directly, responded to humanitarian crises around the world, and provided the Global Vigilance, Global Reach, and Global Power to secure our Nation. The hallmark of our success has been the truly seamless manner in which our Reserve, Guard, and Regular components operate. We have leveraged our Total Force to the greatest extent ever, and have provided the Nation with a highly cohesive team that maximizes the Air Force's overall joint combat capability.

Our Air Force has been tested in the crucible of battle and is the most combat-proven in its history. Every day our airmen find innovative ways to accomplish their mission more efficiently and effectively. Airmen are dedicated to the defense of this Nation. We have committed ourselves to go to the ends of the Earth, to the most dangerous or austere locations, in our Nation's hour of need or in the world's moment of despair. If tonight, tomorrow, or in 20 years from now America calls—we will go—because it is our sacred duty to provide the Nation and its joint team, wherever it might be engaged, the full might of air, space, and cyberspace power.

To ensure success, your Air Force is organizing, training, and equipping our airmen for both the current and future fights, building in the flexibility to operate across the entire spectrum of conflict. It is no accident that America's Air Force has unprecedented Global Vigilance, Global Reach, and Global Power. We learned our lessons from our own history as well as from others', and we invested vast resources and effort to establish and maintain dominance in our three warfighting domains: air, space, and cyberspace. Even after our victory in Operation Desert Storm, we upgraded, modernized, and transformed our training mindset and programs. The result was a more flexible, responsive, and lethal force that contributed greatly to the joint successes in Operations Allied Force, and saved lives in ensuing operations—from the Balkans, through tsunami-ravaged Indonesia, to Afghanistan and Iraq. Even with these advances, we continue to find innovative ways to improve the combat power we provide the joint team. Our forces engaged in combat today are fully ready to perform their missions, but our future dominance is at risk.

We face a dangerous and uncertain future and our enemies do not sit idly by. Instead, adversaries—both declared and potential—are developing and fielding new and better means to threaten our Nation, our interests, and stability around the world. At the same time, the average age of our air and space craft continues to rise, and their ability to confront emerging threats declines. We also face increased operations, maintenance, and personnel costs that cut into our ability to finance future dominant capabilities. We are doing all we can to increase efficiency and effectiveness to defray these rising costs. Despite our best efforts, we face declining readiness and soaring recapitalization rates. Therefore, we have taken significant steps to self-finance a massive and vital recapitalization and modernization effort for our aging air and space force. We must ensure the Air Force is capable of setting the conditions for America's success against emerging threats in the uncertain years that lie ahead.

With this necessity in mind, let's examine Air Force "readiness" with respect to each of our three main priorities: winning today's fight, taking care of our people, and preparing for tomorrow's challenges.

II. WIN TODAY'S FIGHT

Our first priority is to win today's fight. Air Force Long War missions are only the latest in a string of over 17 continuous years of combat since Operation Desert Storm began. Throughout this period, our strategic forces have remained on constant alert. In fact, the United States Air Force has underwritten the national strategy for over 60 years by providing a credible deterrent force, and we continue to serve as America's ultimate strategic backstop, reassuring allies, dissuading competitors, and deterring adversaries by maintaining an always-ready nuclear arm. The Air Force is committed to continuously improving its ability to fulfill the Nation's nuclear mission. As with everything we do in the Air Force, our approach to nuclear surety is grounded on our core values of integrity, service, and excellence. We have initiated multiple levels of review of Air Force policies and procedures in order to improve the Air Force's nuclear surety. The Air Force portion of the Nation's nuclear deterrent is sound, and we will take every measure necessary to continue to provide safe, secure, reliable, nuclear forces to the American public.

Today, Air Force operations are ongoing in Iraq, Afghanistan and the Horn of Africa. Every day, your Air Force flies approximately 250 sorties in Iraq and Afghanistan directly integrated with and enhancing ground operations. Since Long War operations began, your Air Force has flown over 80 percent of the coalition's combat sorties in support of Operation Iraqi Freedom and Operation Enduring Freedom. These missions provide the Joint and Coalition team airlift, aero-medical evacuation, air-refueling, command and control, close air support to ground operations, strike, Intelligence, Surveillance, and Reconnaissance (ISR), and electronic warfare. We have flown over 385,000 mobility sorties moving equipment and troops to and from the Central Command (CENTCOM) Area of Responsibility (AOR). Our intra-theater airlift missions shift convoys to the air reducing the need to place troops and vehicles in harms way. Our aero-medical evacuation missions move wounded soldiers, sailors, marines, and airmen to higher levels of medical care at hospitals as far away as the continental United States. In 2007, America's airmen conducted nearly 1,600 precision strikes in Iraq and Afghanistan. In Iraq alone, Air Force strikes increased by 171 percent over the previous year. Added to those numbers, your Air Force has flown over 50,000 sorties protecting the homeland for Operation Noble Eagle.

Air Force engagement in CENTCOM is only the tip of the iceberg. Airmen operate around-the-clock and around-the-globe to provide all Combatant Commanders (COCOMs) with critical capabilities. Over 40 percent of the total force and 53 percent of the Active-Duty Force are directly engaged in or supporting COCOM operations everyday. On any given day, the Air Force has approximately 206,000 airmen (175,000 regular plus an additional 31,000 Guard and Reserve) fulfilling COCOM tasks. This includes approximately 127,000 airmen conducting activities such as operating and controlling satellites, standing alert in our Intercontinental Ballistic Missile facilities, operating unmanned aerial vehicles, launching airlift and tanker sorties, providing intelligence assessments, and many other functions critical to each of the COCOMs. There are a further 57,000 airmen stationed outside the continental United States in direct support of the Pacific Command and European Command missions. Finally, a portion of the above forces plus an additional 22,000 airman from the current AEF rotation are made available for deployments in support of other COCOM requirements. At any given time, 34,000 of these airmen are deployed with 25,000 of them deployed to the CENTCOM AOR including approximately 6,600 fulfilling in-lieu-of (ILO) taskings. Since 2004, we have deployed approximately 30,000 airmen to perform ILO taskings.

Impacts on Readiness

While our airmen engaged in the Long War are trained, equipped, and ready to perform their mission, Air Force readiness for full spectrum operations has diminished. This is due to a high operations tempo (OPTEMPO) that compounds the effects of aging on our inventory. Additionally, the demands of winning Today's Fight erode skills necessary for success against Tomorrow's Challenges.

The persistent nature of the Long War demands an increasing percentage of our training resources. Aircraft are deployed in greater numbers and when they are stateside, they are subject to extensive upgrades and maintenance. This impacts our ability to train and upgrade our aviators. Home station flying hours are under pressure and more of those hours are dedicated to deployment preparation training.

However, Long War missions represent a subset of the mission requirements our personnel must be prepared for.

Since 1996, readiness among the Air Force's major operational units declined nearly 39 percent. Additionally, the readiness of some Expeditionary Combat Support units (Civil Engineer, Communications, Intelligence, Logistics Readiness, Medical, Security Forces and Services) and Limited Supply/High Demand units (Command and Control, Rescue, ISR, and Special Operations) units has declined notably.

The high OPTEMPO combined with an aging fleet of aircraft and spacecraft continues to impact your Air Force. We fly and maintain the oldest aircraft inventory in Air Force history. Since Operation Desert Storm, the Air Force has flown 2.2 million hours per year on average with an inventory that numbers 31 percent fewer aircraft that are 42 percent older. The November 2007 in-flight break up of an F–15C and the subsequent grounding of our F–15 inventory is merely a symptom of the many challenges and dangers we face. Aircraft restrictions are one of the most visible results of aging, with nearly 14 percent of the Air Force aircraft inventory operating under some level of flight restrictions.

Our aircraft require more maintenance as they age. The number of maintenance man-hours required for each hour of flight has increased 74 percent over the last 17 years (fiscal year 1991 to fiscal year 2007) for our fighter fleet. Our legacy fighters (A–10s, F–15s, F–16s) have already flown on average 21 percent more hours than their original design life, with the majority of these aircraft projected to remain in service for at least 15 more years. As a result, each of our legacy fighter platforms has undergone costly repairs and structural upgrades to safely extend its service life, and still more will be required in the future. Despite these efforts, fighter aircraft availability decreased 15 percent over the last 17 years (fiscal year 1991 to fiscal year 2007).

As an example, our average F–15C/D aircraft has been in service for 25 years and has flown 66 percent more than its original service life of 4,000 hours. Our dedicated F–15 maintainers have fought to keep aircraft availability rates high, but at a cost. F–15s now require over 28 maintenance man-hours for each flight hour compared to only 13 man-hours 17 years ago. That's a 115 percent increase, paid in sweat equity, additional time away from home and family, and weekend duty by a greatly reduced labor force. This level of effort will likely increase as we continue to fly legacy fighters.

Our older fleet is also more expensive to operate and maintain. Ballooning sustainment requirements were clearly evidenced by a 24 percent increase in annual operational cost per flying hour over the last decade and a 40 percent increase in maintenance man-hours per flying hour from fiscal year 1991 to fiscal year 2007. Mean-time-between-maintenance-actions (a measure of aircraft reliability) also decreased, reducing the percentage of the inventory available for operations at any given time. Using a constant total active inventory formula that allows for comparative analysis, there were on average 346 less mission capable aircraft per day in fiscal year 2007 as compared to fiscal year 1991. Despite this decline, the equipment dimension of readiness appears to have stabilized due to increased spares funding and outstanding improvement in efficiency gained by our depots and field units. However, an OPTEMPO increase or a funding decrease could drive readiness lower.

The Air Force has addressed aging aircraft issues by developing an overarching vision for the future state of proactive fleet management. We have chartered the Air Force Fleet Viability Board to assess the viability of our inventories so that we posture ourselves to make more informed modification, sustainment, and retirement decisions.

Despite these efforts, many of our aging platforms remain in the inventory, are past their useful life, with many unable to fly. Legislative restrictions on aircraft retirements remain an obstacle to efficient divestiture of our oldest, least capable, and most costly to maintain aircraft. Lifting these restrictions will alleviate considerable pressure on our already constrained resources that continue to erode our overall capabilities. We appreciate the great support from the Senate Armed Services Committee in granting the Air Force more authority in its fleet management allowing the retirement of more KC–135Es and C–130s.

Operations over the past 17 years have also impacted personnel readiness due to the increased rate of deployments since the attacks on September 11. However, our force is battle-tested and duty in the combat environment, alongside our joint and coalition partners, has led to the employment of our force in previously unimagined ways. Whether integrating our ISR with ground operations to find the enemy, precisely delivering critical supplies or personnel to our Joint partners, or increasing the number of air strikes against enemy positions, our airmen have continued to find ways to improve the effectiveness of the joint team.

Nevertheless, our success has created some trade-offs, especially in terms of stressed career fields impacted by a continuing high OPTEMPO. We actively track our stressed career fields and use this data to focus on the specialties that require the most management intervention. To help mitigate stress, the Air Force is looking at skills retention bonuses, promotions, force shaping exemptions, and process improvements. We diligently watch for those career fields whose dwell ratios worsen and look for avenues to relieve this strain. We have identified over 70 career fields that have low dwell times and placed them on the "Career Fields to Watch" list. For example, our Security Forces professionals have a 1:1 dwell and are on the Air Force's Top 5 Stressed Career Fields for officers and enlisted.

ILO taskings also stretch us in ways we could not have foreseen. Within the Joint Team, airmen provide the Joint Force Commander distinctive skills. While complementary, these skills are not interchangeable amongst the team, thus airmen require ground-centric combat training to accomplish ILO taskings. This extensive out-of-core-competency training also drives down deployment-to-dwell time. Additionally, ILO taskings stress an already high personnel tempo (PERSTEMPO) for many career fields such as security forces, transportation, air traffic control, civil engineering, and explosive ordnance disposal. Due to the dwell ratio nearing 1:1 for some stressed career fields, we are unable to support additional ILO taskings.

The more than 2,700 Air Reserve component (ARC) members currently mobilized to support the Long War assist in reducing the PERSTEMPO of our Regular component. But ARC personnel equipment may be showing signs of the increased demands of the Long War. Mirroring the Regular component, the accumulated hours on ARC aircraft increased by Long War operations are much greater than programmed. Like the regular component, Air National Guard (ANG) readiness continues to decline as we reset the force. The high OPTEMPO of simultaneously engaging as full participants in State and Federal missions drive some of the challenges. Current funding is insufficient to sustain—much less increase—readiness.

III. TAKE CARE OF OUR PEOPLE

Developing and caring for our airmen and their families is another Air Force priority. Airmen are our most precious resource and enable the Air Force to be a valuable contributor to the military instrument of national power. They must be well-trained and ready for expeditionary warfighting responsibilities. Spanning six decades of Air Force history, particularly over the past 17 years, our airmen have proven themselves as the global first responders in time of crisis—taking action anytime, anywhere. The foundations for our well-deserved reputation are the quality and frequency of the training and education we provide and our commitment to the highest possible safety and quality of life standards.

Yet increased OPTEMPO and deployment demands have taken a toll on the way our airmen and their families perceive quality of life. We are building strategies to maintain Air Force quality of life standards in the face of fiscal challenges. A universal theme Air Force leaders understand is "we recruit the member but we retain the family." The quality of life we provide our airmen and their families is a distinct determining factor in how long many of our warriors will serve. Quality of life is not something we fund with dollars that are left over from the mission. Rather, we fund quality of life initiatives to accomplish the mission.

We pride ourselves on maintaining high standards across the spectrum of critical support for both airmen and their families, at Air Force installations today and expanding to Joint Base environments for the future. Our programs must continue to meet each airman's fundamental needs, enabling them to experience personal growth and creativity and to perform at their peak or to their potential. Knowing their families are in good hands back home allows airmen to focus more on the mission. We continue to emphasize excellence in food service, fitness, lodging, recreation, educational opportunities, and training. We are dedicated to quality, affordability and availability in our child and youth programs and to full-spectrum individual warfighter and family readiness. Our dual challenge demands a combination of combat support and community service, and we have stepped up to provide both to our airmen and their families.

We are diligently working to put alternative manning support in place at home station to reduce stress, and we are pressing ahead to maintain and update education and training that targets the skill sets our airmen use when deployed. Our military families sacrifice too, and we are aware that increased OPTEMPO affects them. We have implemented several programs to address the challenges associated with increased OPTEMPO.

Our airman and Family Readiness Centers provide mandatory pre-deployment briefings to all airmen on orders to deploy, and follow up with reintegration brief-

ings after deployments to both airmen and their families to help make the transition back to daily home and work situations as smooth as possible. Our Extended Duty Child Care Program enables airmen and their families to obtain quality child care when parental workloads increase due to longer duty hours and exceed the typical 50-hour per week child care arrangements. We've partnered with the Air Force Aid Society to fund our Air Force Give Parents a Break initiative, which offers eligible parents a few hours break each month from the stresses of parenting and is provided at no cost to parents experiencing unique stresses due to deployments, remote tours of duty, and extended working hours.

Complementing these Air Force-wide initiatives, the Air Force major commands are fielding programs to compensate for deployment challenges faced by their military families. For example, Air Mobility Command's Phoenix Spouse program provides a supportive network that informally links spouses with unit leadership and their supporting airman and Family Readiness Center to enhance individual, family and unit readiness.

In fiscal year 2007, we continued to manage and shape the force. We met short-term end strength targets while preserving the right airmen skills for the future. In a time when fewer people are qualified to serve, the Air Force continues to bring in the brightest candidates possible. Despite the demands associated with increased OPTEMPO, we have not lowered our recruiting standards. In fact, for the eighth consecutive year the Air Force has exceeded recruiting goals. Over 99 percent of our recruits have a high school diploma or better and we are extremely proud of the quality of the airmen who join our ranks.

Despite an increased OPTEMPO and high deployment rate, the Air Force continues to achieve acceptable retention rates across both the officer and enlisted force. For fiscal year 2007, active duty Air Force officer retention finished 11 percent above goal, while enlisted retention fell 7 percent below goal. To address this shortfall, we have targeted our fiscal year 2008 Selective Reenlistment Bonus program towards the mid-career year groups focusing on critical warfighting skills. The ANG met its overall officer and enlisted retention goals for fiscal year 2007 and the Air Force Reserve fell less than 1 percent below its officer and 3 percent below its enlisted retention goal.

Our most critical warfighting skills require a special retention focus to maintain combat capability. Budgetary support for retention programs is critical to effectively manage the force and retain needed warfighting capability. These programs are judiciously and effectively targeted to provide the most return-on-investment in both dollars and capability. To that end, I would like to offer our thanks to the Senate Armed Services Committee for the broad authorities the committee has provided for special incentive pays and bonuses that ensure we can continue to recruit and retain those airmen with the skill sets necessary for Air Force success now and in the future.

With fiscal year 2007 Program Budget Decision (PBD) 720, the Air Force planned to reduce by 40,000 Regular Air Force, Guard, Reserve, and civilian Full-time Equivalents in order to submit a balanced budget and self-finance the critical recapitalization and modernization of our aircraft, missile and space inventories. Because our airmen are so important, this self-financing decision was difficult, but it was our only viable recapitalization option in the tight budgetary climate. But we are not just reducing numbers to generate investment money. We are moving and retraining airmen to have the proper skill sets to shape the Air Force into the proper force structure.

Our force drawdown efforts will meet our PBD 720 end strength targets of 328,600 in fiscal year 2008 and 316,600 in fiscal year 2009. But personnel changes of this magnitude come with a degree of uncertainty and difficulty for our airmen and their families. We are using voluntary measures to shape the force with the right skill sets, increase manning in stressed career fields, leverage new technologies, and improve our internal processes to reduce workload and reduce or eliminate unnecessary work through Air Force Smart Operations 21. Ultimately, our goal is to ensure the Air Force maintains the right size and mix of forces to meet the global challenges of today and tomorrow.

The Air Force remains committed to the programmed fiscal year 2009 PB active duty end strength level of 316,600, a figure we reached after a careful review of our force structure and continuing requirements. We continuously review our requirements and may need to increase end strength to fully support the growth of the ground forces and programmed force structure increases in CSAR–X, Predator and Global Hawk, KC–45A, Distributed Common Ground Systems, and Battlefield Airmen.

IV. PREPARE FOR TOMORROW'S CHALLENGES

Your Air Force is working to prepare for tomorrow's challenges. We are committed to meeting the near-term needs of our Nation, while simultaneously ensuring future generations of airmen inherit an Air Force that is relevant, capable, and sustainable.

Strategic Context

We must not confuse the present lack of large-scale, overt, state-on-state violence with an absence of serious conflict in our world. Disputed territories and resource competition are very real problems around the globe, as is the risk that these stress points could grow in the future. Ascendant powers, flush with new wealth and hungry for resources and status, are posturing themselves to contest U.S. interests, allies, and friends. These countries are translating lessons from recent conflicts into new warfighting concepts, capabilities, and doctrines specifically designed to counter U.S. strengths and exploit vulnerabilities. Taken as a whole, these developments represent a clear effort to deny access to U.S. air, space, and cyber power, thereby drastically increasing the cost and the risk of a U.S. military response. These developments also reduce U.S. credibility and deterrent effectiveness. Those who would challenge the U.S. avoid the asymmetric advantage the Air Force provides. We neglect that advantage to our future peril.

We owe the Nation the ability to provide a full range of options, lethal and nonlethal, kinetic and nonkinetic, at the speed of sound and soon at the speed of light, any time, anywhere the Nation needs us to deliver effects across the spectrum of conflict. In order to protect the interests of the United States, we must continue to modernize our legacy systems to maintain their relevance against current and emerging threats. In addition, we must replace aging aircraft with more capable and cost-efficient platforms to strengthen the Air Force's capabilities to detect, deter, and dissuade all potential enemies. The fiscal year 2009 President's budget continues the Air Force on this flight path.

Recapitalization and Modernization

Global Vigilance

A crucial element of deterrent capability is the demonstrated ability to detect an adversary's actions and behaviors. The Air Force will continue to provide the entire Joint team with decision-quality intelligence, persistent surveillance, and timely reconnaissance in air, space, and cyberspace. Our recapitalization and modernization plan aims to dramatically increase the quantity and quality of ISR capabilities, products, and services available to the Joint Team and the Nation. Our recapitalization efforts are focused on extending the lifespans and capability sets of our workhorse platforms, such as the RC–135 Rivet Joint and several space-based assets. We are also working to find and leverage previously untapped ISR capabilities such as those on fighters carrying targeting pods. Finally, we have made a concerted effort to ensure the viability of Air Force space communications, position, navigation and timing, early warning missions, and space situational awareness capabilities to provide uninterrupted mission continuity for America and our allies.

We must continue to develop and field systems that are both network-centric and knowledge-centric. Emerging military powers will increasingly challenge U.S. access to space, so the U.S. needs an affordable pathway to increase space situational awareness and secure space, striking the right balance among hardening, countermeasures, and reconstitution. The U.S. also needs complementary high-altitude, air-breathing systems to mitigate risks to space operations. Finally, we continue to develop new concepts that merge sensors and shooters into a seamless, ubiquitous force that can penetrate any adversary's defenses.

Global Reach

Rapid global mobility lies at the heart of U.S. strategy and no other nation has our ability to project power strategically. America's airmen provide the long legs and lift for Joint warfighters and supply the air refueling lifeline that makes possible global strike and high endurance for global persistence and presence. The Air Force extends airlift, tanker, and aeromedical evacuation bridges that enable the deployment and employment of Joint combat power and humanitarian relief globally preserving the interests of our Nation and extending a helping hand across the globe. Our mobility aircraft average a departure and arrival somewhere on the globe every 90 seconds, 24 hours a day, 365 days a year.

Yet the increased demand for their capabilities and their decreased availability underscore the critical need for tanker and airlift recapitalization and investment to ensure the long-term viability of this vital national capability. Air refueling al-

lows the United States to rapidly deploy combat aircraft around the world within a matter of hours to respond to crises worldwide. The acquisition of the KC–45A will revolutionize how we conduct mobility operations much like the C–17 revolutionized our airlift operations, extending the range, payloads, and flexibility of the full range of U.S. and coalition aircraft.

Modernizing and recapitalizing our airlift fleet is equally important for the Joint team. This critical capability reduces the need for vulnerable ground convoys to travel on dangerous roads by shifting demand from a lateral, to a vertical supply chain. By coupling modern airlift capabilities with the Joint Precision Airdrop System, we can drop supplies from high altitude, day and night, in all weather, with pinpoint accuracy to soldiers, marines, and Special Forces so they can maintain cover—or continue their advance—while accepting delivery on beans, blood, and bullets. This transformational capability not only takes convoys off the roads, but allows aircrews to stay above or beyond the threat of anti-aircraft weapons. Aided by our global air refueling capability, our airlift platforms also bring wounded Americans from the Air Force Field Hospital in Balad, Iraq, direct to Walter Reed, Bethesda, or Brooke Army Medical Center in less than 18 hours. That's non-stop, same-day service, from Balad to "back home," for America's warriors. Doing everything we can to save the lives of Americans who have risked their lives in defense of the Nation is a promise we make to everyone who serves; it's a promise we intend to keep.

Global Power

The Air Force's formidable combination of air, space, and cyber power is an effective deterrent that enables us to strike quickly and decisively throughout the depth and breadth of any enemy's territory. Even as our nuclear arsenal continues to serve as the ultimate backstop of U.S. national security, we must continuously modernize our conventional air, space, and cyber power as essential, complementary deterrents.

Cyberspace in particular is emerging as a warfighting domain critical to future operations. Today, state and non-state actors exploit cyberspace to gain asymmetric advantage, and attacks through cyberspace create tactical, operational, and strategic effects at low cost and with relative impunity. In September 2007, the Air Force stood up a Cyber Command to provide combat-ready forces, trained and equipped to conduct sustained operations in and through cyberspace, that are fully integrated with air and space operations. The Air Force will continue to develop and implement plans for maturing cyber operations as one of its core competencies. Dominance in this area will contribute to freedom from attack and freedom to attack on land, and the sea, and in the air, space, and cyberspace, and will guarantee the joint team the freedom to maneuver.

The Global Vigilance, Global Reach, and Global Power advantages the Air Force provides our Nation ensure freedom of maneuver, freedom from attack, and freedom to attack for the Joint team. However, failure to invest in sufficient quantities of modern capabilities seriously jeopardizes these advantages and risks the lives of our soldiers, sailors, airmen, and marines. Our top five acquisition priorities—the new tanker (KC–45A), new combat search and rescue helicopter (CSAR–X), space systems, F–35A, and next generation bomber—will gain and maintain militarily important advantages for our Nation for the coming decades and improve our readiness for the challenges that lie ahead.

V. CONCLUSION

We have learned lessons from history. We cannot repeat the mistakes of the past nor can we rest on the laurels of our current dominance. The United States of America depends on air, space, and cyberspace power to an extent unprecedented in history. We are ready and engaged today, and looking toward securing the future. Our Nation must invest today to ensure tomorrow's air, space, and cyberspace dominance.

On behalf of all of our Total Force airmen, I wish to thank Congress and the committee for their steadfast support of America's Air Force as we seek to defend this Nation and its interests across the globe.

Senator AKAKA. Thank you very much, General McNabb.

I have a question for all of our witnesses. In General Petraeus's report to Congress next week, he is expected to make a recommendation with regard to the size of the force required to continue operations in Iraq. He may say that a force of about 140,000 troops is still required, or he may indicate that the force may be

reduced. But, we expect to hear from him next week. Very briefly, what are the nondeployed forces' readiness implications, for each of you, if the force stays about the same or if the force begins to drawdown? Also, if General Petraeus recommends that forces may be reduced, what readiness objectives and actions have your Services planned that will take immediate advantage of the lower operational tempo?

General Cody?

General CODY. Thank you, Senator, for that question.

I'm not sure what General Petraeus is going to come back and say, but I'll try to put it in a strategic context for you, in terms of the United States Army, where we are.

When this surge went—and, by the way, this is about the fifth surge we've had during this war; we surged several times for elections in both Afghanistan and Iraq—when the five-brigade surge went in, last year, that took all the stroke out of the shock absorber for the United States Army. That put 23 brigade combat teams into combat, as well as into Kosovo, and we had 17 brigades back that were in reset, that had already served 12-month tours. That is why, when we put the five brigades in, we had to extend the other brigades to an additional 3-months-per to give General Petraeus the amount of forces he needed to provide a safe and secure environment for the Iraqis and to give time, as he stated, to the Iraqi Government and to the Iraqi army.

So, if he comes back and says a certain number will not have to be replaced, it will not be instantaneous, in terms of how we will be able to reduce; one, the 15-month boots-on-the-ground deployment time, as well as those units that are coming back that have already served 15 months; we have to give them at least 12 months reset time. At the same time, it—I say it took all the stroke out of the shock absorbers, in terms of our brigade combat teams—it also forced us to issue the last of our prepositioned stocks in that area, so that we could get those five brigades in there. So, over time, in 2006 and 2007, we rebuilt two brigade-combat-teams worth of equipment. We had to use that equipment to provide for the surge. So, on the back side of how many brigades come out and don't have to be replaced, we also have to turn around and reset quite a bit of equipment.

The brigades that we have today, that are getting ready to deploy, are all going back to either Afghanistan or Iraq. They will all have 12 months dwell time. Many of them are at a readiness rate, in terms of equipment, in an unclassified setting, of not what they need to be.

In the training area, as Senator Thune had mentioned, they are training solely for counterinsurgency operations and focusing on the mission of the brigade they're replacing in either Iraq or Afghanistan, and they're not training to full spectrum for other operations. In terms of their equipment, in many cases we will not be able to get them fully up for equipment just prior to their major training exercise before they deploy.

That is the status, at this time. When these five brigades come out, we'll have to provide all those 15-month-deployed units 12 months dwell time, minimum, which means it would still be short, as we continue to rotate, and it may take us 15 months to get our-

selves to a 12 month boots-on-the-ground and an 18 month dwell time. Quite frankly, where we need to be with this force at this time is no more than 12 months boots-on-the-ground and 24 months back at home.

Senator AKAKA. General Magnus?

General MAGNUS. Mr. Chairman, thank you for the question.

Again, I agree with General Cody. While I cannot foresee what is in General Petraeus's report, your questions regarding; what would be the effect on us, if, in fact, there were reductions in the forces assigned to Operation Iraqi Freedom (OIF)? In fact, as we come out of the increased support that took place over the past year, we have reduced by two infantry battalions and a Marine Expeditionary Unit (MEU) out of Iraq, and, at the same time, today, we are currently deploying 2nd Battalion, 7th Marines to Afghanistan and the 24th MEU is fully on deck in Afghanistan. We have also added the equivalent of another infantry battalion in Iraq to provide security forces. Effectively, there has been little, if any, change in the stress or the tempo on our forces, so I see that the stress right now over the balance of this summer, pending what the President decides after he receives General Petraeus's report, remains the same as it was over the past year.

What would we do if there was a reduction in force from OIF? Sir, marines move to the sound of guns. As we achieve stability in the successful transition to the Iraqi security forces, the marines, as they are today, will move to the sound of the guns in Afghanistan to achieve the same thing under our Joint Force Commander. Currently, as with the Army, our Active component forces are operating at a 1-to-1 dwell. For that battalions and squadrons, that means 7 months in combat, 7 months home, most of which is getting ready to go back, and then 7 months back again. We also have Reserve battalions that are, again, in combat in Iraq. The units, I can guarantee you, the ones that are forward and the ones that are preparing to go forward, are at their highest readiness levels, both personnel, equipment on hand, and materiel readiness of that equipment. The ones that are in the deployment cycle, either forward or preparing to go forward, they have given up personnel in order to be able to flesh out the battalions—and, in particular, the transition teams and other augment personnel that are required in both Iraq and Afghanistan—and we have cross-leveled equipment. So, the readiness of the nondeploying units has been at a significantly lower level than the forward-deployed forces. We can provide the details, of course, in a classified hearing. But, it's clear that we are supporting the units and the troops forward in the fight.

Likewise, the readiness of our three Maritime Prepositioned Squadrons and of the equipment stored in the caves in Norway have been degraded even more than of the units that remain behind. So, for the units that remain behind that are not in the predeployment training cycle, their ability to conduct necessary training, particularly in the event that other contingencies arise, is significantly degraded.

Senator AKAKA. Admiral Walsh?

Admiral WALSH. We would anticipate continued requirements for combat support and combat service support. We would expect similar sorts of manning levels as we have today. That has a direct im-

pact on very specific ratings for us, sir—SEABEES, the Special Warfare Supply, information professionals and medical communities, as well as the chaplain corps, as we mentioned. We would anticipate greater requirements for intelligence, surveillance, and reconnaissance as we reduce the footprint in theater to provide the timely information necessary for those who remain. We would also anticipate that, as the footprint reduces over land, that there would be a greater requirement for presence at sea. So we're prepared to redeploy with marines when they're ready to come back aboard ship and support operations in Afghanistan, if that's where the focus of effort turns to.

Senator AKAKA. General McNabb?

General MCNABB. Sir, very much like Admiral Walsh, as we don't know exactly what General Petraeus will recommend. I will say that there's no question that we are getting increasing demands on what air can provide, and we don't see that changing. That is, strike. We tripled the amount of ordnance that we deliver, between 2005 and 2006, and we've done that again between 2006 and 2007, as we figure out ways to support the ground forces even better than we do today. Your committee's help on that has been superb.

I would say the same thing on mobility, they are looking for ways that we can resupply them in different ways than we've done before. We don't think that will change. The surveillance and reconnaissance, that we provide so that nobody's surprised, becomes even more important, and those demands continue.

What that means for us is that if we look at the number of flying hours that we do, it has stayed about the same since 1992. However, we are 31 percent smaller in the number of aircraft that we have, and we're 41 percent older. So, what does this demand mean? It means that we are going to age out our equipment even more rapidly, so recapitalization of our assets becomes even more important to us.

We know, and we continue to do everything that we can to make sure that we fully support this global war on terrorism, but it is at the expense of tomorrow if we don't recapitalize, and that is probably our biggest concern.

Senator AKAKA. Thank you very much for your responses.

This question is for General Cody, General Magnus, and General McNabb. The Services have requested, and Congress has provided, billions of dollars to reset the equipment that has been lost or worn out in operations. Our briefers last month told us that we cannot expect to see real readiness improvement until demand for forces goes down or the size of the forces goes up. This question is, as I said, to the three of you on the panel. How do you plan to manage the eventual reduction of demand for forces in support of Iraq and Afghanistan, and rebuild basic readiness? What major changes in funding requirements do you anticipate will be necessary? How long will it take to rebuild basic readiness?

General CODY. Thank you, Mr. Chairman. I'll take the first swing at it.

We have five depots in the Army that are doing what I would consider unbelievable work. All five of them are national treasures. They have been the reasons why we've been able to sustain the

equipment as we start buying new equipment, but also to reset that equipment we have. Today, we have about five brigades worth of equipment across those five depots. We've increased the manpower direct-labor hours—that's how they measure, in the depots. When we started the war, it was about 7 million direct-labor hours in those five depots. They're now operating at 25 million direct-labor hours. With the funding from Congress in 2007 that gave us the $17.1 billion to start resetting our equipment, we were able to use all that money in 2007, and that's what gave us the ability to reset those two Army prepositioned brigades I talked about, as well as start flowing critical items to the National Guard and Reserves.

This year, we have almost $18 billion in the fiscal year 2008 global war on terror supplemental. We've received over $10 billion of that. We have another $7.6 billion that is in procurement dollars to buy the long-lead items as these five brigades come out, get that equipment retrograded to those depots so that we can start building back the readiness. The readiness I'm talking about is in things that shoot, move, and communicate—hundreds of thousands of rifles, machine guns that we do at Anniston, the reset of thousands of our up-armored Humvees, our medium tactical vehicles, our radios, our Blue Force tracking, the devices that you've seen when you've traveled over there that give the situational awareness. All of those are being done at our depots. I anticipate, because of the surge, it'll probably take 3 years, and maybe 4, to be able to reset that equipment, as well as the new procurement, to continue to fill the holes of the Army, that we testified to in 2006.

Senator AKAKA. General Magnus?

General MAGNUS. Mr. Chairman, Senator Thune, we are doing several things, which makes this a more challenging problem—not only the level of current combat operations, but the fact that we are growing the force. We're increasing the force to 202,000. That's a net increase of about 27,000 marines, the majority of which is going into operational forces. Because of that, we have to field equipment back to the units that were either short of equipment or who have had equipment attrited or equipment that is in the depots, as well as provide new equipment to the new battalions and squadrons that we're standing up.

Congress has funded approximately two-thirds of our requests for reset, and we look forward to receiving the remainder that is in the fiscal year 2008 global war on terror request.

You asked the question, how long would it take to reset the force? Of course, due to the often long lead times for industrial production and the fielding of equipment, we are just now, within the last several months, seeing an uptick, an increase, in the on-hand equipment readiness to reset the force. Now, that's essentially an uptick that you're seeing in the forces that are not deployed forward, because I indicated earlier that the forces that are forward are at their highest level of readiness reporting.

Depot maintenance, particularly of equipment in the Maritime Prepositioned Squadrons and our aircraft, which are maintained in Navy depots, will take up to 4 to 6 years, depending upon the cycles of the ships going through Blount Island and the massive flows of equipment that will go through not only our depots, but the Army depots and the Navy depots. For our prepositioned stocks,

Maritime Prepositioned Squadron 1 is at 80 percent of its on-hand equipment. We believe that those ships will go through their normal maintenance cycle at Blount Island for the ships, and, at that time, will be restocked and will be at 100 percent in 2011. Maritime Prepositions 2, which was the main source of equipment for the CENTCOM operational area, is down to 54 percent of its on-hand equipment. Those ships will go through their cycle, and we will be back up to 100 percent in 2012. Maritime Prepositioned Squadron 3, which is in the Pacific, is at 100 percent of its on-hand equipment and ready for other contingency operations. We will restock the equipment in the Norwegian caves with security cooperation equipment as we follow the restocking of the equipment that are in the ships.

We will grow the force by 2011. That is, the marines and the battalions and squadrons will be grown by 2011. The trail will not only be depot maintenance, but it'll be the necessary military construction to provide the troops bachelor enlisted quarters and the working spaces for the new units.

Thank you, sir.

Senator AKAKA. Thank you.

General McNabb?

General MCNABB. Yes, sir, like General Cody, the first thing that jumps to my mind is, I'd like to talk a little bit about our depots. When you think about the investment that this committee helped us make in our depots, we end up having depots that are world-class.

In 2001, when you looked at a depot, we had about 64 percent on-time deliveries, meaning that 36 percent were not on time. We had almost 290 airplanes that were delivered late; they were actually sitting in depots as we went through and had additional work done on them. In 2007, that number was 17. So, we had a 98 percent—98 percent on time, and I would say that was because of investment in depots. So that 9 percent decline that I was mentioning, when I said that the depots have completely changed that, in a couple of the weapons systems, the difference is 10 percent; they've increased the availability of our airplanes by 10 percent. So, instead of 9 percent, it would be 19 percent if they had not done that.

The other portion this committee really helped us on was spare funding, and continuing that with reimbursing us in the supplemental to make sure that our spares accounts are up. We put almost a billion dollars in the 2000, 2001, 2002 timeframe, and have sustained that to make sure that we kept the supplies up. Again, those are things that created serious decline in the 1990s, that this committee has helped us. Again, the 9 percent masks that we've had that kind of a decline, but it would be so much worse if we had not jumped in there.

What I worry about is, when you take an airplane like a C–17 or a C–130 or a fighter, it is the cycles—it's not necessarily the flying hours, it's the cycles. The C–17 that is deployed into Al Udeid, Incirlik, or Manas, and is flying what would have typically gone by ground, because we're using C–17s to do that, the wear and tear is three times the amount that you would have on a typical airplane that's coming from the States, going across to Ramstein,

going into theater, and coming back out. It doesn't mean that you have to replace the airplane this year, but your fleet just aged by 3 or 4 years because of the way you've used it.

We have taken risks in recapitalization over the years, because we had to make sure the near-term readiness was done. We now are at that point where, if you look at our aging fleet, we have almost 688 airplanes that are restricted from our ability to use them. We have about 95 airplanes that we've had to take off the flying schedule because they're broken. Those are the things that absolutely concern us, so that when you talk about, "What is our overall readiness of our overall fleet?" when we talk about C–1 and C–2 from 2000, 2001, down to today, it is a decrease of about 19 percent, from 70 percent to 51 percent. That is the part that really concerns me. When you talk about what it will take, I would say it's a sustained investment. You asked us for, and we've provided, our unfunded requirements list. It is consistent, what we say, within the required force. This is the kind of sustained amount of investment that we need.

We know that this is all based on risk. We don't know where the next dollar should be spent. There are needs across all the forces; there is no question about that. We don't know where that will be. Given the money that we have, we are investing it the very best way that we can.

Senator AKAKA. Thank you very much, General.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

General Cody, in your written testimony, you advocate for full and timely funding of the Army's budget request for fiscal year 2009 and $66.5 billion for the Army continuing the remaining fiscal year 2008 emergency supplemental appropriations request that's pending before Congress. You also list specific impacts to certain programs if the supplemental funding is delayed beyond the end of the month. Will these impacts affect the readiness of units deploying to Iraq and Afghanistan?

General CODY. If we get the timely funding, Senator, for the $66.5 billion, of which—it's broken out—and military pay is a large part of it, with the numbers of national guardsmen we have, and reservists, on Active Duty, as well as the operational dollars, and then, there's about $7.6 billion of it for reset—if that money is not on time, we will not put any soldier in harm's way without equipment. What we'll have to do is fall in on equipment that's there and use it in theater longer than we wanted to. But, it would have a cascading impact in readiness over time.

A couple of times during the last 2 or 3 years we have sent brigades, and left their equipment back, that they trained on, and flown them over, and had them fall in on equipment that was there, and left there for 2 years. That's the beauty of the Army modular force, because all the brigades look alike now, and we were able to send the 1st Cav falling in on 4th Infantry Division's equipment, and vice versa, with helicopters and with tanks and Bradleys. We don't want to do that too much, because when you leave that equipment over there for 2 to 3 or 4 years, the recapitalization dollars really creep up on you and you're deferring the maintenance.

But, the short answer is, it will have an impact, but it will not impact the equipping of the soldier. We will not let that happen.

Senator THUNE. What will be the impact to your current readiness C rating if Congress delays the remainder of the emergency funds?

General CODY. The readiness of the next-to-deploy units, especially our Stryker brigades—two of our Stryker brigades and two of our heavy brigades and our ability to build the next infantry brigades—will be degraded in both equipping and then the training, because they won't have the equipment to train on.

Senator THUNE. How does the delivery of partial supplemental appropriations inhibit or affect the Army's plan to improve readiness rates by funding reset activities?

General CODY. The two things that—with the reset piece—in 2007, Congress was very good about giving us all $17.1 billion up front and we committed almost all of those dollars by January 2008. That was where we were able to energize our five depots and build back the Army prepositioned stocks that enabled, quite frankly, the surge. If we do not get these dollars on time, the $7.6 billion I talked about—most of that is procurement dollars for long-lead items—we will not be able to rebuild our heavy brigade combat team and our light brigade combat team and our light battalion for Afghanistan on time, and then, if something happens and General Petraeus needs more forces to roll back in with, we will have to fly equipment over from the States and take it away from units training.

Senator THUNE. I want to direct this to the rest of the panel, but, what do impact your Service's readiness may occur from a delay in the passage of the second part of the fiscal year 2008 emergency supplemental appropriation request?

General MAGNUS. I agree completely with General Cody, but let me put this in three categories:

The delays in military pay, not only present us with a financial problem, depending upon—as we run out of the fiscal year appropriations for military pay, but they send a strong, unmistakable signal to our seasoned warriors, who have been willing, and their families have been willing, to sign them up to reenlist. Whenever we see a significant delay in deliberations regarding appropriations to support the pay for our marines—and I'm sure it's the same for the other Services—you have a very intelligent, very professional force, and they also pause to be able to see what this means for them and their future. So, my concern is the effect that it does have, with a significant delay; and, therefore, we strongly encourage Congress to appropriate the balance of those global war on terror request funds that affect military pays.

Second, delays in readiness and reset funding that are directed—that we need for contracting for warfighting equipment and stocks, it simply means that—of course we will continue to support the marines and the sailors, soldiers, and airmen and the units that are forward, and the ones that are preparing to deploy, but those that would be next, those that will go late this year and early next year, there will be lead-time lags for some of the equipment that would be under contract this spring and this summer.

Lastly, perhaps, it's a longer-term effect; delays in the operation maintenance fund and the procurements necessary to effect depot maintenance will affect us in future years.

Thank you, sir.

Admiral WALSH. Sir, if I could add to the previous comments.

We shouldn't presume that just because the Services are on spending plans that will run out of money at different times during the year, that we're not all affected by this. So for example, the bridge in January got us through August of this year, as far as Navy funding is concerned. But, if the Army runs out of money first, the Pentagon looks at this as a national effort, which requires everybody helping out. So, what we would anticipate now is a reprogramming effort inside the Pentagon that would then shift resources from various Services, and now we have a different set of issues than I could describe to you in my earlier remarks. We would have significant issues with regard to depot-level maintenance, which right now, under the current funding plan, is at 100 percent in terms of programmed overhauls. Aviation maintenance is at 100 percent. All of those calculations, now, present themselves in a different light.

One of the reasons why the Navy can come to you today and present the picture that we present is a reflection of where we were, more so than where we are. If this was in the mid-1990s, we would have a much different story to tell, and it had a lot to do with the way we prioritize funding for readiness, as well as the pricing for people. If we expect those kind of cuts to take place during the summer, what that does is, number one, introduce uncertainty for people who don't deserve uncertainty at this point, in terms of their level of commitment to us, because they don't know when the next check is coming, in some cases, as far as our civilian workforce is concerned.

Second, it introduces a new range of variables here, in terms of a force that's whole and a force that's serving as a Strategic Reserve, a hedge, that's helping out with combat support and combat service support. Now we introduce a range of problems here that we haven't anticipated.

So, sir, I would strongly endorse the comments made by my peers here.

Senator THUNE. All right.

General McNabb?

General MCNABB. As I listened to my fellow Vices, I would just tell you that I echo what they mentioned. We also see that, given the bridge, we're thinking about August as when we would end up having to have real problems. Starting in June, we start making adjustments. Just as Admiral Walsh mentioned, if we needed to move money to help the Army and the Marines, obviously that will be worked out in the Department. So, we'd anticipate that we'd have to move that up. We would start looking at additional training, looking at the full-spectrum kinds of work that we have to do, and be ready to do tonight, as I was mentioning. Then, the depot and the spares is one of those things that—it is this committee and Congress's ability to give us those supplementals to make sure that those spares and the depot are fully funded, which has allowed us

to maintain the readiness that we have, especially over in OIF and Operation Enduring Freedom.

When I look at the maintenance man-hours per flying hour that is required today, versus where we were, say, back in 1992, the increase in our fighter forces has gone up 74 percent. I'll give you an example: the F–15 has gone from 13 to 28 maintenance man-hours per flying hours. Your spares and the depot funding that you've done has allowed us to keep that readiness high, even though you've gone up that dramatically. Our overall force has gone up 40 percent. Those are the things that you're making up for, and we really appreciate that. But, that's what starts being at risk if we delay the supplemental.

Senator THUNE. Also an argument for more, newer planes.

General MCNABB. Yes, sir, absolutely.

Senator THUNE. General Magnus, 3,400 marines of the 24th MEU, 2nd Battalion, 7th Marines, are currently deploying to Afghanistan. This deployment was not anticipated during the planning for Grow the Force. What is the impact on the Corps, in terms of readiness and deployment-to-dwell measures, of this added deployment requirement?

General MAGNUS. Thank you, Senator Thune.

The 3,400 marines that are deploying, which is the 24th MEU and its battalion, and, separately, the 2nd Battalion, 7th Marines, which is deploying out of Twentynine Palms, CA, adds to the approximately 350 marines that are already in Afghanistan; therefore, nearly 4,000 marines in Afghanistan.

Essentially, from last year, when we had added two additional battalions, for a total of eight infantry battalions, and we had moved a MEU ashore into OIF, totaling over 25,000 marines. We reduced the number of infantry battalions by two. We reduced the MEU out of OIF. But, as I said earlier, we simply extended one MEU that was at sea, we accelerated a second MEU that was going to go to sea later, and we took one and put a third MEU in Afghanistan, adding to it another battalion, 2nd Battalion, 7th Marines, and also adding an additional battalion in Iraq, to provide security forces for our installations, and a line of communication.

Effectively, there has not been a diminution of stress and tempo on the force. Having said that, we trained these marines for the mission. We trained the marines that are going to Afghanistan for mountain operations and operations in an Afghan cultural and language environment, and they're working underneath General Dan McNeill and with our International Security Assistance Force partners, and they are ready for their mission. But, the effect is to prolong what we believe, similar to what our soldiers in the Army believe, is, over the long-term, an unsustainable tempo for the force. To mitigate that, of course, we're growing the force, but growing the force lags the demands of current combat operations. Your marines will move to the sound of the guns when the Nation calls.

Senator THUNE. Is this deployment an indicator of long-term changes in the Marine's role in Afghanistan? How are you postured, in terms of manpower, equipment, and training, to support that role?

General MAGNUS. The shift of forces from Iraq to Afghanistan has us basically having our feet, if you will, in two boats at the

same time. From a command and control perspective and from a logistics support ability perspective, this becomes very difficult, over the long-term, to sustain. It's not just the number of battalions and squadrons, and the number of marines whose boots are on the ground; it's those critical enablers, as well as command and control and communications assets. So, as the Secretary of Defense and the President consider what force levels are necessary in Iraq, on receipt of General Petraeus's report, there's consideration going on, this week, and discussions over in Europe, about our strategy in Afghanistan—we need to consider, not just for the Marine Corps, but for the Joint Force, because the Army picks up a tremendous load, supporting Marines with logistics in theater, the Navy picks up a tremendous burden; there are more sailors on the ground in Iraq, Afghanistan, and Kuwait, than there are at sea. Of course, our Air Force supports what the Marines can't support with our own air, particularly, of course, strategic lift. But, over the short-term, we can support this, as the Commandant has said. We do this because of America's team that we're supporting. Over the long-term, there has to be a posture reassessment, not only for the Marine forces in Iraq and Afghanistan, but for the overall force commitment.

Senator THUNE. Have you begun planning to provide replacement force to relieve the marines when their deployment completes, later this year?

General MAGNUS. Senator, we are always planning for contingencies. Our preference is to recover the ability to bring down our overall dwell time, to be able to let these marines and their families get the rest, get the proper full-spectrum training, in case something else unpredicted happens, and, of course, to be able to refit them with the new gear. But, as I said earlier, we will do what the Nation requires. The Nation asked the Marine Corps to be ready, and we will move to the sound of the guns, when told.

Senator THUNE. Thank you.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you, Senator Thune.

General Cody and General Magnus, this has to do with increasing Army and Marine end strength. Readiness improvements in nondeployed forces for the Army and Marines depend significantly on increases in end strength—74,200 for the Army and 27,000 for the Marines.

General Cody and General Magnus, how and when will you know if this level of growth is sufficient to meet demands for trained and ready forces available for deployed commitments and to restore our ground forces' strategic depth?

General CODY. Thank you, Chairman, for that question.

First, I'd like to put this in a strategic context, if I could, because it really speaks to what your Army's going through right now, which is the largest organizational change since World War II as we transform while we're fighting—with 176,000 soldiers in combat today, we're transforming our units to the Army modular force. At the same time, we're restationing, as part of the global defense posture, 50,000 soldiers out of Europe and out of Korea. That impacts about 380,000 soldiers as we do all these moves. At the same time, we're executing the Base Realignment and Closure (BRAC) 2005

moves, which affect about 304 posts, camps, and stations. We're doing all that while we're rotating, in and out of combat every year, about 176,000 soldiers. So, growing the Army by 65,000 in the Active Force, and the Reserve Force by 9,000, is critical if we're going to be at this level of commitment downrange while, at the same time, executing BRAC, global defense posture, and rebuilding our infrastructure. So, it's a very tightly woven plan.

When we build our six infantry brigade combat teams and our eight additional combat support teams as part of the Active Force, that'll give us 48 brigade combat teams in the Active, and, in the National Guard, 28 brigade combat teams, by fiscal year 2011. That means the Army can sustain about 15 to 16 brigade combat teams deployed on the Active side, and about three to four deployed on the National Guard side, with a 1-year-in/2-years-out for the Active, a 1-year-in/4-years-out for the National Guard. Now, that is not our objective; our objective goal would be 1-year-in/3-years-out for the Active; 1-year-in/5-years-out for the National Guard. But, once we get to 76 brigade combat teams, as well as the supporting brigades, we can sustain that level.

Right now, we're at a higher level, and that is why we're at a deployment ratio of 1-to-1, and, in many cases, on our aviation units, our civil affairs and Single Integrated Operational Plan units, our military police (MP) units, it's less than 1-to-1. We are fully funded for the equipment, and we have a very tightly woven plan to build these brigade combat teams. The first one, we built at Fort Hood, TX. That puts a strategic context in what I was talking about. We built it at Fort Hood, TX, because the units were deployed. We didn't have the barracks for them. Their home is at Fort Knox, KY. So, we built them at Fort Hood, TX, moved their families there, built that unit up. It will deploy in the next 3 months. We established it last year. It takes us about 15 months to build it. It'll be fully trained, ready to go. My nephew is in that unit, by the way. They'll go to Afghanistan to relieve the brigade out of Italy. When it redeploys, it'll come back to Fort Hood for about 90 days, and then move to Fort Knox, KY, because, by that time, the military construction will be completed.

So, as we talk about growing the Army, you have to look at it in the complexity of BRAC, global defense posture, the resetting of our force, and the in-and-out transition of supplying trained and ready forces in Iraq and Afghanistan.

Senator AKAKA. General Magnus?

General MAGNUS. Chairman Akaka, thank you very much for the question.

We're building a force that will give the Nation three balanced Marine Expeditionary Forces. That force will also have the time to be able to do the full-spectrum training that allows them to be ready for the unplanned and foreseen contingencies. Those forces will be ready, they will be equipped. This will allow us to achieve a level of forces that future commanders and chiefs will be able to draw on, that will assure sustained tempos of operation, and still give us the 1-to-2 dwell for our Active component forces, and a 1-to-5 dwell for our Reserve Forces. Of course, in crises, the Commander in Chief may elect to draw down even further on the tempo, but those are looking at spikes. We're looking at a sustained

level of operations, where we build the force in the Marine Corps, just as the Army is building, so that we don't see the sustained operations themselves become the crisis, that—which is, of course, the problem right now, where the level of deployments we have right now, even as we build the force, are becoming a tremendous challenge for our troops, as well as for the institutions.

Building this force will give us Marine Air/Ground Task Forces of combined arms, not only the 27 infantry battalions that we're building—and we've already built 26 of the 27 battalions; the last battalion is 3rd Battalion, 9th Marines, which we built in the next year—but, along with that, our—large numbers of marines that wrap around the infantry forces that are core of the Marine Corps: artillery forces, tactical mobility on the ground, tactical mobility in the air, engineers, MP, 1,000 new marines trained in intelligence, command and control marines, fires—we have a battalion of High Mobility Artillery Rocket System (HIMARS) rockets that's going into 14th Marines in the Reserves, and a battalion of HIMARS rockets going into our Active component—those new HIMARS are already on the ground at Al Taqaddum Air Base in Iraq right now, at the battery level—and new aviation squadrons.

When will we be complete? It's very difficult to predict the future, but the plan, right now, which has been well resourced by Congress, has us on track to grow the force of marines to 202,000 well before 2011. It is the equipment, both the new equipment that is being procured as part of reset, as well as the depot-level maintenance of the remainder of the equipment, and, of course, the military construction, that will slightly lag behind the Grow the Force. We're looking for the stocks to be reset by around 2012, and the last of the new construction will follow shortly thereafter. But, our focus is on making sure that the marines are ready to be able to continue operations throughout this time, sir.

Senator AKAKA. General Magnus, about the Marine Corps nondeployed C ratings, last month's readiness briefing to the subcommittee made out the historically low levels of reported readiness in our Army and Marine Corps. The percentage of nondeployed units in the Marine Corps rated C–1 and C–2, or generally ready for full-spectrum, worldwide deployment, was significantly higher than in the Army. However, the Marine Corps has emphasized that it is not conducting any full-spectrum training; focusing, instead, in on counterinsurgency for Iraq or Afghanistan. How can such a significantly higher share of marine units be rated C–1 or C–2 if full-spectrum training is not currently underway?

General MAGNUS. Chairman Akaka, thank you for the question.

Of course, the exact details of that readiness reporting, I would be pleased to share with the committee or with any of the staff in a closed session. But, let me answer your question directly.

The readiness ratings, the so-called C ratings, of our forces—and that's just not the Marine Corps, but our forces that are forward in Iraq and Afghanistan and other contingency operations—are based upon the mission that they are assigned. So, if we take an artillery unit, and make it into a provisional MP unit, or we assign it a road security unit, which is not in its mission as an artillery unit, then we rate it against the mission that is assigned. It's called percent effective. So, they may be 100—and they should be

90 to 100 percent effective, depending upon the grade, the skills of their personnel, and the kinds of equipment. They will have the highest ratings, as I told you earlier, for their assigned missions in Iraq, Afghanistan, and wherever else we have contingency operations. So, their ratings go higher because of the mission that they are assigned at war today.

The units that are back home, they are being rated against the global mission, the "what if" mission if something were to break out tomorrow.

So, as they deploy forward, they get assigned as their percent effectiveness against the mission that the combatant commander has assigned them; the remainder of the units are graded against the mission that they may be assigned, the full-spectrum mission, I said before.

So, our ratings—I can't compare our ratings to the Army—and we certainly could discuss this in a closed session—but we have increasingly pushed the equipment, as well as the marines, to those forward to fight, and our units that are forward, and those that are going forward, are at the highest levels of readiness. As I said earlier, we are beginning to see the uptick in the last couple of months of the equipment readiness, the equipment-on-hand ratings for those that are not in the deployment cycle, sir.

Senator AKAKA. Thank you, General.

Senator Thune.

Senator THUNE. Gentlemen, if I could get each of you to comment. You've all provided Congress recently with a list of unfunded priorities to be considered in review of the President's budget request for fiscal year 2009. Could you designate, from that list, the items that will affect current unit readiness, and a description of how that item will have a direct impact on the readiness of your Service, and, in your opinion, what items from the unfunded list are most critical to unit readiness?

General CODY. Thank you, Senator, for that question.

I'd like to circle back to your question you asked me on readiness, after I listened to my comrades, here. On the reset, if it's late—you asked about readiness and how would it affect—what I should have told you, with a follow-on to that, was, if we don't get that money, the residual money for fiscal year 2008 global war on terror, we run out of military pay in June for the Army. That's what the Admiral was talking about, in terms of the Department; we'll have to look at how we shift. In July, we run out of operational dollars. So I was talking directly to the $7.6 billion of reset, but the total $66.5, if we go through what we did in July or June 2006, where we had to almost shut down all the operations in our Army, it would be a devastating blow, as General Magnus said, to the morale of our soldiers, that 176,000 of them are serving 15-month tours right now—if we don't get that money on time, it affects military pay, and then it certainly affects our ability to provide operational dollars. So, it has more impact than what I stated. I was just dealing with the reset.

Having to deal with the money that we need, we're short light, medium, and heavy tactical vehicles in the Army. Congress has been very good about the $56 billion that General Schoomaker, our previous Chief, and I briefed to you in 2006. We're $17-some-odd-

billion short of equipment across the Active, Guard, and Reserve, most of it in the National Guard. But, we do need light-, medium-, and heavy-wheeled vehicles, and the money we requested in the supplemental and in the fiscal year 2009 base budget, we need. We need the trailers, we need the night-vision devices, and the aviation support equipment and avionics, our radios. Those are the key items that will enable us to reset our force faster and to provide the National Guard with the equipment that they need for their dual use.

Senator THUNE. General Magnus?

General MAGNUS. Senator, thank you, again, for the question.

We submitted an unfunded programs list to Congress, as requested, earlier this year. That total request was $3 billion. We didn't prioritize that request, but let me tell you the basis for the request.

We are already, today, 98 tactical aircraft short in our inventory, in the midst of a war. Most of those aircraft lines have closed, so the few aircraft lines that are open, both the fixed wing and the rotary wing, are the ones for which we submit a request where we have inventory shortfalls. As a result of that, we requested approximately $600 million for new aircraft procurement, both to replace aircraft that were lost due to combat action, those that are lost to other attrition, and pre-existing inventory shortfalls when we started this war. That includes three UH–1 utility helicopters, two Cobra attack helicopters. Additionally, we were short on aerial refuelers, and we are modernizing a force where the KC–130F and KC–130R tankers are two generations old and aging, and their reliability and maintenance man-hours per flight hour are rising rapidly, in a war where tactical airlift and tactical aerial refueling is important to us. So, we have requested, on the unfunded program list, an additional two KC–130Js off of that Air Force production line.

Separate from the aircraft, we're concerned about our ability to do our core competency missions, which is forward presence in peacetime from the sea, as well as amphibious forcible entry operations. The Navy is doing yeoman's work in increasing the amount of ship construction that it can, to be able to provide ships to support marines at sea. We have requested, now, for the second year running, the Navy and the Marine Corps, support from Congress for a 10th LPD–17. Our concern about that is really a near- to long-term problem. The Gulf shipyards which are capable of producing these ships are about ready to lose 1,000 skilled workers, and the line is about ready to close, and the amount of amphibious ships that are necessary to carry marines in peacetime, as well as in combat operations, is not at the level that the CNO and the Commandant want, and, unfortunately, our constrained budgets did not allow that to be funded.

Lastly, perhaps not the same kind of visibility that's normally associated, but is our 20 military construction projects, for about $300 million. That is probably the longest lead time to be able to provide something for our troops and for their families, is proper bachelor enlisted quarters, proper working spaces. We have requested that because we are accelerating the Grow the Force that we have asked for an acceleration of these military construction projects.

Thank you, sir.

Senator THUNE. My time's about out, and there's one other question I want to ask you, Admiral and General, if you could submit for the record the response to that question, it would be very helpful.

[The information referred to follows:]

The Army's most critical unfunded requirements (UFRs) for fiscal year 2009 focus on Army National Guard (ARNG) equipment shortages for dual-use items. This UFR list was approximately $3.94 billion.

The original ARNG equipment UFR list has been modified by the Army to account for substitutions for seven unexecutable lines on the original list. The result is a slight decrease in the UFR, which is now identified to be $3.93 billion.

All lines on the current UFR list will have a positive impact on ARNG readiness. The acquisition of this equipment will enable the ARNG to train to a higher level of proficiency to meet both State and Federal missions while simultaneously supporting current overseas missions. The most critical of the dual-use items are trucks (HMMWVs and HEMTTs). The ARNG's on-hand quantity of trucks is at a critical all time low. The receipt of trucks will have an immediate impact on readiness and mission effectiveness.

Senator THUNE. General Cody, General Casey's been very candid about the impact of the deployments on Army readiness. In testimony before this committee in November of last year, he said that, "Our readiness is being consumed as fast as we can build it. We will act quickly to restore balance to preserve our All-Volunteer Force, restore necessary depth and breadth to Army capabilities, and build essential capacity for the future." In testimony before the House Armed Services Committee last September, he said that the Army is—and again "unable to provide ready forces as rapidly as necessary for other potential contingencies." Which potential contingencies do you think are at greatest risk?

Second followup question would be, where does Congress need to focus resources, in the short-term, to mitigate those risks?

General CODY. I've been doing this for 6 years; I was a G–3 of the Army, and a Vice Chief now for almost 4 years—and I've never seen a lack of strategic depth be at where it is today. As I told you and the Chairman, we're rotating these 23 brigade combat teams, but that's what you see; you see those flags. What you don't see is the 300-plus training teams, the aviation brigades, the MP units, the 86 security-force companies that are also a part of that 176,000 force that have to be retrained, artillerymen doing infantry jobs. So, when we talk about restoring strategic depth, it will go quicker with our brigade combat teams, because they are doing some of their combat work in counterinsurgency force, and they will come back up quicker. It is our artillery forces and our other forces that are doing nontraditional jobs that we worry about the most. Right now, all the units that are back at home station are training for—as I said before, to replace the next units in Afghanistan and Iraq. If the surge comes down the way we predict, and we get so many troops back, and brigade combat teams back, and we can get the dwell time right, we will start getting those units trained to full-spectrum readiness for future contingencies. I don't know where those future contingencies are, but I do know that this Nation and this Joint Force need to have a division-ready brigade, an airborne brigade ready for full-spectrum operations, a heavy brigade combat team ready for full-spectrum operations, and a Stryker brigade

combat team ready for full-spectrum operations. We don't have that today.

[The information referred to follows:]

Contingencies that require forces to operate over the full range of military missions are at the greatest risk. For example, a large conventional ground war. The Army is consumed with meeting the demands of the current fight and is unable to rapidly provide full-spectrum ready forces necessary for other contingencies. Current operational requirements for forces and limited periods between deployments necessitate a focus on counterinsurgency to the detriment of preparedness for the full range of military missions.

To ensure strategic plans are coordinated and executed accordingly, it is imperative that we rebuild readiness, achieve balance, restore strategic depth for future challenges, and get continuous and timely congressional support.

Thanks to the support and assistance that Congress has already provided to the Army, it has enabled us to address critical resource requirements during existing persistent conflict. The support and assistance to cover costs of reset, modernize equipment, and maintain quality of life for our soldiers are the key to keep our Army running. Our operational demand continues and it is not decreasing. We need timely resources to continue the training, equipping, and stationing for our soldiers to properly conduct operations in time of war and to meet current demand.

Senator THUNE. Thank you, General.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much, Senator Thune.

General Cody, you just stated that the Army is short of vehicles—light, heavy, and medium. My question to you is, why then has the DOD just reduced your 2008 supplemental request for medium tactical vehicles by $2 million, which would mean buying only about 12,575 fewer medium-tactical vehicles this year?

General CODY. Yes, sir. That speaks to timely funding. We put that money in for the fiscal year 2008 global war on terror supplemental. That was for the family of medium tactical vehicles. Because we did not get all the money up front, and now we're looking into the later fiscal year 2008, we cannot execute those dollars. So, when we looked at what was remaining of the $66.5 million, if you remember, for a short time, it was also a foreign metals problem with parts of the transmission and other things that—I'm not as up to speed as I should be—we looked at it, and we said, "We can't execute those dollars." So we offered that back up to DOD, and said, "We'd like to use those dollars on joint urgent operational need statements that have come into the field since we submitted the 2008 supplemental." In January and February, we got some more operational need statements that we can execute with that money, with the caveat that we need to put that money into the 2008–2009 supplemental when we can execute it. It was a timing issue. Had we had the money in October/November 2007, we would have put them on order.

Senator AKAKA. Thank you, General Cody.

This question is for all the witnesses, having to do with depot maintenance baseline and backlogs. Each of the Services' base requests underfund their annual depot maintenance requirements, and, as they have done so for many years, pushes significant parts of it into the war supplemental appropriations. I'm very concerned that the Services will become trapped in an enduring inaccurate and inadequate depot maintenance baseline well beyond the war, and beyond reset. The question is, what are your views of the practice of pushing large portions of annual maintenance requirements into supplemental requests? What are you doing to ensure that

your Service will know its true maintenance requirements and funding baselines after Iraq and reset?

General Cody?

General CODY. Mr. Chairman, as I stated, this country is blessed that we have these five depots. They truly are a national treasure. We need to reevaluate how we sustain their funding in the base. Much of the direct labor hours I discussed, the increase of almost 18 million direct labor hours across those five depots, almost all of that labor is being paid for out of supplemental dollars. As we build the 2010–2015 Program Objective Memorandum, part of getting in balance of our Army is not just in balance, in terms of supply and demand for brigade combat teams, is getting in balance our depots and putting into the base funding the requisite amount of OMA dollars and procurement dollars to be able to sustain an Army that we believe is going to be in this level of conflict for some time.

So you'll see, as we build our programs, that we've looked at the last 5 years, at each one of our depots—and I have my charts that I can give to your committee—and you can see the steady rise of the direct labor hours and the steady rise of procurement dollars that's required for resetting our equipment. We're using that data to build the new base for our base budget for 2010 to 2015.

[The information referred to follows:]

I have enclosed charts on each of the Army's depots.

Anniston Army Depot Production Status

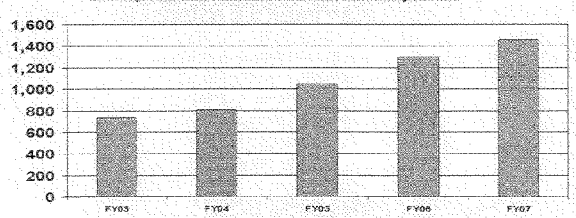
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

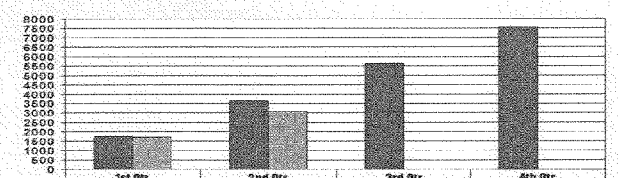
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

System (= SORT SYSTEMS)	Actual Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction as of 18 Jan 08	Unserviceables Due in next 45 days	Scheduled completions thru 20 Feb 08	Actual Qty Completions Thru 20 Feb 08	FY08 Planned Production	Get Well Date
M1 Abrams Partnership	357	201	44	110	116	523	
M9 ACE	88	71	41	33	34	128	
FAASV	111	66	64	31	32	120	
M88 Recovery Vehicle	265	111	152	54	57	196	
M109A6 Paladin	123	19	111	40	43	138	
M113 FOV	185	586	0	105	105	261	
Stryker	35	36	3	13	13	116	
Stryker (Qatar)	45	26	29	24	24	66	
M249 SAW	4,217	1455	170	992	1189	8481	
M240 Series Machine Guns	2,910	7742	250	270	270	1561	
M2 Series Machine Guns	2,855	2137	225	1007	1207	4882	
M4 Carbine	1,533	1516	314	425	425	2803	
AGT 1500 Engine	864	328	24	203	227	961	
1790 Engine	194	792	45	55	88	238	
M1 Trans	406	328	41	94	116	354	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (k)
(Total Maintenance Mission)



FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (k)
(Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1759	3668	5637	7566
Actual	1729	3099		

Red River Army Depot Production Status

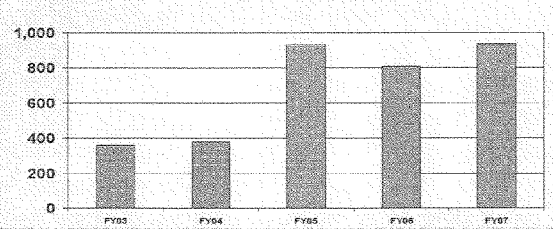
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

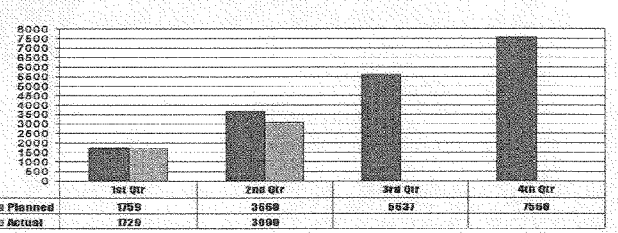
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USMC and Mall

System = SORTS	Actual Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction	Unserv Due in next 45 days	Scheduled completions thru 20 Feb 08	Actual Qty Completions Thru 20 Feb 08	Total FY08 Planned production	Date
BFVS	52	71	68	19	22	108	
BFVS RRAD / BAE	845	91	105	60	223	1474	
BFVS Components	9,442	3500	3000	2468	2468	18,282	
HEMTT FOV	181	4	24	75	76	497	
10K/4K Forklift	135	57	1	42	46	186	
5-Ton Trucks	845	830	25	280	236	1,460	31-Mar-07
MLRS	11	2	2	4	4	18	
SEE	56	155	1	28	30	100	
Bradley Transmissions	89	169	65	115	116	425	
Roadwheels	60,483	9,631	2,431	12,096	20,491	37,461	
Track	141,104	551,440	33,300	30,827	70,001	294,888	
HMMWV	5,254	2709	1946	1474	1,692	8,109	
Patriot Missile	357	106	9	59	59	309	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (k)
(Total Maintenance Mission)



FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (k)
(Total Maintenance Mission)



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Letterkenny Army Depot Production Status

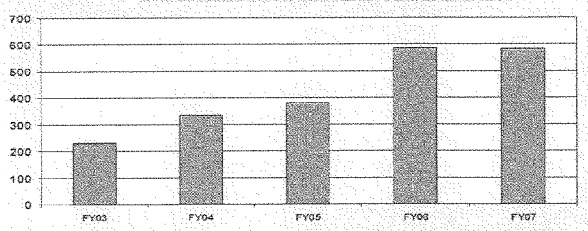
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

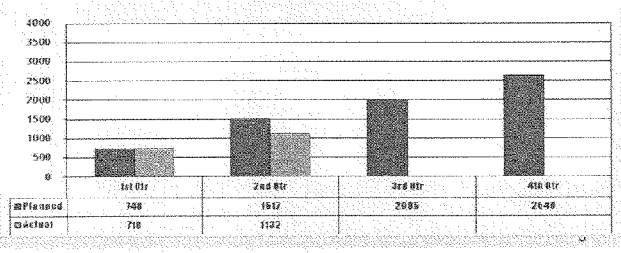
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

System =Sorts System	Acutal Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction as of 18 Jan 08	Unserviceables Due in next 45 days	Scheduled completions thru 15 Feb 08	Actual Qty Completions Thru 15 Feb 08	Total FY08 Planned production	Get Well Date
Patriot (RECAP)							
Launchers	40	11	0	12	12	33	
Radars	5	4	0	2	2	7	
ECS/ICC/CRG	13	7	0	1	1	11	
AMG	10	1	0	4	4	13	
Avenger	18	300	0	4	4	5	
GMV Vehicle	18	0	15-20	46	46	109	
GMV Vehicle Non-arm	237	0	15-20	20	20	108	
CECOM Generators	4285	1736	0	1139	1139	3428	
HMMWV's	4090	668	400-600	1577	1557	4104	
Force Provider	3	0	0	1	1	4	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (k)
(Total Maintenance Mission)



FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (k)
(Total Maintenance Mission)



Corpus Christi Army Depot Production Status

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

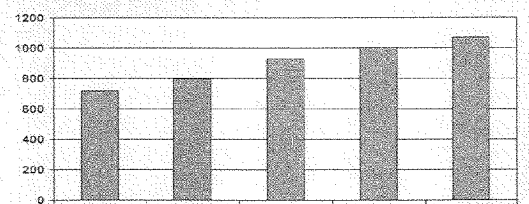
Principal Weapon System Workload

= Sorts System

System	Acutal Qty Completions as of Sept 07	Unserviceables on hand for induction as of 20th of Feb 08	Unserviceables Due in next 45 days	Cumulative scheduled completions thru 20th of Feb 08	Acutal Qty Completed 20th Feb 08	Total FY08 Planned Production	Get Well Date
AH64 Apache Helicopter	15	2	1	7	5	19	
CH47D Chinook Helicopter	8	0	0	1	1	5	
UH60 Blackhawk	34	5	3	16	17	44	
T700 Engine	690	173	70	195	184	638	
T55-714 Engine	80	28	15	17	20	94	
UH60 Main Rotor Blade	728	462	150	391	336	1298	
UH60 Transmission	190	113	35	76	82	283	
CH47 Transmission	219	7	12	36	43	223	
HH60 Pavehawk	7	1	1	3	4	11	
UH-1N	2	0	1	1	1	6	

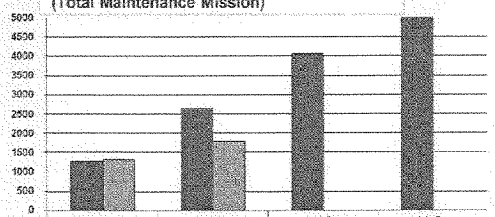
*Quantities for aircraft are totals for the FY and not monthly averages.

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (K)
(Total Maintenance Mission)



	FY03	FY04	FY05	FY06	FY07
Actual DLH 000	720	797	929	1003	1072

FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (K)
(Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1278	2660	4077	5464
Actual	1321	1797		

Tobyhanna Army Depot Production Status

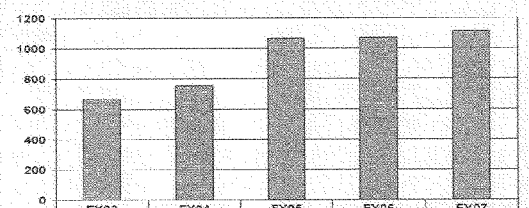
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

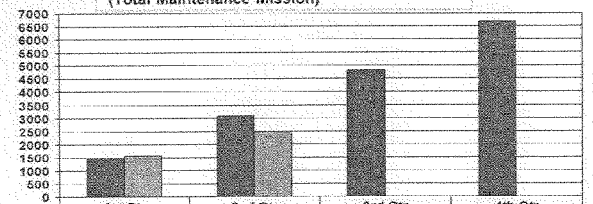
System (= Sorts System)	Acutal Qty Completions as of Sept 07	Unserviceables on hand for induction as of 20th of Feb 08	Unserviceables Due in next 45 days	Cumulative scheduled completions thru 20th of Feb 08	Acutal Qty Completed 20th Feb 08	Total FY08 Planned Production	Get Well Date
Firefinder AN/TPQ-36	34	3	2	11	12	20	
Firefinder AN/TPQ-37	15	0	0	6	[illegible]	12	
Firefinder Components	2,930	598	0	1,219	1,709	3,150	
Radio Terminal Set AN/TRC-170	65	0	2	21	[illegible]	52	
Radio Terminal Set AN/TRC-170 other servic	3	0	3	3	[illegible]	6	
AN/ALQ-144	550	0	0	261	[illegible]	523	
Blue Force Tracking	17,121	8510	3400	16,580	17,791	31,303	
AN/TSC-85/93 TACSAT Terminals	75	15	4	14	[illegible]	47	
**COMSEC	37,838	6500	5310	2,678	[illegible]	20,980	
Electronic Shelters and Vans	526	41	86	188	[illegible]	511	
Aircraft Survivability Equipment	2,443	2,377	908	1,600	1,890	5,237	
SINCGARS and Components	21,454	2,896	4755	1,629	2,443	12,749	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (K) (Total maintenance Mission)



	FY03	FY04	FY05	FY06	FY07
Actual DLH 000	671	755	1066	1070	1114

FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (K)
(Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1482	3094	4817	6672
Actual	1573	2446		

Senator AKAKA. Thank you.

General Magnus?

General MAGNUS. Yes, sir. Mr. Chairman, thank you for the question.

Quite frankly, sir, the fiscal guidance always defines our problem every year. Of course, there's always more needs than there are funds for the needs. But, in a time of war, the baseline budgets, which I know have grown significantly over the past 6 years, are still inadequate to meet not only the needs of the incremental costs of war but the effects on the baseline planning, which, of course, could not foresee the impacts on our equipment and on our installations.

For the United States Marine Corps, similar to my sister Services and my fellow Vices here, about 65 percent of the Marine Corps' budget, about 65 cents on the dollar, is the military pay that supports the Marines. That includes the Defense Health Program, the retirement accruals. But, of course that's a must-pay bill. The Marine Corps' premier weapons system is the United States marine.

When I account for the necessary operating and maintenance funds to make sure the battalions and squadrons can do what they have to do, to make sure that the installations can support them, what I'm left with is, how much money does the Commandant have left every year to do essential warfighting investment, essential infrastructure investments, such as those bachelor enlisted quarters—and we have literally doubled, and then tripled again, the amount of funds we're putting in bachelor enlisted quarters, in the baseline, to make sure that we can house the marines that we're growing—and then, what's left are the long-term costs about equipment sustainment, and that includes depot maintenance, and the long-term costs of facilities sustainment. When there aren't enough dollars, we end up making some very, very difficult choices about what things cannot be funded.

So, I would simply say that our intent, as General Cody has indicated, as we are working through what our fiscal guidance will be for what will be the President's budget for fiscal year 2010, the program objective memorandum 2010 through 2015, the Marine Corps wants to fully fund one depot maintenance shift, because, if we are working in excess of one shift—and, of course, we are, today—that will be a direct result of the effects of combat operations.

Thank you, sir.

Senator AKAKA. Admiral Walsh?

Admiral WALSH. Mr. Chairman, I'd like to add to the comments of my colleagues by just saying that the effort here on our part, is number one, to recognize the importance of depot-level maintenance, for the points that you raised and mentioned earlier. We've gone through this before, where we haven't fully funded maintenance. We've lived with the outcome. We had poor availability. It resulted in poor morale, poor quality of life. So, as I look at our numbers of maintenance that's actually done by supplemental, it's relatively small, by comparison to the overall aviation and ship maintenance accounts, but it is something that we're continuing to try and migrate back into the baseline.

Senator AKAKA. Thank you, Admiral.

General McNabb?

General MCNABB. Yes, sir. Just like everything else, you have to deal with risk. Obviously, if we look across our accounts, and we look at people, we look at readiness, we look at facilities, and we look at modernization and recapitalization, that's the part that we have to do the balancing, just as General Magnus had mentioned. So, as we look across those accounts, and we say—depending on how much money we have, we will figure out how we balance that risk across all of our accounts. We understand that the Office of the Secretary of Defense and then Congress will look across all of this and say, "Okay, you're too risky here," and we'll balance that across the force to make sure that we have the very best force that every dollar can buy, and this is part of that.

We did take risk in our facilities. We did take risk in our people. Our Chief and Secretary testified a couple of weeks ago to that effect, and said that we simply cannot take any more risk in recapitalization and modernization, nor in the readiness of being able to do the kinds of things that this committee is so interested in doing.

So, those are the two places that we went, okay, how much can we take, and what could we end up being able to manage in execution year? We are not happy—I'm not comfortable, as the Vice Chief, that we're about 77 percent funded in our Depot Programmed Equipment Maintenance (DPEM) account. You will see in our unfunded requirement list that we do have about $600-plus million for the DPEM. That is the risk that we're assuming, that we know that we'll have to figure out how to make up an execution year by figuring out better ways to do things.

That is not a comfortable position. It is exactly where we are on—pretty much across—which I know the other Services are in exactly the same place, as we try to manage the risk across all accounts.

Senator AKAKA. I'd like to ask that question you just raised, about the risk. My question would be, what kind of risks to your readiness is created by depot maintenance backlogs? The question to you, then, to all of you, is, what are you doing to control it?

General Cody?

General CODY. As we have gone through the last 5 years of ramping up our depots—when you talk about backlog, it's a function of how quickly you can get the equipment back from the combat zone, how quickly you can order the long-lead parts, and how quickly can you mobilize more workforce to be able to do this type of work? We're doing 12,000 recapitalizations a year, just on Humvees. We're recapping all our Heavy Expanded Mobility Tactical Trucks (HEMTTs). We're recapitalizing our entire tank force of our Abrams tanks, at Anniston. On any given day, we will have almost 100,000 radios, between Tobyhanna and Letterkenny; over 125,000 machine guns and—50-cal machine guns—we'll do at Anniston. That's the level that we're talking about.

So, when you don't have timely funding, you push a bow wave of either having to make a choice of having workers—right now, we're not doing that, our workers are—at the depots, are working every day, and, in some cases, like at Red River, they're working 7 days a week on our track pads and our road wheels to keep these tanks and Bradleys with their tracks—the bow wave is really in

the long-lead items—the engines, the transmissions, and the long-lead items that we have to go back to the vendor to order and that's what creates our backlog.

I go back to my theme: full and timely funding. We have Lean Six Sigma in our depots today. As Admiral Walsh talked about how fast the depots are doing things, it used to take us 120-some-odd days to recap a turbine engine down at Corpus Christi; they're doing it in less than 45 days today. We have Lean Six Sigma efficiencies, teaming with industry, to take care of that backlog. But, what creates the backlog is not having timely procurement dollars to buy the repair parts so you can keep that workforce going. Then, if you don't have the OMA dollars, and you have to start laying them off, or threaten to have to lay them off because you don't get the money in time, that causes backlogs, as you have to regenerate your force.

Senator AKAKA. Thank you.

General Magnus?

General MAGNUS. Mr. Chairman, thank you.

Currently, in terms of backlogs, our only depot throughput problem is the availability of what I'll call "carcasses," when we have out-of-production major end items of equipment, such as our light armored vehicles, we're literally having to go, not only to the bone yards, but go up to the Canadians, which are making them for foreign military sales, and be able to see if we can get carcasses. Because we have plenty of capacity. The truth is, of course, as you indicated Mr. Chairman, that this is all being funded by a combination of baseline and supplemental, but we have no problem with our own industrial capacity, and I've read many stories about backlogs—we have been working hand-in-glove with the United States Army; we have no problem with the prioritization of work by the Army's depots, which do a lot of Marine Corps equipment, especially our Abrams tanks.

We have had great success, and are continuing to work to increase the efficiency at our Marine Corps Logistics Depot at Albany and in Bartow, in California. Again, as General Cody said, Congress has continued to provide us the funds that are necessary to keep the depot capacity working, and it's working well above its peacetime rate. We simply request that Congress continue to appropriate the funds that are necessary to keep the depots working at a wartime rate.

Senator AKAKA. Thank you, General.

Admiral Walsh?

Admiral WALSH. Mr. Chairman, what I would add to what my colleagues have already mentioned is that, in the case of Navy, when we developed our Fleet Response Plan, we recognized that, in order to provide for more availability of our ships, that we were going to have to manage very closely the workload inside the depot and the shipyard. So, when we looked at this, we realized that we were going to need to work very closely with the manpower in the depot leadership, as well as the shipyard leadership, in order that we could provide an even loading and not change requirements on them, so they could anticipate and be ready. What we've found in the case over the last four carriers that have gone into overhaul or extended periods of maintenance in that the four of them have

come out on time and on budget. In the case of Stennis, she came out a day early and underbudget. So, we continue to apply the lessons that we've learned here, and we value the funding that goes into this account, because it gives us the kind of predictability and readiness levels that we need for our forces.

Senator AKAKA. Thank you.

General McNabb?

General MCNABB. Yes, sir. Primarily, how we deal with this is, we prioritize our assets of what's going in. If we don't have full funding, if we end up saying that the depots—just like the Army, I had already mentioned how much more efficient our depots have gotten, and we're seeing that. Again, with the great help of the committee and Congress, we've been able to continue that kind of funding. But, when we don't have enough money is, we prioritize all our assets, and we say, "Which ones are the most important, and which ones have to go first, which ones can we take, again, risk on?" But, we look across the fleet and say, "Which is the least capable of our assets, or which ones are not pertinent to the war or our strategic deterrence?" that I mentioned before. So, we will then do that.

Right now, our depots are doing superb, and they're stayed up—like I said, 98 percent on time, which is unbelievable, and we will continue to push that.

The other portion that I would like to mention is that we're also looking for ways that we can share our best assets, our most capable assets, with the total force. We used to have 16 associate wings in which Active and Reserve or Guard shared airplanes. We are now extending that, under total force integration, to say, "If you have a new asset that is really capable, if we've invested those kind of dollars, we need to make sure that we share those." We have sharing relationships now, between the Guard, Reserve, and Active Duty, that are actually unprecedented, and it is really making a difference, to make sure we bring the most capability to bear that we can.

Senator AKAKA. Thank you very much.

Senator Thune.

Senator THUNE [presiding]. Gentlemen, the Commission on the National Guard and Reserves just released a report that drew attention to the high operational tempo and deployment schedule for our personnel in the Reserve components. The Commission went on to question whether a Guard unit, in particular, were adequately trained and ready for State and home defense missions. In your opinion, does the current readiness reporting system accurately assess the readiness of Guard units to respond to Homeland defense tasking and emergency requests by the Governors?

General CODY. Senator, I'll take that, because I have most of the Reserve components.

First off, there's no requirement that I know of for readiness reporting to the Governor as to what he would use his forces under State control. What we do have is Northern Command, and the Army's component of Northern Command is Army North, where we're establishing the consequence management response force of which National Guard units are part of that. I believe that we have to go back and take a look at the mission sets that we would need

for what we call the Chemical, Biological, Radiological/Nuclear, and Explosive (CBRNE) Consequence Management Response Force, to ensure that we have the right mission essential task lists and the right pieces of equipment for dual use in response for Homeland security. But, the National Guard units and the United States Army Reserve units report their C readiness, their combat ratings, for the mission that they're designed to do, which is a wartime mission.

Senator THUNE. Does anyone want to comment? I know, General Magnus, you do have most of the components, as you mentioned, under your bailiwick.

General MCNABB. Senator, probably our total force is one of the things we're the proudest of, is the way we've done that, and how we've integrated the total force across the board. When we set up our air expeditionary forces, we took into mind that we will not have tiered readiness, and there will be no difference between our Guard, Reserve, and Active Duty.

Fifty-five percent of our Active Duty and 20 percent of our Guard and Reserve are on call right now in support of a combatant commander. That can very quickly surge to 80 percent, if required. If the balloon goes up, we mobilize, and we do the whole thing.

By not having tiered readiness and having the same standards across the force, what a difference that makes, so that we can very quickly bring that to bear.

So, that's the part that I think that has really paid some dividends for us, and we're trying to take that to the next level, again, with these total force initiatives. How could we share—how can we even take this to a different level, sharing airplanes at Guard and Reserve bases, having Active Duty people stationed there, be able to take full advantage of that? We think that's really paid some big dividends for the country.

General MAGNUS. Senator, for the Marine Corps—clearly, of course—and General Cody's right America's Army and America—the Army total force bears the balance of the Reserve component and its National Guard. The Marine Corps Reserve, of course, is not part of America's National Guard, but, as I indicated earlier, we're building the 27th of our Active component infantry battalions, which is the centerpiece of our combined arms force. In addition, there are already existing nine Reserve component battalions. Those 9 Reserve component infantry battalions are just part of the 36,000 marines that are in selected Marine Corps Reserve units.

All of the selected Marine Corps Reserve units are measured against their wartime mission. The Marine Reserve units that deploy to operations in Iraq and Afghanistan, and wherever else they may be deployed in the global war on terrorism, will be measured in their effectiveness of the assigned mission. So, as I said before, if we have an artillery unit that becomes a provisional infantry unit, they will be measured against their infantry mission. We will train them to it. We will equip them to it. They will be at the highest levels of readiness before they deploy.

General CODY. Senator, part of the Army's rebalancing—not to get in balance by 2011, but the rebalance that we've been doing since 2003—was to take a look at the Active component and the Reserve component. If you remember, back before the war started,

there was a lot of combat forces inside the National Guard, a lot of heavy brigades. What we did as part of the rebalance, we said what we needed to do was take a lot of that structure out, because it's not dual-purpose. Quite frankly, it was too hard to keep full-spectrum-trained. So part of the rebalancing of the force to help the Governors, especially in the hurricane States—it doesn't help a Governor down in the Gulf to have a heavy brigade combat team in his State. It is much better, though, if he had truck companies, engineer companies, engineer brigades, medical units. So as we rebalance the Army—Active, Guard, and Reserve—we've built 28 brigade combat teams to give depth to the total Army for combat. Then, the rest of the force, we took, in the National Guard, with the help of the Governors—and we had most of the Adjutants General, as part of our General Officer Steering Committee, to take a look at it—and we balanced out and created what we called the engineer brigades, the maneuver enhancement brigades. So most of the States will be supported by that and a lot of combat service support.

The real issue for their readiness that the Governors are concerned with, as we are, is their equipping. They were short equipment when this war started, and what we have done is, we monitor their equipment every year before the hurricane crisis—or the hurricane season comes in. I review with every Adjutant General—the 10 hurricane States—we review their equipment. We have programmed, for fiscal year 2008, 1,000 trucks, 441 trailers, and hundreds of generators. But, in 2006 and 2007, we were able to procure and push out 3,900 trucks, 352 different type of engineered brand-new equipment. 2008 to 2009, the distribution for the National Guard will be about 400,000 items. Most of it is in the combat support, combat service support that is dual-use for some type of natural disaster that would help the Governors.

Senator THUNE. You answered my question, but I was going to get at that point of when it comes to distribution of equipment, do you take into consideration the Guard's State and homeland security missions and whatnot?

General CODY. Yes, we have fenced that money—since I've been the G–3 and the Vice Chief, we have fenced all the Guard equipping dollars, especially what we call dual-use equipment, so that we can build back that for the Governors.

Senator THUNE. Okay.

I think that's all we have, gentlemen. Thank you, again, for your service. Clearly, these are issues which my takeaway from all this is, we need timely supplemental funding, for one; and, obviously, my view, increase in the top line to deal with a lot of the competing demands. You're trying to do more and more with less, and robbing from Peter to pay Paul, and I just don't think we can continue to run the military that way.

But, thanks again for your testimony, thanks for your service. Make sure that you let those who serve with you and under your command—let them know how much we appreciate their service.

Thank you all.

The hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

CASH MANAGEMENT

1. Senator AKAKA. General Cody, General Magnus, Admiral Walsh, and General McNabb, the practice of using supplemental appropriations to meet annual maintenance and reset requirements disconnects reliable and timely resources from the sometimes long lead demands of managing industrial operations to satisfy readiness requirements. This also compounds each Service's annual cash flow problems. This is most apparent in the Army, but also affects the other Services. Would you characterize how cash management impacts your nondeployed force readiness and what you are doing to deal with that challenge now and into the future?

General CODY. The Army's extensive cash management maneuvering caused by delays in receipt of supplemental funding does create some risk in readiness for nondeployed forces. As funding priorities force the shift of resources from nondeployed forces to theater operational needs, the elements of unit readiness begin to degrade. Institutional training, collective training, and unit level maintenance could be curtailed or halted all together if global war on terror funds are delayed. At the depot maintenance level, equipment for nondeployed units may not be inducted into the depot system, but could sit idle in a storage lot. This predicament can perpetuate long-term affects as some depots may fall behind on planned production and may not order enough spare parts to catch up after the supplemental is received. The nondeployed units incurring resource restrictions on their readiness efforts are likely the same units that will be preparing for deployment within months. Depot and unit level maintenance delays can challenge a unit's ability to train for their directed mission essential tasks (METs) within the desired Army Force Generation timeline.

The Army is currently working with the Office of the Secretary of Defense (OSD) to overcome these challenges in fiscal year 2009. For example, the Army, through OSD, will request a bridge supplemental focused primarily on the military personnel and Operation and Maintenance, Army (OMA) appropriations to alleviate these challenges. This solution, however, still requires the timely passage of the fiscal year 2009 main global war on terror supplemental to ensure continuity of operations.

General MAGNUS. Readiness remains one of the top priorities for the Marine Corps. Our number one priority is ensuring that deployed units are properly equipped. As a result, nondeployed units tend to have the lowest readiness. The Marine Corps continues to ensure its budget requests contain the proper amount and allocation of executable resources. Currently the issue is not funding, but industrial capacity and asset availability for the depots to restore. We continue to work on these problems to maintain optimal readiness given our external constraints.

Admiral WALSH. Bridge funding has been instrumental in cash management; avoiding substantial cash flowing of war costs from our baseline readiness accounts. However, these bridge funds do not satisfy the full-year request. Significant delay in the enactment of either the bridge or the full-year supplemental request results in disruption of program execution plans and precipitates higher future costs. If supplemental funds for bridge (or full year) funding are not received in a timely manner, Navy will reduce non-war related flying and steaming hours, defer weapons systems and depot maintenance; actions which would degrade nondeployed force readiness.

To lessen this degradation in readiness, Navy will also look at eliminating nonglobal war on terror readiness training and infrastructure support. Examples of the latter include scaling back or curtailing contracted services for base operations and deferring FSRM projects. These delays, deferments, and cancellations will force the Department to accept more risk for future deployed forces. In addition, to the extent that investment accounts are needed to finance current operations, the resulting cancellations will increase costs and delay delivery of much needed weapon systems.

General MCNABB. Overall, the Air Force has been successful in minimizing the cash-flow impact on our nondeployed forces. We're able to work cash-flow issues with the help of the bridge funding Congress provides and by shifting funds within Air Force accounts pending enactment of supplemental appropriations. However, there is an opportunity cost incurred when supplemental funds are delayed too long. For example, lost training time cannot be bought back at the end of the fiscal year. The Air Force has cash-flowed the global war on terror as required and will continue to do so to support our deployed warfighters.

TROOP READINESS

2. Senator AKAKA. General Cody, General Magnus, Admiral Walsh, and General McNabb, there is consensus that the Army is stretched extremely thin. Some argue that if we are not careful, the Army is in danger of breaking. However, there does not appear to be the same "broken or breaking" question with regard to the Marine Corps, Navy, or Air Force. What readiness monitoring system does your Service rely upon most to provide adequate warning before the danger of breaking becomes acute?

General CODY. The stress on the Army, while significant, must be taken into consideration when assessing the broader ability of Department of Defense (DOD) as a whole to execute the National Military Strategy in support of the President's National Security Strategy. The Army uses a combination of systems to closely monitor readiness. Since the Army is first and foremost a unit-centric service, our primary readiness monitoring system is the Defense Readiness Reporting System (DRRS)-Army. This system is unit focused and combines the resource reporting strategy from the Joint Staff with MET evaluations. All of these assessments are provided by the most critical participant in this system—the unit commander. Other systems include equipping and manning applications that measure serviceability of and availability of items in an aggregate. Our personnel systems provide us aggregate manning levels, critical skills, and retention rates of our most precious resource—soldiers.

General MAGNUS. The Global Status of Resources and Training System (GSORTS) remains the joint readiness reporting system of record. GSORTS is a Joint Staff resource and unit monitoring system that provides visibility to determine if units possess the required resources and training to perform their designed or assigned missions. GSORTS is also designed to support crisis response and contingency planning information requirements. The system allows the Marine Corps to assess its ability to organize, train, maintain, and equip its operating forces for employment by combatant commanders. In addition to analyzing and monitoring unit readiness through GSORTS reporting, the Marine Corps solicits and collects input from Marine Forces Command (FORSCOM), Marine Forces Pacific, Marine Forces Special Operations Command (SOCOM), and Marine Forces Reserve, for the Marine Corps quarterly Joint Forces Readiness Report (JFRR). Input from the Marine Forces includes a subjective assessment of METs, as well as the identification of top readiness concerns and deficiencies that impact their ability to meet existing and future requirements. GSORTS data helps form the basis of the JFRR assessment and the readiness status of deployed and nondeployed forces. Finally, the Deputy Commandant for Plans, Policies, and Operations sponsors a Quarterly Readiness Board (QRB) process that identifies existing and emerging readiness concerns and then develops courses of action to address them.

Admiral WALSH. Navy's current readiness reporting system, the TYCOM Readiness Management System (TRMS), is based on DOD's Status of Resources and Training System (SORTS) construct. As such, TRMS/SORTS is used to monitor the available resources and training conducted by all reporting units. The resultant readiness assessment is an element of managing the production of ready for tasking units in accordance with the Fleet Response Plan (FRP), Navy's force generation model. TRMS/SORTS addresses overall, resource area, and aggregate mission area readiness, but not specific capabilities inside a mission area. Navy is transforming its readiness reporting to a resource-informed, capability-based reporting system aligned to the OSD's DRRS.

General MCNABB. The Air Force uses a combination of readiness monitoring systems. The GSORTS is the readiness system of record. GSORTS provides the Air Force the ability to assess readiness of Title 10 responsibilities—organize, train, and equip. In addition to GSORTS, the Air Force uses a wide range of readiness indicators including individual personnel readiness, equipment readiness, deployment indicators, and aircraft readiness to watch overall Air Force readiness.

3. Senator AKAKA. General Cody, General Magnus, Admiral Walsh, and General McNabb, what critical indicators do you watch constantly to avoid being surprised by a sudden or difficult to repair loss of readiness?

General CODY. There are several indicators. Since the Army is a unit-centric Service with a focus on people, we closely monitor the aggregate filling of critical skill sets. Each month, the U.S. Army Human Resources Command provides updates to the current and projected fill rates for critical enlisted, warrant officer, and commissioned officer skills. A sudden drop or a forecasted shortfall in any area immediately triggers an action and prompts a review during the Army Synchronization Meeting to examine courses of action. Next, we monitor very closely the quantities and size

of the request for forces (RFF) from the combatant commanders. The Army tracks usage of units and capabilities to ensure that we are either building new capabilities and/or transforming units to meet an asymmetric threat.

General MAGNUS. The Marine Corps continuously monitors stress on the force indicators for our individual marines and their families to include, but not limited to: recruiting/retention rates, suicide and divorce rates, unauthorized absence/desertion rates, substance abuse, domestic abuse, Post-Traumatic Stress Disorder (PTSD) rates among our returning warriors, and unit deployment to dwell ratios. To monitor operational unit readiness, we use the GSORTS. GSORTS reports serve as the Marine Corps "alarm system" for operational readiness shortfalls and are reviewed daily. GSORTS data is analyzed for trends, and briefed to leadership monthly to highlight emerging readiness concerns. Quarterly, the Deputy Commandant for Plans, Policies, and Operations convenes a Readiness Board that assembles the Marine Corps readiness community of interest (consisting of operational, support, and headquarters organizations) that focus on identifying existing and emerging readiness concerns, in order to develop solutions and courses of action to address them. The Marine Corps also participates in the DOD Global Force Management (GFM) process where we assess and articulate Service risk and future challenges associated with the apportionment, allocation, and assignment of forces available to meet Combatant Commander requirements.

Admiral WALSH. Navy's current readiness reporting system, the TRMS, is based on DOD's SORTS construct. This construct includes assessments in the resource readiness areas of Personnel, Equipment, Supply, Training, and Ordnance are closely monitored for issues or trends. Additionally, Navy unit commanders use this system to evaluate the resources and training available to conduct their designed primary mission areas. Moreover, the Commander, United States Fleet Forces, presides over the Fleet Readiness Enterprise Executive Committee (FRE EXCOM). This forum, which includes the heads of our Warfighting Enterprises, monitors TRMS/SORTS and additional metrics for each enterprise.

General MCNABB. The GSORTS is the readiness system of record and is used by the Air Force to assess/monitor overall unit readiness based on a resource perspective. In addition, the Air Force uses a wide range of readiness indicators including personnel, equipment, deployment, and aircraft monitoring systems to watch overall Air Force readiness.

GLOBAL STATUS OF RESOURCES AND TRAINING SYSTEM

4. Senator AKAKA. General Cody, General Magnus, Admiral Walsh, and General McNabb, the current readiness reporting system—GSORTS—is clearly inadequate to managing risk in both the deployment of forces for contingencies and our strategic depth. This seems particularly the case when the force is largely deployed already. What, in your view, are the strengths and weaknesses of this current system and how are you adapting to ensure that current unit readiness is clearly measured and understood in a timely and reliable way?

General CODY. The Army complies with the current readiness reporting requirements from both the OSD and the Joint Staff. Additionally, the Army has developed supporting metrics to support our readiness oversight requirements—these metrics include METs, squad crew manning, and Army Force Generation data elements.

The current system does provide insight into the management of risk and shows the strain of resourcing our Army in the personnel and equipment arenas as well as the risk to execute core functions at the tactical and operational levels for our nondeployed forces.

The Army is working closely with the Joint Staff and OSD to improve the readiness reporting system. For instance, the Army was the first Service to institute a web-based reporting system utilizing MET assessments developed from Army doctrine. Our system also provided real time linkages into authoritative data bases for personnel and equipment to provide a more accurate resource assessment.

The Army's readiness policy is a dynamic and changing document—since fiscal year 2008, we have updated the regulation 10 times to accommodate new and emerging readiness requirements.

General MAGNUS. GSORTS remains the readiness reporting system of record. GSORTS reports serve as the Marine Corps alarm system for operational resource, training, and capability shortfalls. The strength of GSORTS is that it allows the Marine Corps to assess its ability to organize, train, maintain, and equip its operating force for use by combatant commanders. GSORTS data enables an assessment of resource (personnel, equipment supply, equipment repair, and training) levels, at a selected point in time that can be used to evaluate the unit's current capability

against its designed mission. GSORTS also includes the capability for a commander to assess his/her unit's ability to execute its assigned mission through a subjective assessment and commanders' comments. The commanders' comments enable the commander to articulate anything that he or she feels important relative to unit capabilities or shortfalls. Another advantage of GSORTS is that it is an established system, with volumes of historical data for trend analyses.

A shortcoming of GSORTS is its inability to assess a unit's ability to perform individual METs (although this information can be provided through commanders' comments in the training portion of the report). Another weakness of GSORTS is the fact that it requires the manual input of data from separate personnel, materiel, and maintenance systems. Additionally, GSORTS has limitations associated with classified network connectivity from some deployed locations and somewhat antiquated user interface.

In addition to analyzing GSORTS reports daily, and briefing trends to leadership monthly, the Marine Corps ensures that current unit readiness is clearly measured and understood by soliciting and collecting inputs from its force providing commands (Marine FORSCOM, Marine Forces Pacific, Marine Forces SOCOM, and Marine Forces Reserve). This input is included in the Marine Corps quarterly JFRR. Input from the Marine Forces includes a subjective assessment of METs, as well as the identification of top readiness concerns and deficiencies that impact their ability to meet existing and future requirements. GSORTS data helps form the basis of the JFRR assessment of Service warfighting functions, and the readiness status of deployed and nondeployed forces. The Deputy Commandant for Plans, Policies, and Operations also sponsors a QRB that includes representation from each of the Marine FORSCOMs and Headquarters Marine Corps organizations. The focus of the QRB is to identify existing and emerging readiness concerns, and then develop appropriate courses of action to address them.

Admiral WALSH. The GSORTS has been in use for some time. Its strengths include the ability to provide a relatively objective assessment of resource areas (Personnel, Supply, Repair, and Training), which combine for a sufficient examination of a literal interpretation of Services' Title X responsibilities to man, train, and equip combat forces. Its significant weakness is that it fails to explicitly codify what those combat forces can do with the resources and training they have been given.

Navy is transforming its readiness reporting to a resource-informed, capability-based reporting system aligned to the OSD's DRRS. The DRRS will address these shortfalls.

General MCNABB. The GSORTS is the readiness reporting system of record. GSORTS has been a reliable readiness reporting system, and it provides a significant amount of historical data for the Air Force to analyze readiness trends. The Air Force has tools other than GSORTS that we use to manage mission risk for deployment of forces. Modifications to the method in which the Air Force presents and schedules forces are improving Air Force ability to monitor strategic depth, and provide an enterprise view of risk across functional capabilities.

DEFENSE READINESS REPORTING SYSTEM

5. Senator AKAKA. General Cody, General Magnus, Admiral Walsh, and General McNabb, the DOD is developing and plans to deploy a new system—DRRS—in the near future. What are your views of this new system and how will it solve the problems we have now with GSORTS?

General CODY. The Army supports the DRRS concept of integrating task and mission capability assessments into readiness reporting via a web-enabled, net-centric reporting system. However, these capability assessments must also include commander-validated resource level determinations. The original DRRS construct only linked authoritative data bases and provided no rule set governing resource levels for units. The Army, upon implementation of our own capability assessments, retained the longstanding and well understood resource metrics from GSORTS and added capability assessments that are linked to the specific resources required to execute the missions and tasks assessed. This is accomplished through our system known as DRRS–Army.

For instance, before a commander can assess a task or overall proficiency as a "yes" or "qualified yes," he or she must validate that the unit has the resources on hand to execute the task immediately (i.e. "fight tonight"). Any capability assessment that does not have established rules to link resource availability would be overly subjective. The Army does not support replacing a quantitative system that informs the Department of resourcing shortfalls with a subjective system that excludes resource metrics validated by the unit commander. Furthermore, the DRRS

Title 10 utility remains unresolved until an authoritative policy is developed that is synchronized with the existing Chairman's Readiness System and supported by software and architecture that has been fully tested, formally approved, and fielded DOD-wide.

General MAGNUS. The Marine Corps supports the development of DRRS and its goal to build upon the current readiness reporting system, GSORTS. When fully developed and accepted as the single integrated readiness reporting system of record, it will enhance readiness reporting through a capabilities-based, adaptive, near real-time readiness reporting system that includes the resource reporting we now have with GSORTS. One enhancement that DRRS will provide that is not resident within GSORTS will be the ability to automatically pull data from Service authoritative data sources and make automatic resource level calculations. However, this feature is planned to be provided at some future date. An additional enhancement of DRRS over GSORTS is that it will include installations readiness reporting.

Admiral WALSH. The capability-based DRRS is a significant improvement to the current GSORTS. GSORTS' greatest weakness is that it fails to explicitly codify what missions that forces can perform with the resources and training they have been given. DRRS allows commanders, having been objectively informed of the status of resources available to them, to subjectively assess their ability to perform tasks under specified conditions to explicit standards. Navy is transforming its readiness reporting to a resource-informed, capability-based reporting system aligned to the DOD's DRRS.

General MCNABB. The GSORTS is the readiness reporting system of record. GSORTS has been a reliable readiness reporting system, and it provides a significant amount of historical data for the Air Force to analyze readiness trends. The Air Force has tools other than GSORTS that we use to manage mission risk for deployment of forces. Modifications to the method in which the Air Force presents and schedules forces are improving Air Force ability to monitor strategic depth, and provide an enterprise view of risk across functional capabilities.

PRE-DEPLOYMENT PREPARATION

6. Senator AKAKA. General Cody and General Magnus, what is your system of after-action reports or trend analysis that connects the quantity and quality of pre-deployment preparation and the consequences of that preparation in combat?

General CODY. The U.S. Army Training and Doctrine Command (TRADOC) validates the relevance and effectiveness of pre-deployment training based on operational experiences employed by various organizations within TRADOC. These mechanisms are not redundant but address multiple levels of soldiers and leaders. The Army Center for Lessons Learned (CALL) gathers relevant observations insights, and lessons and tactics, techniques, and procedures in order to analyze and disseminate information gleaned from both deployed units, and units returning from deployment, to provide to units preparing for deployment. CALL collects after-action reviews from units returning from deployment, conducts post-deployment collections on Army Corps returning from theater, and gathers information via the Lessons Learned Integration Analysts Network (L2I) which is located throughout the institutional Army, operational Army, and forward deployed forces, and the request for information system. CALL analyzes and disseminates the resulting information rapidly through Army Knowledge Online, Battle Command Knowledge System, CALL publications and handbooks, Initial Impressions Reports, and L2I to accelerate adaptation, learning, and lessons/knowledge sharing from pre-deployment through combat operations and reset. The result is a significant increase in the Army's ability to adapt faster, improving vertical and horizontal information sharing, and increasing real time information sharing that aids unit training, institutional training, and doctrinal updates based on current operations.

The Battle Command Training Program remains both effective and relevant in pre-deployment training through a variety of means. The most effective method of obtaining operational feedback is through staff assistance visits composed of observer trainers, senior retired officers, and scenario designers. The purpose of these visits is to build realistic exercise scenarios that accurately replicate the operational environment. Additionally, in-theater subject matter experts take part in battle command seminars and mission rehearsal exercises. This approach has been especially effective in preparing the 10th Mountain Division to assume control of 3rd Infantry Division's (3ID) operating environment following their transfer of authority with 3ID.

General MAGNUS. The Marine Corps is a learning organization. The Marine Corps CLL (MCCLL), as part of their primary mission focus, has an ongoing, aggressive

information collection program to assist in the assessment of unit pre-deployment training effectiveness. MCCLL is a part of the Training and Education Command (TECOM) for just this purpose. MCCLL conducts surveys and one-on-one interviews with operational unit personnel before, during, or after deployment, to get first hand feedback on the effectiveness of our training programs and ways to make them better. The MCCLL then analyzes trends, produces reports and products based on their collection initiatives, and forwards identified issues to the appropriate agencies, advocates, and proponents throughout the Marine Corps for consideration and action.

MCCLL has developed a web-based Lessons Management System that receives observations, recommendations, and supporting documentation from operating forces deployed around the world. Within MCCLL these records, in conjunction with in-theater interviews, post deployment commanders' conferences and unit After Action Reports, are reviewed by senior analysts to identify both positive and negative trends or patterns. MCCLL then forwards identified issues to those Marine Corps agencies tasked with improving how we organize, train, and equip marines.

In the current, rapidly changing counterinsurgency fight, our enemy has their own relatively effective lessons learned processes, by which they continuously try to adapt and overcome our tactics. It is critical that hard won lessons and observations gained from ongoing operations be analyzed and disseminated rapidly throughout the Marine Corps. To assist in the quality and timeliness of the information feedback loop from the operational forces back to the training and support establishment, MCCLL fielded teams of liaison officers who are embedded in each of our three Marine Expeditionary Forces (MEF), to include the Iraq-deployed MEF. These liaison officers facilitate the two-way flow of lessons learned and observations between the operational forces and Training and Education Command's MCCLL. Liasion officers are also placed at the Marine Corps' two primary pre-deployment training exercise sites at Twentynine Palms, CA, and Yuma, AZ, for dissemination of current, relevant information from CENTCOM operations to the exercise training staff. This permits rapid update of course content relating to friendly and enemy tactics, techniques, and procedures.

EQUIPMENT FAILURES

7. Senator AKAKA. General Cody and General Magnus, what trends have emerged with respect to casualty rates or equipment failures that have resulted in changes in personnel, equipment, or training policies, programs, or timelines?

General CODY. The Army has consistently incorporated lessons learned into its equipping strategy. As the enemy has adapted, so has our equipping strategy. Examples of this include the rapid improvements in, and fielding of, Uparmored HMMWVs, Interceptor Body Armor, Counterimprovised Explosive Device (IED) equipment, and Mine Resistant Ambush Protected (MRAP) vehicle. The Rapid Equipping Force has proven to be invaluable in providing state-of-the-art equipment to our deployed force in record time.

Anniston Army Depot Production Status

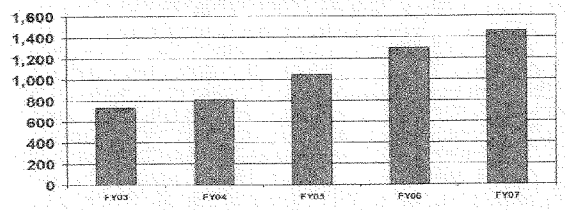
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

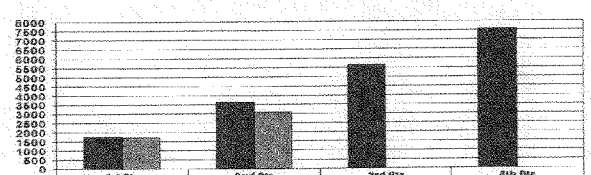
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

System (= SORT SYSTEMS)	Actual Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction as of 18 Jan 08	Unserviceables Due in next 45 days	Scheduled completions thru 20 Feb 08	Actual Qty Completions Thru 20 Feb 08	FY08 Planned Production	Get Well Date
M1 Abrams Partnership	357	201	44	110	110	523	
M9 ACE	88	71	41	33	34	128	
FAASV	111	66	64	31	57	120	
M88 Recovery Vehicle	265	111	152	54	57	196	
M109A6 Paladin	123	19	111	40	43	138	
M113 FOV	185	586	0	105	105	261	
Stryker	35	36	3	13	13	116	
Stryker (Qatar)	45	26	29	24	24	66	
M249 SAW	4,217	1455	170	992	1189	8481	
M240 Series Machine Guns	2,910	7742	250	270	270	1561	
M2 Series Machine Guns	2,655	2137	225	1007	1207	4882	
M4 Carbine	1,533	1516	314	425	428	2803	
AGT 1500 Engine	864	328	24	203	227	961	
1790 Engine	194	792	45	55	68	238	
M1 Trans	406	328	41	94	116	354	

1st Qtr Execution FY03 – FY07 In Direct Labor Hours (k) (Total Maintenance Mission)



FY08 Planned vs Actual Execution In Cumulative Direct Labor Hours (k) (Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1759	3608	5637	7968
Actual	1778	3099		

Red River Army Depot Production Status

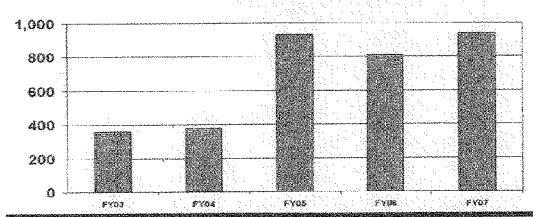
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

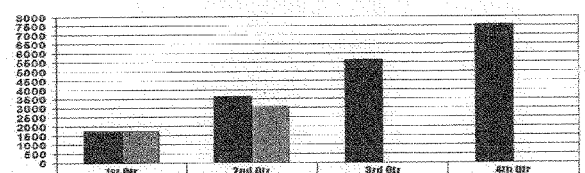
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

System = SORTS	Actual Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction	Unserv Due in next 45 days	Scheduled completions thru 20 Feb 08	Actual Qty Completions Thru 20 Feb 08	Total FY[illegible] Planned production	[illegible] Date
BFVS	52	71	68	19	22	108	
BFVS RRAD / BAE	845	91	105	60	223	1474	
BFVS Components	9,442	3500	3000	2468	2468	18,282	
HEMTT FOV	181	4	24	75	76	497	
10K/4K Forklift	135	57	1	42	46	186	
5-Ton Trucks	845	830	25	280	[illegible]	1,460	31-Mar-07
MLRS	11	2	2	4	4	18	
SEE	56	155	1	28	30	100	
Bradley Transmissions	89	169	65	115	116	425	
Roadwheels	60,483	9,631	2,431	12,096	20,491	37,461	
Track	141,104	551,440	33,300	30,827	70,001	294,868	
HMMWV	5,254	2709	1946	1474	1,692	8,109	
Patriot Missile	357	106	9	59	59	309	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (k)
(Total Maintenance Mission)



FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (k)
(Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1759	3660	5637	7568
Actual	1129	3099		

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Letterkenny Army Depot Production Status

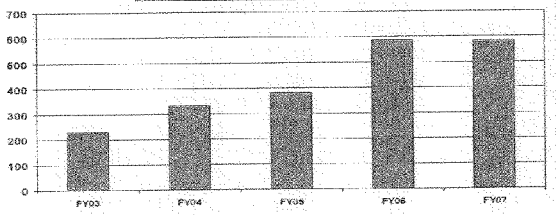
Principal Weapon System Workload

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

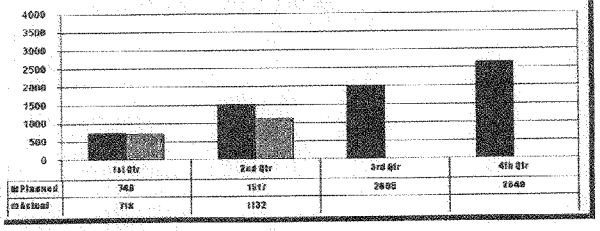
Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

System =Sorts System	Acutal Qty Completions Thru 30 Sep 07	Unserviceables on hand for induction as of 18 Jan 08	Unserviceables Due in next 45 days	Scheduled completions thru 15 Feb 08	Actual Qty Completions Thru 15 Feb 08	Total FY08 Planned production	Get Well Date
Patriot (RECAP)							
Launchers	40	11	0	12	12	33	
Radars	5	4	0	2	2	7	
ECS/ICC/CRG	13	7	0	1	1	11	
AMG	10	1	0	4	4	13	
Avenger	18	300	0	4	4	5	
GMV Vehicle	18	0	15-20	46	46	109	
GMV Vehicle Non-arm	237	0	15-20	20	20	108	
CECOM Generators	4285	1736	0	1139	1139	3428	
HMMWV's	4090	668	400-600	1577	1557	4104	
Force Provider	3	0	0	1	1	4	

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (k)
(Total Maintenance Mission)



FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (k)
(Total Maintenance Mission)



Corpus Christi Army Depot Production Status

= 105% of Schedule
= 95-104% of Schedule
= 90-94% of Schedule
= < 89% of Schedule

Includes all carryover and FY07 Army funded -new orders including RECAP, RESET, USAR and NG

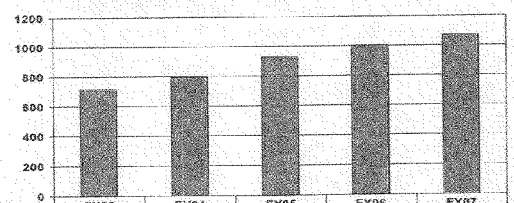
Principal Weapon System Workload

= Sorts System

System	Acutal Qty Completions as of Sept 07	Unserviceables on hand for induction as of 20th of Feb 08	Unserviceables Due In next 45 days	Cumulative scheduled completions thru 20th of Feb 08	Acutal Qty Completed 20th Feb 08	Total FY08 Planned Production	Get Well Date
AH64 Apache Helicopter	15	2	1	7	[illegible]	19	
CH47D Chinook Helicopter	8	0	0	1	[illegible]	5	
UH60 Blackhawk	34	5	3	16	17	44	
T700 Engine	690	173	70	195	[illegible]	638	
T55-714 Engine	80	28	15	17	20	94	
UH60 Main Rotor Blade	728	462	150	391	[illegible]	1298	
UH60 Transmission	190	113	35	76	82	283	
CH47 Transmission	219	7	12	36	43	223	
HH60 Pavehawk	7	1	1	3	4	11	
UH-1N	2	0	1	1	[illegible]	6	

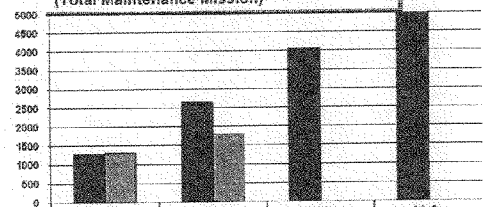
*Quantities for aircraft are totals for the FY and not monthly averages.

1st Qtr Execution FY03 – FY07
In Direct Labor Hours (K)
(Total Maintenance Mission)

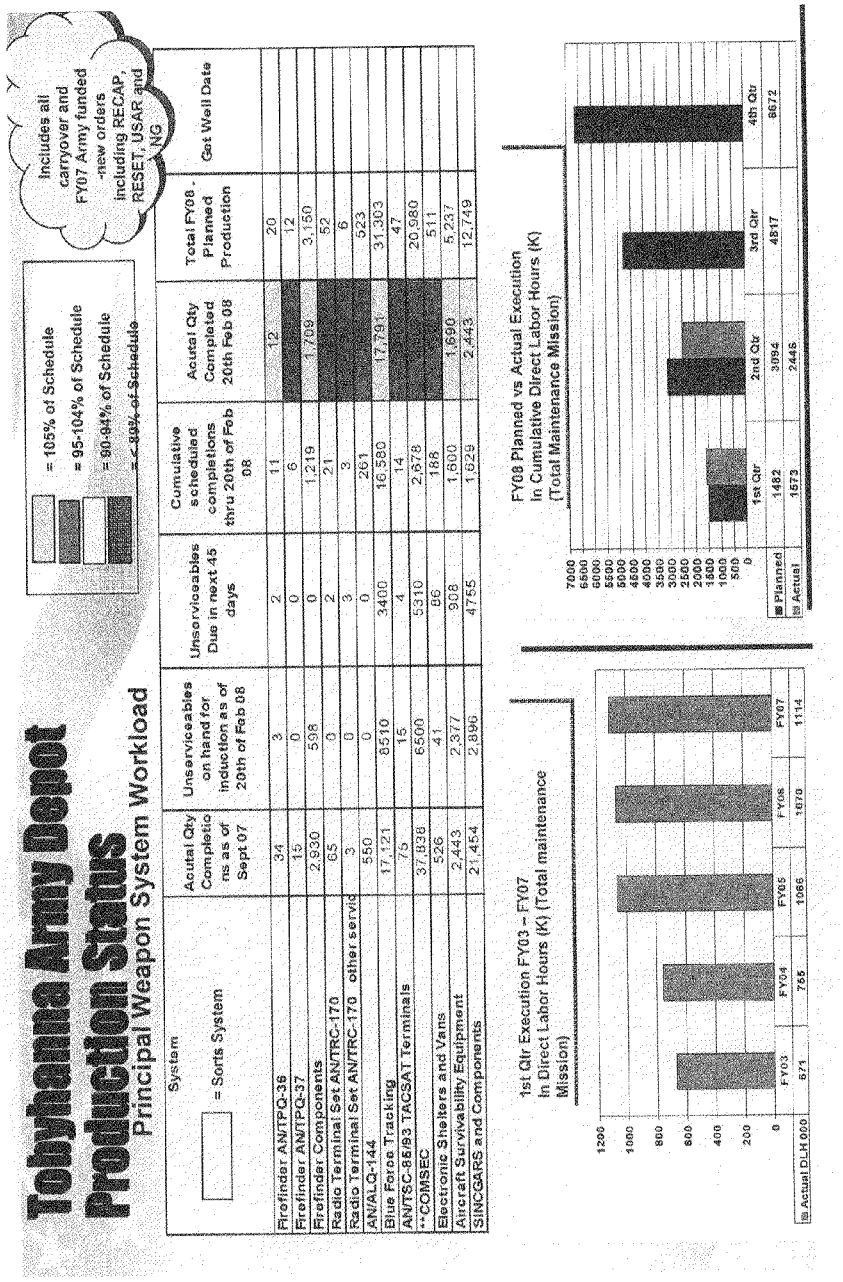


	FY03	FY04	FY05	FY06	FY07
Actual DLH 000	720	797	929	1003	1072

FY08 Planned vs Actual Execution
In Cumulative Direct Labor Hours (K)
(Total Maintenance Mission)



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Planned	1278	2660	4077	5464
Actual	1321	1797		



General MAGNUS. The Marine Corps is a learning organization. We continue to face an adaptive enemy and evolving threats. As we analyze trends, we change our tactics, techniques, and procedures (TTPs) to counter the new threats. These TTPs are incorporated into both home station and Mojave Viper pre-deployment training

and are further refined based on the latest information available. Each Marine Corps unit completes the required pre-deployment training program before they are deployed to Iraq or Afghanistan. Additionally, enhanced training and simulation packages are provided to operate and maintain the modified and newly procured equipment to increase survivability.

Force protection measures that reduce casualties are included in both training and equipping our marines and sailors. As we identify new force protection equipment needs, potential material solutions are subjected to rigorous evaluations to ensure they are safe and effective. For instance, the Marine Corps has evolved personal protective equipment (PPE) items over time. In 2003, marines deployed with the Outer Tactical Vest with integrated Small Arms Protective Insert (SAPI) plates providing ballistic protection to the front and back of the Marines' torso. Later, the SAPI plate coverage was expanded to include both sides of the torso. Additional PPE armor was added to cover the shoulders and legs. Helmets were lightened, and additional padding and an improved chinstrap were added.

The Marine Corps' IED mitigation efforts have similarly evolved. Soon after the initial invasion of Iraq, we recognized the need for hardened vehicles. Armoring efforts and strategies evolved from a basic Level 1 armor system designed to mitigate side IED blasts, through the Marine Armor Kit, to the fully integrated uparmored High Mobility Multipurpose Wheeled Vehicles (HMMWV) and the MRAP vehicle that provides protection from side and underbelly IED attacks.

With respect to ground equipment failures, the Marine Corps has not noted specific equipment failures in Iraq. We conduct continuous rapid modifications, prototyping and proofing of Marine Corps equipment in theater, and at home station. Specific examples include follow on upgrades to motor transport and engineering equipment, mine roller modifications, the Marine Corps transparent armored gun shield, and the HMMWV egress assistance trainer.

READINESS OF PERSONNEL AND UNITS

8. Senator AKAKA. Admiral Walsh and General McNabb, the Navy and the Air Force have provided large numbers of personnel to perform missions ordinarily assigned to ground forces. These sailors and airmen perform tasks in-lieu-of soldiers and marines needed to fill other units. What is your system to measure and evaluate the impact of these assignments on the readiness of your personnel and units?

Admiral WALSH. The Navy uses several means to measure the impact of non-traditional assignments. The Navy's operational readiness SORTS reporting system currently lists all deployable commands at readiness C2 or above. Additionally, Navy Personnel Command has undertaken a series of regular surveys and assessments to monitor potential indications that the increased deployment/workload demands may be adversely impacting retention or "health of the Force". In order to balance the increased joint global war on terror demand signal with traditional maritime roles, Navy established manning redlines to control and manage Fleet readiness (90 percent manned for sea commands/75 percent manned for shore commands). Adhering to these redlines, Navy can continue to meet deployment standards as well as all maritime commitments and operational requirements. Fleet manning projections and continuous monthly analysis show that Navy can sustain adequate manning for sea/deployable commands.

Currently, augmentation numbers represent approximately 3 percent of the Total Force and 2 percent of the Active component force.

General MCNABB. In-lieu-of taskings require extensive training and drive down deployment-to-dwell time. The training impact measured in terms of man-years consumed is significant (7,739 man-years) and current data breaks down as follow: validated taskings consume 5,073 man-years; time in the training pipeline consumes 1,785 man-years; travel time (which averages 10 duty days per member) consumes 406 man-years; reconstitution consumes 406 man-years; and investment from two Air Force consumes 69 man-years.

In addition, in-lieu-of tasks remove our airmen from their assigned AEF rotation cycle, which in effect requires them to exceed the rotation policy as defined in OSD Force Deployment Rules for Operation Iraqi Freedom (OIF)/Operation Enduring Freedom (OEF) (USD P&R memo dated 30 Jul 04 and OSD Memo, "Utilization of Total Force," dated 19 Jan 07). Ultimately, some Active Duty airmen are exceeding the 1:2 deployment-to-dwell ratio, while some Reserve component airmen have exceeded the 1:5 mobilization-to-dwell ratio.

In-lieu-of tasks exacerbate an already high personnel tempo for many career fields, and are driving down dwell time ratios toward 1:1. Career fields primarily impacted by low dwell time ratios are security forces, transportation, air traffic con-

trollers, civil engineering, and explosive ordinance disposal which comprise the majority of in-lieu-of forces.

9. Senator AKAKA. Admiral Walsh and General McNabb, what are the observed and predicted impacts of this in-lieu-of requirement on Navy and Air Force readiness?

Admiral WALSH. To date, Navy continues to meet all validated missions at sea and ashore and stands ready to respond to security and humanitarian contingencies, while continuing its present support to the global war on terror. Although the requirements span a broad spectrum of capabilities, they largely focus on Low Supply/High Demand (LS/HD) skill sets that are mostly expeditionary in nature. Communities that possess those LS/HD skill sets include: SEABEEs, Navy Coastal Warfare units, Explosive Ordnance Detachments, Intelligence, Maritime Security, Cargo Handling, Corpsmen with field qualifications, and Supply Officers with contracting expertise. While Navy has been able to meet combatant command demand to date, further demand in LS/HD capabilities may challenge established readiness and/or personnel tempo redlines.

General MCNABB. The Air Force has been in continuous combat for the last 17+ years and it has resulted in a more combat-experienced force than ever before. Although more frequent deployments along with extensive, combat-focused training has produced more combat-experienced airmen, these taskings have impacted our Operations Tempo, Personnel Tempo, Training, and Deploy-to-Dwell ratios. The AEF construct was designed to sustain a 12-month surge, however, the global war on terror has presented a constant surge since late 2001. All of these factors have stressed some skills at or near deploy:dwell ratios of 1:1 and many others are nearing 1:2. Consequently, the Air Force is unable to support additional taskings in some areas (Intel, Security Forces, Explosive Ordinance Disposal, Engineering, etc). Currently over 49 percent of airmen are deployed in excess of the AEF construct of 120 days every 20 months, and we are implementing a plan to more accurately reflect our current surge environment. While anecdotal evidence suggests that in-lieu-of, along with other factors (global war on terror, Stop Loss, downsizing, emerging missions, etc.), may have had an impact on retention, it is very difficult to accurately quantify and isolate in-lieu-of mission support's impact given the dynamic environment and the lack of exit survey data.

AIRCRAFT READINESS

10. Senator AKAKA. Admiral Walsh, the most recent Quarterly Readiness Report to Congress indicates that the Navy's deployed aircraft readiness rates have been steadily just below goals for several quarters. What is the principal problem for the Navy in meeting its deployed aircraft readiness goals and what are you doing to get back above goal?

Admiral WALSH. Several years ago, the Navy changed its metrics for tracking aircraft readiness. The previous goals of Full Mission Capable (FMC) and Mission Capable (MC) rates, which remain the readiness criteria reported to Congress, do not vary over the course of a deployment cycle, and might drive a squadron commander to buy material readiness that is not needed for that phase of the deployment cycle.

The Navy's FRP now tracks aircraft readiness by the Ready for Tasking (RFT) metric, which has the goal of "the right readiness at the right time at the right cost." RFT measures readiness at the squadron and system level and enables Navy leadership to manage that readiness to achieve the appropriate level of readiness for each given phase within the FRP cycle. RFT supports cost-wise readiness and incentivizes commanders to achieve the appropriate amount of material readiness at each phase of the FRP.

Managing to this new metric, the Navy has met all of its tasking with the appropriate level of readiness.

11. Senator AKAKA. Admiral Walsh, in your prepared statement you say that the Navy's fiscal year 2009 request funds 97 percent of your ship maintenance needs. However, you also say that the Navy is short an additional $10.9 billion to meet its reset requirements, including ship and aircraft depot repair. Of the total ship and aviation depot maintenance requirement, annual and reset, what percentage is funded by the fiscal year 2009 base request and what are the readiness consequences of this shortfall?

Admiral WALSH. The fiscal year 2009 annual baseline Ship and Air Depot Maintenance requirement is $5,451 million. The budgeted fiscal year 2009 baseline request is $5,268 million, which funds 97 percent of the annual baseline requirement.

Included in the fiscal year 2009 Ship Depot Maintenance baseline shortfall is funding for 31 surface ship availabilities and 1 submarine availability. Without this funding the surface ships will experience degraded material condition, and the submarine will not be able to deploy. The fiscal year 2009 baseline request includes the full Continuous Maintenance and Emergent Restricted/Technical Availability funding the Navy needs to maintain adequate material condition to meet Fleet requirements.

The fiscal year 2009 Aviation Depot Maintenance funding request provides deployed squadrons with 100 percent of their primary authorized aircraft, while 82 percent of nondeployed squadrons are projected to possess the CNO's goal of 90 percent of their primary authorized aircraft.

Of the Navy's $10.9 billion reset requirement, $2.6 billion is for Operations and Maintenance, Navy, for ship, air, and other maintenance. $0.7 billion of this $2.6 billion is requested in the fiscal year 2008 supplemental. The $2.6 billion requirement includes funds necessary for ongoing global war on terror operations and the funds necessary to restore the required level of combat capability to meet the Global Naval Force Presence Policy upon the cessation of global war on terror operations.

12. Senator AKAKA. Admiral Walsh, does the additional $120 million for ship maintenance identified as an unfunded priority by the Chief of Naval Operations fully fund the Navy's annual and reset requirements?

Admiral WALSH. The $120 million for ship maintenance identified as an unfunded priority fully funds the Navy's annual baseline fiscal year 2009 requirement but it does not fund global war on terror related or reset requirements.

MISSION REQUIREMENTS

13. Senator AKAKA. General McNabb, this year's budget request proposes an Air Force end strength of 316,600 airmen; down more than 43,000 airmen from fiscal year 2005. A recent Air Force study says that 86 combat wings require between 330,000 and 335,000 Active airmen, and this year's Air Force unfunded priority list includes $385 million necessary to add back that drawdown to meet mission requirements. In what mission areas are you accepting greater risk with only 316,600 airmen?

General MCNABB. The Air Force's Required Force—"what's needed per the 2006 QDR"—is 86 modern Combat Wings with 330,000 Active Duty airmen in fiscal year 2009 growing to 335,000 by fiscal year 2015. However, without additional resources, the Air Force has no choice but to program a portfolio that increases risk in CSAR-X, Intelligence, Surveillance, Reconnaissance (ISR), KC–X, and Battlefield Airmen capabilities and missions.

Risks and thus the requested growth is primarily associated with new or emerging missions. Without the growth and associated budget and end strength for emerging mission sets, we have little to no capacity to internally offset new mission demands with a lean Air Force that has already sustained significant reductions, primarily in support and logistical functions. Necessary growth is focused on operating, maintaining, and supporting an 86 Combat Wing force as envisioned in the last QDR and combatant command requirements today and for tomorrow. In order to provide Global Vigilance, Global Reach, Global Power, Space, Cyber, and Agile Combat Support capabilities that will dominate in all spectrums of the battle space, the Air Force seeks manpower for an increase in Predator (MQ–1/9) and Global Hawk capability, together with the Distributed Common Ground System capability required for full intelligence exploitation. The transformation of the Army into brigade combat teams and their associated programmed end strength growth of 65,000 drives a requirement for the Air Force to provide additional combat weather and Tactical Air Control Party capability imbedded within a Battlefield Airman Wing. Long-overdue purchases of vital future systems such as CSAR–X, KC–X Tanker, and latest-generation strike aircraft, along with the operations and maintenance capability to employ them, demand investment in human capital as well. Total Force Initiatives, creating synergies through integrated, collaborative relationships established between Regular and Air Reserve component forces, require some investment as they transform and prepare our force for demanding missions.

14. Senator AKAKA. General McNabb, what is the Air Force doing to mitigate this shortfall and reduce the stress and workload on its people?

General MCNABB. There are two dynamics involved in the manpower end strength shortfalls. One dynamic involves transitioning the force to a much leaner and very different Air Force through the targeted reductions of the past several years, which

significantly impact support and logistical manpower line. The second dynamic involves properly resourcing an Air Force to meet emerging missions that combatant commanders and our Nation require.

To stay within budget, yet provide vital dollars to recapitalize the fleet, we have undertaken an array of transformational approaches that help mitigate end strength shortfalls. The Air Force continues to implement functional reengineering, reachback, warfighting headquarters, and continuous process improvement strategies that transform our Service to meet present and future missions. Our functional communities and major commands are using a combination of these techniques to fundamentally reshape the way in which they perform the mission. Simultaneous with recent reductions efforts, Air Force senior leaders launched transformational organizational efforts to reduce Major Command (MAJCOM) headquarters functional footprints and centralize management support for activities previously spread across the Service. In addition, future Air Force base operating support management in MAJCOMs is increasingly supported by reach back in FOAs; MAJCOMs remain responsible for operational readiness of all assigned units.

Air Force Smart Operations 21 activities, being systematically led and implemented across the Service, employ continuous process improvement techniques and encourages a new way of thinking. This strategy is already producing process efficiencies, enhanced productivity, and measurably improved support to the warfighter.

As for the dynamic caused by evolving and emerging missions, combatant commands already demand more capability, such as that congruent with growing our force to an 86 combat wing strength, than our force structure can reasonably sustain without the added resources, both "iron" and people. Commander demands for more ISR, more cyber, more support for Army missions and more irregular warfare compel us to stretch existing systems and people to the limits. With the reductions already introduced to the force elsewhere, mitigated by deliberate actions described earlier, there is no capability to offset without incurring serious impacts and risk to other ongoing missions. The only way to meet these ever increasing demands and create the force to meet an uncertain future is to both recapitalize the fleet and provide the human capital to meet the missions. Proper top-line resourcing will ensure our Air Force can continue to fly, fight, and win for our Nation in the air, space, and cyberspace.

15. Senator AKAKA. General McNabb, in your prepared statement you acknowledge that the Air Force fell 7 percent below its enlisted retention goal for fiscal year 2007. Does this shortfall have a greater impact on particular or critical enlisted skills and what are the specific readiness implications?

General MCNABB. Ending fiscal year 2007 at 7 percent below retention goal did not present itself as a problem with regards to strength because the Air Force is already in a downsizing phase. However, the Air Force did lose more enlisted airmen than desired in Zones B (6 to 10 years of service) and C (10 to 14 years of service) as a byproduct of slightly downward trends in retention. Critical skills did not contribute more to this phenomenon than did non-critical skills.

In terms of readiness implications, the Air Force has been in continuous combat for the last 17 years and it has resulted in a more combat-experienced force than ever before. Although more frequent deployments combined with extensive, combat-focused training has produced more combat-experienced airmen, these taskings have impacted our Operations Tempo, Personnel Tempo, Training, and Deploy to Dwell ratios. The AEF construct was designed to sustain a 12-month surge, however, the global war on terror has presented a constant surge since late 2001. All of these factors have stressed some skills at or near deploy to dwell ratios of 1:1 and many others are nearing 1:2. Consequently, the Air Force is unable to support additional taskings in some areas (Intel, Security Forces, Explosive Ordinance Disposal, Engineering, etc.) and currently, over 44 percent of airmen are deployed in excess of the AEF construct of 120 days every 20 months.

In a normal scenario, the retention we experienced in fiscal year 2007 would create some concern. However, since the Air Force Active Duty strength is programmed to drop from 334,200 in fiscal year 2007 to 328,600 in fiscal year 2008 and 316,600 in fiscal year 2009, the retention trend is not as disturbing. Further, our fiscal year 2009 budget submission includes an increase in the Selective Reenlistment Bonus (SRB) of $61.4 million which will allow us to target retention incentives where most needed in the enlisted force.

RETENTION

16. Senator AKAKA. General McNabb, how has the Air Force responded to this shortfall and what are the projections for enlisted retention for fiscal year 2008?

General MCNABB. The Air Force has secured an additional $61.4 million in SRB initial-pay funding for fiscal year 2009. Retention trends by zone and overall have been and are projected to remain level in fiscal year 2008. However, since retention trends are short of our fiscal year 2008 goal, we're highlighting the need for increased SRB funding projections for fiscal year 2009.

QUESTIONS SUBMITTED BY SENATOR JOHN THUNE

BODY ARMOR

17. Senator THUNE. General Cody, I have a question about the purchase of the next generation of body armor for the Army. I have been briefed that the Army is in the process of soliciting vendors for the next generation of personal armor known as X Small Arms Protective Insert (XSAPI) offering better protection than the current Enhanced SAPI. The Army has the funds to procure 966,000 sets of the new armor, the full requirement, which it plans to do in fiscal year 2008. Please provide me the status and timelines for this acquisition.

General CODY. The Army posted a solicitation for the next generation of body armor on May 27, 2007. The original closing date of the solicitation was June 25, 2007. However, on June 6, 2007, the Army agreed to extend the solicitation to allow flexible body armor systems to compete and to conduct testing of Preliminary Design Models (PDMs) at the Aberdeen Test Center with Director, Test and Evaluation oversight. Multiple vendors requested extensions in order to build the required PDMs, without disrupting Enhanced Small Arms Protective Insert (ESAPI) deliveries to deploying soldiers.

The next generation body armor solicitation subsequently closed on February 7, 2008, and the source selection process is ongoing. The Army expects to award the contract in August 2008. The first deliveries of next generation ballistic plates will begin third quarter 2009. The Army requested funding in the fiscal year 2008 supplemental for 270,000 sets of next generation ballistic plates for deployed and deploying soldiers. Additionally, the Army submitted a budget request in the fiscal year 2009 supplemental to continue the production of next generation ballistic plates contingent upon validation of the capability requirement.

18. Senator THUNE. General Cody, will the timeline for the Army's procurement of XSAPI in any way cause a temporary lapse in the ready availability of body armor to soldiers in the field?

General CODY. The timeline for the Army's procurement of XSAPI will have no effect on the availability of body armor to deployed soldiers. The ESAPI worn with the Outer Tactical Vest or Improved Outer Tactical Vest is in use with deployed soldiers and provides protection against the current threat. The Army completed the procurement of the acquisition objective of 966,000 sets of ESAPI and the Defense Logistics Agency has contracts in place to sustain ESAPI.

19. Senator THUNE. General Magnus, this committee recently received testimony from the Commandant of the Marine Corps, General Conway, about his decision to halt the procurement of the new generation Modular Tactical Vest (MTV), due to complaints from marines about its weight and restrictiveness. Will this decision affect the readiness of Marine Corps forces or prevent them from having proper body armor?

General MAGNUS. The Marine Corps is procuring sufficient quantities of MTVs to outfit marines deployed in support of OIF and OEF. The Marine Corps will complete the purchase of the last 24,000 vests in order to ensure that there are enough vests to rotate through units deploying in and out of theater.

With this initial capability fielded to all deployed forces we are now using feedback from our marines and sailors to refine the vest into a system that can further enhance the performance and safety of the warfighter.

20. Senator THUNE. General Magnus, could you please describe the nature of the concerns with the existing design for the MTV, and your understanding of whether the Marine Corps intends to redesign the vest, proceed with this current design, or revert to a vest design similar to the Army's?

General MAGNUS. The MTV was developed in response to an urgent need in theater for increased coverage based on data derived from wound analysis as well as

other desired attributes that include an emergency quick release, multiple medical access points, and improved weight distribution. The MTV was chosen as a result of a deliberate procurement process that ensured warfighter participation and ultimate acceptance. The MTV was planned to be an interim step toward a longer-term ballistic vest solution. During the third quarter fiscal year 2008 we have scheduled a series of focus groups with our returning units who operated in OIF with the MTV. We will collect focus group input in order to determine the extent of a redesigned vest. Thus far, the majority of feedback we have received relates to the weight of the vest. With the current design of the MTV, we are able to mitigate a portion of this weight through weight distribution using the cummerbund. This takes the weight directly off of the shoulders and distributes it throughout the torso. We continue to challenge industry to develop a lighter solution for the current level of ballistic protection.

21. Senator THUNE. General Magnus, will this pause in procurement jeopardize, in any way, your requirement to fully outfit future deploying forces with body armor?

General MAGNUS. The recent pause in procurement allows the collection of data that will aid in determining the extent of redesign to the MTV; this will not affect our ability to outfit future deployments. The Marine Corps is procuring sufficient quantities of MTVs to fully outfit current and planned force requirements in Iraq and Afghanistan.

FISCAL YEAR 2009 UNFUNDED REQUIREMENTS LIST FOR THE MILITARY SERVICES

22. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, each Service Chief recently provided Congress with a list of unfunded priorities to be considered in review of the President's budget request for fiscal year 2009. Please designate from that list the items that will affect current unit readiness and a description how that item will have a direct impact on the readiness of your Service.

General CODY. The Army's most critical unfunded requirements (UFRs) for fiscal year 2009 focus on Army National Guard (ARNG) equipment shortages for dual-use items. This UFR list was approximately $3.94 billion.

The original ARNG equipment UFR list has been modified by the Army to account for substitutions for seven unexecutable lines on the original list. The result is a slight decrease in the UFR, which is now identified to be $3.93 billion.

All lines on the current UFR list will have a positive impact on ARNG readiness. The acquisition of this equipment will enable the ARNG to train to a higher level of proficiency to meet both State and Federal missions while simultaneously supporting current overseas missions. The most critical of the dual-use items are trucks (HMMWVs and HEMTTs). The receipt of trucks will have an immediate impact on readiness and mission effectiveness.

General MAGNUS. The attached spreadsheet provides a list of items that will impact Marine Corps readiness.

ITEM TITLE	QUANTITY	EXECUTIVE SUMMARY
Grand Total (All UPL Items)		
PMC		
Lightweight 155mm Howitzer	18	Buys 18 Howitzers of the 108 shortfall in the AAO. LW155 replaces the aging M198 Howitzer.
Target Location Designation and Handoff System (TLDHS)	276	Funds the remaining systems in AAO. TLDHS is a modular, man-portable equipment suite that enables the ground observer (Joint Terminal Air Controllers (JTAC) and Artillery Forward Observers) to perform target acquisition and then hand targets off to fire/air support agencies. AAO has grown substantially due to increases in JTAC capability and stand up of Marine Special Operations.
Expanded Capacity Vehicle (HMMWV/ECV)	1,060	Funds 1,060 M1151/M1152 HMMWV/ECVs (Expanded Capacity Vehicle) at an average cost of $160K per vehicle. Because of delays in JLTV procurement and current shortfalls, failure to fund will exacerbate existing light tactical vehicle gap that continues to grow as other armored HMMWVs reach end of economic useful life.
APN		
JSF Aircraft Spares		Restores the unfunded portion of the JSF Performance Based Logistics (PBL) support (titled as "Spares") account required for FY09. Performance Based Logistics is a collective contract for the support required to fly flight hours, not just the material and parts. The unfunded shortfall equates to $141M for PBL. Funding level is currently less than 20% of the requirement, impeding the attainment of the level of performance required for FY-09. Continued shortfalls in PBL will result in the program being unable to procure the essential support for the first STOVL aircraft delivered for pilot training. This deficit will immediately impact pilot throughput requirements for operational test and USMC initial operational capability.
ASE AUC-35D Procurement Shortfall	6	Funds ASE modifications for the remainng 6 of 10 UC-35D aircraft. Currently 4 USMC UC-35D have been modified with Aircraft Survivability Equipment in order to mitigate the infrared (IR) missile threat in Iraq. Modifications will standardize configurations and enable deployment rotation of the remaining 6 UC-35Ds.
ASE ALQ-157 Procurement	27	Funds the repair and upgrade of 27 systems to meet fleet shortfalls. ALQ-157 is a passive counter-Infrared system that is currently installed on USMC CH-46, CH-53 and KC-130 aircraft.
MILCON		
MCSF Blount Island, Dredge Slipway to 45 ft		Dredges slipway depth to 45 ft. The deeper channel depth will allow for increased ship movement without impacting operations while accommodating larger MSC platforms.
MCSF Blount Island, Hazardous Material Consolidation		Project constructs a HAZMAT Container Storage Yard (2,000 SY) and adds approximately 10,000 sq. ft. of storage space for hazardous materials and related containers received as a result of retrograde operations.
MCSF Blount Island, Container Staging and Loading Lot		Builds an 8.6 acre hardstand for staging containers prior to on load and after download. In conjunction with Hardstand Extension project, alleviates traffic congestions issues associated with offload and on load of vessels.
MCSF Blount Island, Berth 1 Loading Ramp		Builds a Loading Ramp at the end of Berth 1 and allows for quicker download and on load of vessels and decreased traffic congestion.
MCSF Blount Island, Berth 1-3 Expansion with Crane		Builds a 1000-ft Wharf with Container Gantry Crane allowing for the processing of 2 vessels simultaneously. The project additionally provides a backup crane capability for one Berth in the event the primary crane requires maintenance.
MCSF Blount Island, Hardstand Extension		Extends present hardstand for staging area by additional 17 acres providing staging capability for heavy ordnance equipment (which includes limited staging locations presently on the Facility). In conjunction with Container Staging Lot project, traffic congestion issues associated with offload and on load of vessels is alleviated.
MCSF Blount Island, A Lot Improvement		Builds a semi-improved 7 acre storage lot for storing retrograde rolling stock.
MCSF Blount Island, Consolidated Warehouse Facility		Builds a 100,000 square foot supply facility and 11,640 sq. ft. Container Operations Facility to support storage and movement of assets received as a result of retrograde operations. During the last retrograde, 130,000 sq. ft. of warehouse space was rented at a cost of $500K per year.
MCSF Blount Island, Wash rack Expansion		Upgrades wash rack found to be deficient and a common bottleneck point in the throughput process. The existing wash rack provides 3 wands and capability to wash 3 vehicles. This project will refurbish the present system and increases our overall capability by approx 2x. Allows for additional equipment to be washed down for processing, shipping, or agricultural quarantine removal purposes.
MCSF Blount Island, Container Storage Lot		Builds a 12 acre semi-improved staging area for storing containers. Location is near Container Staging Lot and alleviates long driving times and movement coordination to allow for quick turnaround of ships.

Admiral WALSH. Items that will impact current unit readiness are:

Item #1 - Critical Maritime Patrol Improvements $548.3 million (recently refined to $585.2 million) - Funds required to address critical deficit of P–3C aircraft resulting from recent Red Stripe of 39 airframes.

Item #9 - Ship Maintenance $120 million - Funds required maintenance in fiscal year 2009 for 31 surface ship availabilities and 1 submarine availability. Without this funding the surface ships will have degraded material condition, and the submarine will not be able to deploy.

Item #18 - Weapons Enhancements $181.8 million - Funds required for enhancements to include maintenance of in-service weapons, and recertification of 105 backlogged surface launched missiles to decrease the gap in the current inventory.

General MCNABB. The Air Force provides the following spreadsheet with unfunded requirements and their impact on Air Force readiness. The spreadsheet is not in priority order.

Air Force Readiness Issues on FY09 Unfunded Requirements List

Item from URL	Description of how funding this item would impact readiness
Advanced Extremely High Frequency (AEHF) Schedule Delay	AEHF is required to continue the protected SATCOM capability provided by the current, aging Milstar constellation. AEHF provides backwards compatibility to Milstar to provide worldwide medium data rate (MDR) capability (i.e., currently Milstar does not provide this capability worldwide) and to maintain strategic communications. This funding requested is required to continue to field AEHF in the face of technical issues that the program has encountered. The funding maintains personnel involved in completing fix actions to these technical issues, in verifying completion of the fixes through the appropriate testing and to complete overall test & integration as well as launch and on-orbit support. Failure to fund would impact the continuity of strategic communications for national users and the strategic warfighter and the timely extension of worldwide MDR capability for the tactical warfighter (e.g., SOF, etc.).
B-2 Sustainment	Funds replacement of flight-critical displays and software systems -- ensures reliability of the B-2 bomber nuclear deterrent
B-52 NDAA Compliance (76 aircraft)	Enables increased focus on nuclear mission -- key to CSAF's plan to revitalize B-52 nuclear proficiency -- vital to the credibility of the nuclear deterrent
Challenger 604 Aircraft	Improvement on readiness. This aircraft will be used to support the Air Force Flight Standards Agency (AFFSA) flying mission which includes homeland security embellished target mission (OPERATION NOBLE EAGLE), development of instrument flight rule procedures and flight information publications, testing of future Communications, Navigation, Surveillance/Air Traffic Management systems and AFFSA/Advanced Instrument School (AIS) aircrew training requirements. The aircraft will also be used to provide a surge capability for the Air Force Combat Flight Inspection (CFIN) mission. Replaces two C-21s and results in cost avoidance of $2.4M per year
Contractor Logistics Support (CLS)	Reduces risk of failure of Air Force and Army, Space, and National Intel Community operations by improving the performance of the AF Weather Weapon System. Proper funding is required to ensure the warfighter receives accurate and timely environmental situational awareness critical for safety of flight, force protection, time critical targeting, and combat/training mission planning and execution.
Cyber: Air Force Agency for Modeling and Simulation	Funds an integrated Live, Virtual, Constructive (LVC) environment at the Air Force Warfare Center The Modeling and Simulation Agency has been requested to provide Constructive simulation and to develop architectures, standards, databases, and networks to integrate with Live & Virtual for the purpose of broadening the Western Range complex for joint exercises.

Air Force Readiness Issues on FY09 Unfunded Requirements List

Defense Meteorological Satellite Program-SCU Replacement	DMSP is the DoD and Intelligence Community's only assured source of global environmental data and imagery enabling predictive battlespace awareness. DMSP Systems Communication Units (SCUs) are critical elements of the satellite command and control (C2) system. SCUs are single point failure items for the constellation and have surpassed their design lives by over 10 years. DMSP's SCUs are no longer sustainable via sparing and cannibalization and therefore require replacement. A cost effective and low-risk SCU-R program has been developed that can sustain the DMSP constellation through program fly-out in the 2017-2020 timeframe. Without SCU-R the capability to safely C2 the on-orbit constellation will degrade well below required levels early next decade jeopardizing over $2B worth of satellite assets.
Digital Airport Surveillance Radar (DASR)/DoD Advanced Automation System (DAAS) Upgrades	Minor improvement on readiness. Digital Airport Surveillance Radar (DASR) replaces '70-generation ATC radars. DOD Advanced Automation System (DAAS) replaces '70-generation radar displays and associated ATC automation capability. These two systems are becoming increasingly unreliable and are used to control both military and civilian aircraft. Plus-up of $13M restores DASR and DAAS installation at Selfridge ANGB and 1 DASR at Holloman AFB
Eastern Range Central Command Remoting System	The command remoting system is a critical node in the routing of commands to the launch vehicle in flight. Failure of the command remoting system results in grounding of all space and ballistic launches from the range until it is fixed, or in the case of catastrophic failure, replaced. The system has already failed once during launch countdown, scrubbing the NROL-27 launch in 2007, and future failures are certain to occur with increasing frequency. One-day launch scrub costs easily exceed $1M, and multi-day scrubs can cost much more. The price of a catastrophic failure would be extremely high, and would also result in the loss of all launch capibility for an extended period of time, with corresponding delay/storage price increases within our launch and satellite programs.
F-22 Tyndall Distributed Mission Operations (DMO)	Funding this item allows F-22 pilots to train to their full capabilities in a 4-ship, networked environment. Allows for 5th Generation Fighter Training that may not be able to be conducted in the live environment.
Haystack Ultra-Wide Band Satellite Imaging Radar (HUSIR) Upgrade	Provides funding to prevent a stop-work on the program acquistion and put it on a path to completion; HUSIR will provide the only high-resolution imaging capability to characterize and combat ID small objects, including microsats; capability critical to support counterspace ops and space intelligence preparation of the battlespace (SIPB).

Air Force Readiness Issues on FY09 Unfunded Requirements List

ICBM Defense Access Roads	Funds repair of critical access roads to remote launch facilities -- assured access to ICBM launch facilities reduces security and operational risk
ICBM Generator Replacement	Funds replacement of power generators critical to Minuteman III survivability -- ensures reliability and survivability of the ICBM nuclear deterrent
Joint STARS Reengining Ship Set	The Joint STARS reengining ship set will increase the fielding of one additional E-8C JSTARS within the FYDP, notionally increasing the overall Wing MC rate by 8% by ameliorating the #1 NMC issue (engines). This will also ensure the entire fleet is configured uniformly within the FYDP.
Joint Theater Air Ground Simulation System (JTAGSS)	The Joint Theater Air Ground Simulation System (JTAGSS) Program is an Air Support Operations Center (ASOC), Tactical Air Control Party (TACP), and Special Tactics (ST) battlestaff training system required to build proficiency and maintain currency in battlestaff skills as well as conduct live, virtual, and constructive mission rehearsal in preparation for combat operations. High fidelity simulation, coupled with the vertical and horizontal connectivity, enables ASOC/TACP/ST battlestaffs to exercise the skills needed to provide the command and control of joint air operations, especially joint close air support assets that are needed to be employed in direct support to ground forces. The system will replace large-scale, expensive, and infrequent exercises and provide both continuation and proficiency training. Failure to properly train these battlestaffs could result in the lack of air support where and when needed on the battlefield.
Minuteman (MM) Airborne Launch Control System (ALCS) Support Equipment	Funds critical repair and checkout capability for ALCS components -- ensures reliability and survivability of the ICBM nuclear deterrent
Minuteman (MM) Codes Master Cartridge MC3	Funds transition to NSA-mandated media format -- ensures reliability and sustainability of critical ICBM nuclear support equipment and ability to generate ICBMs to alert
MP-RTIP Development	The acceleration of MP-RTIP development with the AF determines a viable platform will be important to help us sustain the technology and expertise in place. This technology will enhance our Battlespace Awareness, ISR and once connectivity issues are worked out, our Battle Management Command and Control capability as well.
Nuclear Surety: Procure non-powered munitions trailer	Replacement recapitalization for electric munitions loaders and non-powered munitions trailers -- ensures reliability of the critical nuclear support equipment
Nuclear Surety: Powered munitions trailers	Funds service life assessment, engineering analysis, out-year supportability assessments, and proposed equipment recapitalization (modernize or replace) options -- ensures reliability of critical nuclear support equipment
Nuclear Surety: Test Equipment	Replaces obsolete/unsustainable ICBM test equipment -- ensures reliability of the ICBM nuclear deterrent

Air Force Readiness Issues on FY09 Unfunded Requirements List

Space Environmental Situational Awareness	Increases ability to discern space weather anomalies from hostile attack. Increases ability to discern space weather impacts to GPS-guided platforms, munitions and satellite communications.
Space Environmental Situational Awareness	Accelerates recapitalization/replacement of aging and unsustainable critical space environmental monitoring capabilities required to support space situational awareness (SSA). Accurate and timely space environmental SSA is required for spacecraft anomoly attribution: anomoly caused by hostile action vs. anomolies caused by space weather phenomena. Funds will be applied to fielding ground based SSA sensors and modeling and forecasting tools.
Space Superiority/Missile Warning O&M	Provides funding to continue to operate the Space Surveillance Network at current levels; as is, the SSN is underfunded and its capabilities fall far short (assessed yellow to red in all categories) of warfighter requirements in the USSTRATCOM Space Control Joint Capabilities Document (SC JCD); without this funding, further deficiencies will be introduced into the SSN (limiting sensor ops or shutting down sensors) resulting in increased risk to spaceflight safety, decreased support to commercial and foreign entities, and additional weaknesses for adversaries exploitation. Funding will also be used to improve missile defense, missile warning and space surveillance readiness due to inadequate sustainment funding extending system downtime.
Space-Based Infrared System (SBIRS) Ops & Training	Funding will restore the required SBIRS critical infrastructure capability for a permanent back-up that meets DoD/nuclear forces security protection levels. Funding will improve operational readiness and responsiveness to operate the entire SBIRS space segment (Highly-inclined Earth Orbit [HEO], Geostationary Earth Orbit [GEO], Defense Support Program [DSP]) under equipment failure and maintenance periods. Funding will also restore current operational capabilities into the next SBIRS increment that would otherwise be lost due to developmental lag times.
Space-Based Space Surveillance (SBSS) Training	Provides funding to operate SBSS Block 10; without funding, AF will acquire this $825M system without being able to operate it; SBSS B10 is the replacement for the Mid-course Space Experiment/Space-Based Visible sensor (MSX/SBV) and will provide timely detection and tracking of deep space (including geostationary orbit) objects and events critical for counterspace ops, space flight safety and space intelligence preparation of the the battlespace (SIPB).

Air Force Readiness Issues on FY09 Unfunded Requirements List

Standard Space Trainer	Dedicated single trainer interface for multiple space systems at a fraction of the cost of current "stove-piped" make-shift trainers. Significant performance and reliability improvement over current systems; able to train more tasks with greater fidelity, resulting in improved training and operator readiness. Distrubuted Mission Operations (DMO) capable; provides realistic training scenerios for improved operator readiness.
T-1A Simulators for Columbus, MS	Funding this item gets the Columbus AFB simulator program on par with the other UPT bases. Increases the percentage of training that can be accomplished in the simulator. Potential to migrate 4 live fly training sorties to the simulator for each student pilot that goes through the program.
Transportable Digital Airport Surveillance Radar (T-DASR)	Major improvement on readiness. T-DASR will begin replacement of the low density, high demand Mobile Radar Approach Control systems (TPN-19 and MPN-14K). These systems provide aircraft surveillance and separation and precision approach landing capabilities at austere airfields contingency areas of operation and are currently deployed to Afghanistan and Iraq. Support of current combat operations is barely being accomplished today with systems that are 30 years old and becoming rapidly unsupportable. The current operational availability of the TPN-19 is 60% and the MPN-14K is 54.9% versus a standard of 97%. A total of 17 systems is required. Additional funding is being requested in the FY10 FYDP.
Weather Agency Ops Transition	Enables AF and Army, Space, and National Intelligence Community operations to fully exploit weather information in a rapid, time-sensitive targeting environment and avoid unnecessary weather impacts that jeopardize combat operations success, efficiency, and safety.

23. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, in your opinion, what items from that unfunded list are most critical to unit readiness?

General CODY. All lines on the current unfunded requirements list will have a positive impact on ARNG readiness. The acquisition of this equipment will enable the ARNG to train to a higher level of proficiency to meet both State and Federal missions while simultaneously supporting current overseas missions. The most critical of the dual-use items are trucks (HMMWVs and HEMTTs). The ARNG's on-hand quantity of trucks is at a critical all time low. The receipt of trucks will have an immediate impact on readiness and mission effectiveness.

General MAGNUS. The 10 Blount Island construction projects provided in question 22 are most critical to Marine Corps readiness. If these projects are not authorized, readiness will suffer significantly in the near future during the retrograde process.

Admiral WALSH. Items that are critical to current unit readiness are:

- Item #1 - Critical Maritime Patrol Improvements (P–3)
- Item #9 - Ship Maintenance,
- Item #18 - Tomahawk Missiles

General MCNABB. The Air Force provides the following spreadsheets with the most critical unfunded requirements, not in priority order, as they pertain to unit readiness.

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Joint Theater Air Ground Simulation System (JTAGSS)	The Joint Theater Air Ground Simulation System (JTAGSS) Program is an Air Support Operations Center (ASOC), Tactical Air Control Party (TACP), and Special Tactics (ST) battlestaff training system required to build proficiency and maintain currency in battlestaff skills as well as conduct live, virtual, and constructive mission rehearsal in preparation for combat operations. High fidelity simulation, coupled with the vertical and horizontal connectivity, enables ASOC/TACP/ST battlestaffs to exercise the skills needed to provide the command and control of joint air operations, especially joint close air support assets that are needed to be employed in direct support to ground forces. The system will replace large-scale, expensive, and infrequent exercises and provide both continuation and proficiency training. Failure to properly train these battlestaffs could result in the lack of air support where and when needed on the battlefield.
Minutemkan (MM) Airborne Launch Control System (ALCS) Support Equipment	Funds critical repair and checkout capability for ALCS components -- ensures reliability and survivability of the ICBM nuclear deterrent
Minuteman (MM) Codes Master Cartridge MC3	Funds transition to NSA-mandated media format -- ensures reliability and sustainability of critical ICBM nuclear support equipment and ability to generate ICBMs to alert
MP-RTIP Development	The acceleration of MP-RTIP development with the AF determines a viable platform will be important to help us sustain the technology and expertise in place. This technology will enhance our Battlespace Awareness, ISR and once connectivity issues are worked out, our Battle Management Command and Control capability as well.
Nuclear Surety: Procure non-powered munitions trailer	Replacement recapitalization for electric munitions loaders and non-powered munitions trailers -- ensures reliability of the critical nuclear support equipment
Nuclear Surety: Powered munitions trailers	Funds service life assessment, engineering analysis, out-year supportability assessments, and proposed equipment recapitalization (modernize or replace) options -- ensures reliability of critical nuclear support equipment
Nuclear Surety: Test Equipment	Replaces obsolete/unsustainable ICBM test equipment -- ensures reliability of the ICBM nuclear deterrent

Air Force Readiness Issues on FY09 Unfunded Requirements List

Space Environmental Situational Awareness	Increases ability to discern space weather anomalies from hostile attack. Increases ability to discern space weather impacts to GPS-guided platforms, munitions and satellite communications.
Space Environmental Situational Awareness	Accelerates recapitalization/replacement of aging and unsustainable critical space environmental monitoring capabilities required to support space situational awareness (SSA). Accurate and timely space environmental SSA is required for spacecraft anomoly attribution: anomoly caused by hostile action vs. anomolies caused by space weather phenomena. Funds will be applied to fielding ground based SSA sensors and modeling and forecasting tools.
Space Superiority/Missile Warning O&M	Provides funding to continue to operate the Space Surveillance Network at current levels; as is, the SSN is underfunded and its capabilities fall far short (assessed yellow to red in all categories) of warfighter requirements in the USSTRATCOM Space Control Joint Capabilities Document (SC JCD); without this funding, further deficiencies will be introduced into the SSN (limiting sensor ops or shutting down sensors) resulting in increased risk to spaceflight safety, decreased support to commercial and foreign entities, and additional weaknesses for adversaries exploitation. Funding will also be used to improve missile defense, missile warning and space surveillance readiness due to inadequate sustainment funding extending system downtime.
Space-Based Infrared System (SBIRS) Ops & Training	Funding will restore the required SBIRS critical infrastructure capability for a permanent back-up that meets DoD/nuclear forces security protection levels. Funding will improve operational readiness and responsiveness to operate the entire SBIRS space segment (Highly-inclined Earth Orbit [HEO], Geostationary Earth Orbit [GEO], Defense Support Program [DSP]) under equipment failure and maintenance periods. Funding will also restore current operational capabilities into the next SBIRS increment that would otherwise be lost due to developmental lag times.
Space-Based Space Surveillance (SBSS) Training	Provides funding to operate SBSS Block 10; without funding, AF will acquire this $825M system without being able to operate it; SBSS B10 is the replacement for the Mid-course Space Experiment/Space-Based Visible sensor (MSX/SBV) and will provide timely detection and tracking of deep space (including geostationary orbit) objects and events critical for counterspace ops, space flight safety and space intelligence preparation of the the battlespace (SIPB).

Air Force Readiness Issues on FY09 Unfunded Requirements List

Standard Space Trainer	Dedicated single trainer interface for multiple space systems at a fraction of the cost of current "stove-piped" make-shift trainers. Significant performance and reliability improvement over current systems; able to train more tasks with greater fidelity, resulting in improved training and operator readiness. Distrubuted Mission Operations (DMO) capable; provides realistic training scenerios for improved operator readiness.
T-1A Simulators for Columbus, MS	Funding this item gets the Columbus AFB simulator program on par with the other UPT bases. Increases the percentage of training that can be accomplished in the simulator. Potential to migrate 4 live fly training sorties to the simulator for each student pilot that goes through the program.
Transportable Digital Airport Surveillance Radar (T-DASR)	Major improvement on readiness. T-DASR will begin replacement of the low density, high demand Mobile Radar Approach Control systems (TPN-19 and MPN-14K). These systems provide aircraft surveillance and separation and precision approach landing capabilities at austere airfields contingency areas of operation and are currently deployed to Afghanistan and Iraq. Support of current combat operations is barely being accomplished today with systems that are 30 years old and becoming rapidly unsupportable. The current operational availability of the TPN-19 is 60% and the MPN-14K is 54.9% versus a standard of 97%. A total of 17 systems is required. Additional funding is being requested in the FY10 FYDP.
Weather Agency Ops Transition	Enables AF and Army, Space, and National Intelligence Community operations to fully exploit weather information in a rapid, time-sensitive targeting environment and avoid unnecessary weather impacts that jeopardize combat operations success, efficiency, and safety.

DEFENSE READINESS REPORTING SYSTEM

24. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, the current system for reporting unit readiness, known as GSORTS, is in the process of being updated to be able to assess with a greater degree of efficiency whether military forces are prepared to conduct assigned or emergency missions. In June 2002, DOD issued a directive establishing a new DRRS. Since then, DOD and the Services have struggled to fully implement the system and each Service has a different implementation plan. Please provide me a status within your Service of the use of DRRS.

General CODY. The Army supports DRRS, however, rather than implement the DRRS software system currently under development by OSD, the Army chose to refine and improve its existing reporting system into an advanced web-enabled reporting system designed to meet the reporting requirements outlined in DOD Directive 7730.65 DRRS. This system is called DRRS–Army. The development and implementation of the Army's new system was accomplished through internal program management and funding. DRRS–Army ensures the Army preserves the capability to effectively measure and manage unique Army readiness equities.

This readiness reporting system is an indispensible tool in the Army's command management system and it was considered critically important to the complete visibility and management of Army organizations and units. This includes all the measured resource areas such as: personnel, equipment, maintenance and training as mandated by the Joint Staff, as well as many unique Army metrics measured in the Army's readiness reporting system. Moreover, the Army has incorporated and embraced the concept of reporting METs as outlined in DOD Directive 7730.65. Army units report their resource metrics based on requirements outlined in their MTOE as well as their METs into the Army readiness reporting system DRRS–A. That information is shared with DRRS. To assist with integration, the Army has

established a functional management team and a program management office for the express purpose of working with the OSD DRRS.

General MAGNUS. The Marine Corps supports the development and implementation of DRRS, but has not accepted it as the single readiness reporting system of record. The GSORTS is still the readiness reporting system of record for the Joint Staff and the Services, because of the present limitations of DRRS. DRRS has not yet met its requirements to provide:

(1) A functional and tested input tool that allows units to input SORTS information directly into DRRS to prevent dual reporting in GSORTS and DRRS

(2) Business tools for DRRS data analysis that integrates unit readiness information for both resources and METs

(3) Aggregated DRRS readiness data and easy access to archived readiness information which is retrievable (real-time) via the business tools identified above

(4) Near real-time information data feeds from Service authoritative data sources that have been tested and validated

A Marine Corps Task List and procedures for regular reviews and update of this list have been developed. Approved Mission Essential Task Lists (METLs) were loaded in DRRS for most Marine Corps units and workshops are planned for remaining unit METL development.

Some Marine units and installations, per their Marine Force (MARFOR) Commanders' direction, are assessing their METs in DRRS to comply with combatant commanders' requests. These units are serving as a useful test bed for DRRS reporting. However, those commanders are dual reporting their readiness via GSORTS and DRRS. To help facilitate training and education for units that are reporting their METs in DRRS, the DRRS Implementation Office has helped the Services fund DRRS Specialist personnel located at the Operating Forces headquarters to conduct this training and education.

HQMC (POR) published DRRS implementation responsibility guidance in MARADMIN 390/07 to set the conditions for the implementation of DRRS. Subsequently, in February 2008, HQMC published amplifying guidance in an Interim DRRS Policy & Procedures for Marine Corps Units and Installations document which will be the basis for a Marine Corps Order on DRRS once it is accepted as the single readiness reporting system of record.

The Marine Corps is in compliance with OSD Implementation Guidance for DRRS, with one exception. The USMC has not required units to report in DRRS, because it would impose a dual reporting requirement (GSORTS/DRRS). The DRRS Implementation Office (DIO) has stated that it is a Service decision when the Services will switch readiness reporting to DRRS. During the interim, the Marine Corps works closely with the Deputy Under Secretary of Defense for Readiness (DUSD(R)) DIO, the Joint Staff (J–39), and other Services to develop the remaining functionality, tools, and policy to implement DRRS as the single readiness reporting system of record.

Admiral WALSH. Under the direction of United States Fleet Forces, Navy intends to formally implement its DRRS–Navy (DRRS–N) this calendar year. The to-do list contains two software builds, hardware installations that will continue into fiscal year 2009, and policy documentation. DRRS–N achieved Initial Operating Capability (IOC) in the fall of 2006 and is in operation at more than 65 shore installations and onboard more than 35 Fleet units.

In order to preclude dual reporting, DRRS–N has the ability to generate and transmit legacy resource-based SORTS reports to both the DRRS and the GSORTS systems. Further, warfighting enterprises and capability portfolio managers are beginning to explore force generation, force sourcing, adaptive planning, and strategic resourcing uses for the authoritative data contained within this system and the larger Navy Readiness Reporting Enterprise portfolio of applications. This transformation will continue for several more years but is progressing as planned.

General MCNABB. The Air Force is implementing DRRS in accordance with published OSD guidance. Currently, some Air Force units report monthly in both DRRS and SORTS. The Air Force implementation plan for DRRS includes a user interface being developed by the OSD. Air Force users of DRRS will be able to input both their SORTS and DRRS information through the OSD provided tool once it has been fully tested and fielded. The Air Force is providing training to our units to facilitate the cultural change to a capabilities-based reporting system.

25. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, if your Service is not using DRRS, please explain why.

General CODY. The Army supports DRRS, however, the Army chose to refine and improve its existing reporting system into an advanced web-enabled reporting system called DRRS–Army (DRRS–A). The development and implementation of the Army's new system was accomplished through internal program management and funding. Using DRRS–A ensures the Army preserves the capability to effectively measure and manage unique Army readiness equities.

General MAGNUS. The position of the Commandant of the Marine Corps is that: "The Marine Corps supports the development and implementation of DRRS, but will not direct units to report (MET assessments) in DRRS until it meets its stated requirements and is accepted as the single readiness reporting system of record."

In spite of this, some Marine units and installations, per their Marine Force Commanders' direction, are assessing their METs in DRRS to comply with combatant commanders' requests. These units are serving as a useful test bed for DRRS reporting. However, those commanders are dual reporting their readiness via GSORTS and DRRS.

DRRS provides unit and installation commanders with the ability to assess their METs and missions. However, DRRS has not yet met its requirements to provide:

(1) A functional and tested input tool that allows units to input SORTS information directly into DRRS to prevent dual reporting in GSORTS and DRRS

(2) Business tools for DRRS data analysis that integrates unit readiness information for both resources and METs

(3) Aggregated DRRS readiness data and easy access to archived readiness information which is retrievable (real-time) via the business tools identified above

(4) Near real-time information data feeds from Service authoritative data sources that have been tested and validated

The input tool for SORTS reporting is under development but is not ready for full functionality testing and validation. A final, detailed, USMC/DIO test plan has not been agreed upon. Data from some Marine Corps authoritative data sources (ADSs) are populating DRRS, but automatic, "near-real time" data feeds have not been developed. ADS inputs to DRRS require accuracy validation and testing prior to Service acceptance. Formal System Interface Agreements between the Marine Corps and OSD/DIO have not been signed and

Data analysis tools and access to aggregated, historical DRRS data are necessary to respond to requests for readiness information from Marine Corps leadership, Joint Staff, OSD, and congressional inquiries. These DRRS data analysis business support tools are still being acquired and developed by DIO.

HQMC (POR) published DRRS implementation responsibility guidance in Maradmin 390/07 to set the conditions for the implementation of DRRS. Subsequently, in February 2008, HQMC published amplifying guidance in an Interim DRRS Policy & Procedures for Marine Corps Units and Installations document which will be the basis for a Marine Corps Order on DRRS once it is accepted as the single readiness reporting system of record.

Admiral WALSH. Not applicable. Navy is transforming its readiness reporting to a resource-informed, capability-based reporting system aligned to the OSD's DRRS.

General MCNABB. The Air Force is implementing DRRS in accordance with published OSD guidance.

26. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, in your opinion, when do you believe DRRS will achieve full operational capability in your Service?

General CODY. The DRRS is currently under development. The Army's readiness reporting system DRRS–A achieved full operational capability in October 2006. The Army established DRRS–A to support reporting requirements for OSD, the Chairman's Readiness System and unique Army information requirements.

General MAGNUS. Spiral development of the DRRS does not lend itself to a natural developmental progression timeframe and setting specific dates for full operational capability is difficult. To date, full operational capability (FOC) for DRRS is yet to be defined. The OSD's DIO and/or the J39 can best predict a FOC date. Progress on, and successful development of DRRS ought to be event driven. That said, the Marine Corps supports the implementation of DRRS and we work closely with the DIO and the Joint Staff (J–39) to develop the functionality, tools, and policy to fully implement DRRS. We will accept it once it fully meets its stated requirements and is accepted as the DOD's single readiness reporting system of record. Testing, validations, and system certifications are necessary before that happens.

Admiral WALSH. Navy, working in conjunction with OSD and the Joint Staff, is awaiting OSD FOC definition before fully defining Navy FOC to ensure that the Navy DRRS based system maintains alignment with the larger DRRS effort. DRRS–N is expected to replace SORTS by mid-fiscal year 2009.

General MCNABB. The OSD, DIO is implementing DRRS throughout the Department. OSD declared FOC for the MET Module in October 2007. Continuous and additional capability will be fielded as those capabilities come online.

27. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, if your Service currently has difficulties implementing DRRS, please provide details and a description of the corrective measures.

General CODY. Currently DRRS system is in development has not achieved its stated functional or operational capabilities. DRRS is currently not capable of providing visibility necessary for the Army to accomplish its Title 10 mission to train, equip, and resource the Army. The Army retained this capability to view and assess all registered operational Army forces in the DRRS–Army Readiness Reporting System. The Army does not anticipate significant corrective action required as the Army is not dependant on DRRS to fulfill its Title 10 mission.

The Army is actively engaged with the Joint Staff and the DIO, as well as the recently established three-star level DRRS Executive Committee (DEXCOM) governance process. The DEXCOM governance process will help prioritize and integrate policy, processes, and IT systems requirements for DRRS.

General MAGNUS. The difficulty implementing DRRS is that it is still a system in development. There are some significant system development issues, yet to be resolved, that preclude Marine Corps acceptance of DRRS as the single readiness reporting system of record. DRRS has not yet met its requirements to provide:

(1) A functional and tested input tool that allows units to input SORTS information directly into DRRS to prevent dual reporting in GSORTS and DRRS

(2) Business tools for DRRS data analysis that integrates unit readiness information for both resources and METs

(3) Aggregated DRRS readiness data and easy access to archived readiness information which is retrievable (real-time) via the business tools identified above

(4) Near real-time information data feeds from Service ADSs that have been tested and validated

The input tool for SORTS reporting is under development but is not ready for full functionality testing and validation. A final, detailed, USMC/DIO test plan has not been agreed upon. Data from some Marine Corps ADSs are populating DRRS, but automatic, "near-real time" data feeds have not been developed. ADS inputs to DRRS require accuracy validation and testing prior to Service acceptance. Formal System Interface Agreements between the Marine Corps and OSD/DIO have not been signed and are still being worked.

Data analysis tools and access to aggregated, historical DRRS data are necessary to respond to requests for readiness information from USMC leadership, Joint Staff, OSD, and congressional inquiries. These DRRS data analysis business support tools are still being acquired/developed by the DIO.

The Marine Corps has been actively engaged with the Joint Staff, and the DIO, as well as an active participant in the various forums of the recently established 3-star level DRRS Executive Committee (DEXCOM) governance process. The DEXCOM was established (Dec 07) to oversee and expedite the full implementation of DRRS. The DEXCOM governance process, once finalized, will help prioritize and integrate policy, processes, and IT systems requirements for DRRS.

Admiral WALSH. Navy is not experiencing any specific difficulties implementing its version of the capabilities-based DRRS. The most significant remaining challenges to implementation surround publishing policy guidance at all levels and training our commanders and their staffs on the system. Navy intends to implement DRRS–N fleet-wide this calendar year.

General MCNABB. DRRS implementation continues with no significant problems.

MARINE CORPS AMPHIBIOUS OPERATIONS

28. Senator THUNE. General Magnus, the Marine Corps' role in Iraq and Afghanistan has necessarily drawn away from the ability to train and develop in expeditionary warfare. How do you propose to rebuild this fundamental expertise throughout the ranks of the Corps in order to retain the full skills and capabilities required to project power ashore from the sea?

General MAGNUS. In order to fully train to the requirements of expeditionary warfare, the Marine Corps will have to increase dwell time for combat units. Our end strength growth to 202,000 marines is based on three main goals:

1. Creation of three balanced MEFs capable of responding equally to combatant commander requirements
2. Reduction of the strain on individual marines and their families, and prevention of a decrease in readiness
3. Reduction of strain on the institution by strengthening our capacity to train to the range of skills necessary for combined-arms maneuver, amphibious, mountain, and jungle operations

Goal number 3 will allow us to maintain the skills required for the full range of military operations while allowing us to continue to train to those skills currently required in Iraq and Afghanistan.

The Marine Corps' Professional Military Education System maintains the skills necessary for expeditionary warfare through the various formal schools. For instance, all new second lieutenants participate in a 3-day Amphibious Familiarization Exercise aboard naval shipping. The career-level school for Marine Captains, Expeditionary Warfare School (EWS), provides 176 hours of instruction, practical application, and shipboard instruction on amphibious operations. Students are taught to employ amphibious and Maritime Preposition Force doctrine to examine the deployment and employment of a Marine Air Ground Task Force (MAGTF) in an expeditionary environment. Additionally, our Command and Staff College (CSC) provides nearly 300 hours of instruction in the "Warfighting from the Sea" section of the curriculum. Students learn to integrate the unique amphibious and expeditionary warfighting capabilities of the MAGTF into a larger joint environment.

Lastly, we are developing a standards-based MAGTF Exercise program to maintain proficiency in core warfighting functions. This program will culminate in a MAGTF Combined Arms Exercise for, up to, brigade-sized unit levels. It will provide a robust evaluation capability and will support employment of combined arms maneuver, amphibious operations, and maritime prepositioning operations in current and future operational environments.

MARINE CORPS WARFIGHTING SYSTEMS IN COMBAT

29. Senator THUNE. General Magnus, the Marine Corps has fielded numerous new weapon systems in Iraq and Afghanistan, including the MV–22 aircraft, the MRAP vehicle, upgraded body armor, and counter-IED and anti-sniper systems. What is your assessment of the impact that these newly fielded weapon systems are having on reshaping the battlefield in the war on terrorism?

General MAGNUS. From the beginning of the global war on terrorism, through today, the threat to our forces has continued to develop and change. The variety of newly fielded force protection equipment and weapons systems has allowed us to aggressively match our training and equipment to the changing threat, thereby enabling our continued success.

Supporting marines in combat, the transformational tilt-rotor MV–22 Osprey has performed beyond expectations. As an example, a flight of just two MV–22s can accomplish its assigned missions in half the time it would take four CH–46s to carry out the same tasks. Additionally, the Osprey's operational reach spans the entire range of the area of operations assigned to Multi-National Force-West while flying a majority of its mission profile outside the typical assault support threat envelope. The V–22 is not merely the next step in helicopter design, but a leap forward in vertical lift. The MV–22 can fly over or around threats, thereby reducing the exposure to the enemy to minutes instead of hours. Tilt-rotor technology has expanded the reach of the operational commander to a theater-wide scale as it provides the range and speed of a fixed wing aircraft with the flexibility of a helicopter. The MV–22 is not merely a new aircraft but a critical enabler for the future of Marine Air Ground Task Force operations.

The newly-fielded force protection systems, such as electronic jammers and mechanical road clearing devices, have significantly reduced the effectiveness of improvised explosive devices (IED). Today's body armor, with integrated ESAPIs, has proven to save lives. Today's generation of PPE is far more advanced than that of even 10 years ago. Not only does body armor protect against shrapnel from indirect fire and IEDs, but also against small arms rounds, including 7.62 x 39mm, the AK–47 round.

The MRAP vehicle has also brought critical force protection capability to the battlefield, providing commanders on the ground with a highly survivable platform from which to conduct motorized operations including route clearance and ground

casualty evacuation. The MRAP, operating in combination with other vehicle systems, enables commanders to execute flexible and ever evolving counter insurgency tactics that have been highly successful in the Al Anbar Province of Iraq. MRAP vehicle use in Afghanistan is limited due to the vehicle's weight and that country's mountainous terrain. While the MRAP vehicle has proven to be exceptionally successful in protecting troops conducting motorized operations, it should be noted that its weight and size do not make it an ideal platform for all environments or operations.

30. Senator THUNE. General Magnus, what impact are heavier systems and increased armor having on Marine Corps' mobility and maneuverability?

General MAGNUS. As the Marine Corps continues to armor existing vehicles and buy heavily armored vehicles, such as MRAP, there is a trade-off between protection, payload, and performance. As we increase protection through armoring, we risk losing some payload and/or performance, thus decreasing mobility and maneuverability.

Sacrificing performance and payload for protection is a necessary concession in places like Iraq where the MRAP has proven to save lives. Much of Iraq's existing road infrastructure supports heavy vehicles like the MRAP; unfortunately, they do not perform as well in off-road situations. Further, their weight and size make them unsuitable for alleyways and many unimproved surface roads and bridges. To mitigate these tactical considerations, we have maintained an inventory of uparmored HMMWVs (UAH); however the additional armor on UAH increases their weight, degrades their service life, and increases maintenance requirements. We are mitigating some of these impacts in the near-to-mid-term by procuring a new family of HMMWVs, Expanded Capacity Vehicles, which are better designed to carry armor and come with the ability to add degrees of armor protection through armor kits, without having to armor all vehicles.

In the future, the Marine Corps' light vehicle fleet, the family of Joint Light Tactical Vehicles (JLTV), will be purpose-built with scalable armor and a better capability to operate on and off-road while under increased armor loads. The JLTV will be heavier, even when unarmored, than HMMWVs and that concerns us due to increased weight's impact on ship transportability. We will continue to conduct informed design trades to ensure we field the best expeditionary vehicle possible. In the medium category of vehicles, represented by the Marine Personnel Carrier we are seeking a vehicle that gives us protection flexibility while balancing performance requirements and transportability constraints.

There is no question that our future vehicle fleet will be larger and heavier but it is not growing unconstrained. The Marine Corps is at its core a naval expeditionary force; we must view all combat development efforts through an expeditionary lens ensuring we are light enough to get to the fight quickly, but then have sufficient firepower and force protection to complete the mission. We must retain our ability to operate on and from amphibious shipping and must always remember that there are more places in the world, with more challenging terrain, than where we are now. Our vehicles must be designed to support the requirements of the marine in the field.

31. Senator THUNE. General Magnus, what is your assessment of the effectiveness of the urgent needs process in balancing the need to rapidly field new warfare systems with the need to validate requirements and ensure safe and effective operation of these systems?

General MAGNUS. I believe that we are effectively balancing the need to rapidly fill the critical operational requests of our deployed marines with the necessity to validate requirements and ensure fielding of safe and effective solutions. Today, this is done as rapidly as is possible through our Urgent Universal Needs Statement (UNS) process.

The Marine Corps has already reduced the average time to process an Urgent UNS from 142 days to roughly 83.2 days—a better than 40 percent increase in efficiency. In conjunction with this efficiency increase, the Urgent UNS process subjects each request to a full Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, and Facilities review. This review is designed and has proven the necessity to identify potential integration or safety issues, validate the requirement, and ensure proposed solutions satisfy the need.

32. Senator THUNE. General Magnus, what efforts are you considering to improve upon this process in order to better support the warfighter?

General MAGNUS. We are meeting the critical operational needs of our deployed marines and their commanders as rapidly as is possible today; however, we are con-

tinuously working to meet these critical needs even more quickly tomorrow. Two years ago, simultaneous to a requested Naval Audit Service report, the Deputy Commandant for Combat Development and Integration implemented a series of industry-best practices, such as Lean Six Sigma, to evaluate and rapidly improve the existing process. Our acquisition professionals at Marine Corps Systems Command also recently began the Lean Six Sigma method to provide even greater efficiency within the acquisitions process.

We have created and launched a collaborative on-line Virtual Urgent UNS (vUUNS) tool to enable simultaneous efforts and to ensure complete visibility of each submission across the Marine Corps. Based on Microsoft SharePoint applications, this vUUNS system provides additional visibility, transparency, accountability, and oversight needed to better support forces. Our General Officers are personally involved to provide oversight and expertise. Already the Marine Corps has trimmed the average time to process an Urgent UNS from 142 days to roughly 83.2 days—a better than 40 percent increase in efficiency—and we are continuously improving the process.

In the near future, we will expand this Virtual Urgent UNS system to include the Marine Requirements Oversight Council (MROC). The MROC approves reprioritization of available resources or a request for supplemental funding, and directs further action across Headquarters Marine Corps. Additionally, we will publish a Marine Corps Bulletin to provide updated procedural instructions to the operating forces. We will continue to look for opportunities to speed the process all the while ensuring it remains a flexible, but disciplined, process so that the warfighter gets effective and quality solutions.

GROW THE FORCE INITIATIVE FOR THE MARINE CORPS

33. Senator THUNE. General Magnus, the Marine Corps has embarked on an ambitious plan to grow the number of assigned personnel by 27,000 marines by 2011 in order to provide some relief to the high rate of deployment. When do you anticipate this initiative to grow the force will have a direct impact on the Marine Corps' unit readiness ratings?

General MAGNUS. The impact on readiness ratings of growing the Marine Corps Active component personnel end strength to 202,000 will be gradual, but this initiative is a necessary step towards minimizing stress on our force and meeting the demands of the long war. The increase in structure will provide the capabilities for three balanced MEFs "each possessing significant ground, aviation, combat logistics, and command and control capability" available for global sourcing and capable of executing full spectrum operations. Our end-strength growth is designed to move the unit deployment-to-dwell time ratio, currently near 1:1 for most units, to a more acceptable ratio of 1:2. This increased dwell time will provide units with additional time to conduct multi-capable training, and significantly reduce the strain on marines and their families. Our increase in training capacity will be gradual, as we stand up new units, add end strength, and grow our mid-grade enlisted and officer leadership. These are all vital parts of our growth that cannot be developed overnight.

Although growing our force structure presents challenges, we are progressing well. Last year we stood up two infantry battalions and added capacity to our combat engineer battalions and air naval gunfire liaison companies. One of these infantry battalions is deployed in support of OIF, and a second is scheduled to deploy in the next Iraq rotation. This year, we will add a third infantry battalion, and increase capacity in much needed skill sets including: intelligence, communication, civil affairs, military police, unmanned aerial vehicle, helicopter, air command and control, combat service support, and explosive ordnance disposal. Additionally, our growth in fiscal year 2008 will add 200 marines to the Marine Corps Recruiting Command, and nearly 500 to our Training and Education Command to manage the increased accessions and training requirements.

34. Senator THUNE. General Magnus, in your written statement, you state that the goal for growing the force is to increase the dwell time ratio from 1-year deployed/1-year off to 1-year deployed/2-years off. Will you be able to achieve this goal assuming current operations tempo in Iraq and Afghanistan?

General MAGNUS. The overall goal for the Marine Corps growth of the force, also known as the 202k Plan, is to provide force structure to build a balanced Marine Air Ground Task Force (MAGTF) capability for the long war, while simultaneously balancing the current operational demand in Iraq and Afghanistan. The Commandant's intent is to achieve a 1:2 deployment-to-dwell ratio in the short-term in

order to accomplish more comprehensive training that will enable MAGTFs to achieve success in all types of military operations. The initial growth has provided some dwell relief for many units across the Marine Corps, and we continue to strive for a 1:2 deployment-to-dwell ratio as our growth continues. However, even at the completion of our growth to 202k, the Marine Corps will not be able to provide 1:2 deployment-to-dwell ratio across the total force, assuming the current operations tempo in Iraq and Afghanistan. Additionally, individual requirements to fill transition and training team, non-standard units and joint individual augment requirements continue to increase, with resultant stress.

FLEET RESPONSE PLAN

35. Senator THUNE. Admiral Walsh, the Navy has been deploying its ships and air wings under the construct of the FRP for several years now, with the intent of generating greater availability from its forces despite declining numbers. How would you assess the readiness of today's forces under the FRP, as compared to the former deployment cycle?

Admiral WALSH. On September 11, 2001, Navy could only muster 2 of its 12 carriers for a surge response. Today, the FRP force generation model and the readiness resources Congress provides combine to enable Navy leadership to provide our National Command Authority with a robust response capability. With 11 carriers, Navy now maintains, on average, almost 3 deployed carrier strike groups (CSGs) plus an additional 3 CSGs in a 30-day readiness posture and a 7th CSG in a 90-day readiness posture. The value of this force posture is not easily depicted in our current resource-based readiness reporting system, however, it is required by the Secretary of Defense approved Global Response Force EXORD, which tasks Navy CSGs and ESGs to maintain a high state of readiness for potential contingencies. In the FRP construct, increases in the operational element of a unit's operations and maintenance cycle coupled with our commitment to full operational spectrum training are providing a force that is more disciplined, more focused, more ready, more often.

36. Senator THUNE. Admiral Walsh, what metrics are being employed to measure the effectiveness of deploying forces under the FRP, and what are the current trends with these metrics?

Admiral WALSH. Navy's current readiness reporting system is the TRMS. TRMS addresses overall, resource area, and aggregate mission area readiness, but not specific capabilities inside a mission area. Navy units, including deploying units, are measured by both their available resources and the proficiency they have achieved to certify their progress through the various gradations of FRP readiness. Capability measures have remained somewhat stable over the past 5 years, due in large part to the continuing maturation of the FRP construct and relative stability over this period of our available funding.

37. Senator THUNE. Admiral Walsh, how will Navy air wings be able to sustain their readiness under the FRP with the approaching shortfall in strike fighter aircraft—a shortfall that may stretch from two to four air wings at its peak?

Admiral WALSH. Peak Department of the Navy strike fighter shortfall is projected at 125 aircraft in 2017 for the Navy and Marine Corps. The Navy shortfall predicted by the F/A–18 inventory model is 69 aircraft in 2017. The impact on air wings is manageable at this level, with assumption of operational risk. The Navy will be able to fully field 7 CVWs at desired strength, or 10 CVWs at a reduced number of strike-fighters per carrier.

Should the shortfall increase above current projections due to delays in JSF, budget cuts reducing F18E/F procurement, or early Hornet retirement, there will be a more significant negative impact on CVWs with resultant smaller and less effective airwings.

38. Senator THUNE. Admiral Walsh, do you anticipate amphibious ships to be inducted into the FRP, and what demands will this place on the Marine Corps to stay lock-stepped with Navy surge force planning?

Admiral WALSH. The amphibious ships have been incorporated into the FRP, and the associated metrics were developed to reflect the rotational presence and contingency demands for that force. As such, there is a requirement for Expeditionary Strike Groups, which include the Marine Expeditionary Units and amphibious lift capacity. The goal is two Expeditionary Strike Groups on deployment at all times with a third in surge as a rotational relief. The goal for amphibious lift is 21 am-

phibious ships capable of delivering forces and equipment in a non-forcible entry manner. Additionally, the Secretary of Defense approved Global Response Force EXORD tasks amphibious ships to be ready to respond to worldwide contingencies.

AIR FORCE REDUCTION IN PERSONNEL

39. Senator THUNE. General McNabb, we've heard today that the Army and the Marine Corps are adding personnel in order to meet emerging threats. In contrast, the Air Force has chosen to cut end strength over the past 2 years in order to pay for equipment modernization. This is occurring at a time of extremely high operational tempo (OPTEMPO) for the Air Force. I notice from a review of your latest quarterly readiness report, many units are coded C–4 due to personnel shortages. Is there a correlation?

General MCNABB. There is not a correlation between C–4 units and the Air Forces' end strength reduction. To maintain a balanced budget, the Air Force had to make difficult choices in order to transform a Cold War legacy to a modern force capable of meeting the challenges of the 21st century. As the Air Force cuts end strength, we are continually monitoring stressed career fields impacted by a continuing high OPTEMPO. We actively track our stressed career fields and use this data to focus on the specialties that require the most management intervention. To help mitigate stress, the Air Force is looking at skills retention bonuses, promotions, force shaping exemptions, and process improvements. We diligently watch for those career fields whose dwell ratios worsen and look for avenues to relieve this strain.

40. Senator THUNE. General McNabb, what metrics does the Air Force have in place to measure the effects on readiness from a reduction in the end strength?

General MCNABB. As the Air Force cuts end strength, we are continually monitoring stressed career fields impacted by a continuing high OPTEMPO. We actively track our stressed career fields and use this data to focus on the specialties that require the most management intervention. To help mitigate stress, the Air Force is looking at skills retention bonuses, promotions, force shaping exemptions, and process improvements. We diligently watch for those career fields whose dwell ratios worsen and look for avenues to relieve this strain. We have identified over 70 career fields that have low dwell times and placed them on the "Career Fields to Watch" list. In fiscal year 2007, we continued to manage and shape the force. We met short-term end strength targets while preserving the right airmen skills for the future. In a time when fewer people are qualified to serve, the Air Force continues to bring in the brightest candidates possible. Despite the demands associated with increased OPTEMPO, we have not lowered our recruiting standards. In fact, for the eighth consecutive year the Air Force has exceeded recruiting goals.

41. Senator THUNE. General McNabb, if you had to determine the most pressing problem with Air Force current unit readiness today in terms of people, training, or equipment, which would it be?

General MCNABB. The Air Force has been in combat ops consistently for 17+ years. It has taken a toll, and our overall readiness is in decline across the board. The aging fleet of aircraft and spacecraft combined with a high OPTEMPO (people) are the most pressing readiness concerns for the Air Force. The Air Force flies and maintains the oldest aircraft inventory in Air Force history. The average age of our aircraft is over 24 years, and we're flying this equipment harder than ever, accelerating the wear and tear on our inventory. Since Operation Desert Storm the Air Force has flown 2.2 million hours per year on average with an inventory that numbers 31 percent fewer aircraft that are 42 percent older. We have witnessed an 11 percent decline in our Fully Mission Capable rate, and this rate would have decreased even further were it not for the superb work of our depots and our maintainers. The high OPTEMPO has also affected our airmen and their families. Some elements of our force are stressed with deployment to dwell ratios at 1 to 1. Notably, we've seen declining reenlistment rates among our mid-level NCOs. We are watching all indicators closely and doing everything we can to maintain the quality of life for our airmen and their families.

SUPPORT FOR HOMELAND SECURITY/HOMELAND DEFENSE MISSIONS

42. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, the Commission on the National Guard and Reserves recently released a report that drew attention to the high operations tempo and deployment schedule for our personnel in the Reserve components. The Commission went on to question

whether Guard units in particular were adequately trained and ready for State and Homeland defense missions. In your opinion, does the current readiness reporting system accurately assess the readiness of Guard units to respond to Homeland defense tasking and emergency requests by the Governors?

General CODY. Yes, the current readiness reporting system will accommodate these assessments. Currently, the readiness reporting system is designed to reflect the ability of a unit to execute the mission for which the unit was designed and organized. Army units are organized and designed to operate across the spectrum of military operations—which would include operations in support of civil authorities.

In 2006, the Army adapted its reporting system to capture METs along with the mission or plans that those tasks were supporting (core functions, directed mission, or contingency mission). This enables the chain of command—both Federal and State—to provide specific mission guidance for units to prepare to operate across the range of military operations—including military support to civil authorities.

Finally, the Joint Capabilities Database (JCD) is being developed, which illustrates the Adjutant General's assessment of his/her State's joint force capabilities to respond to State missions. It highlights the State's most critical functional capability shortfalls and provides an indicator of any potential mobilization impacts. It is centered on the Essential 10 Capabilities (command and control; transportation; communication; aviation; logistics; security; engineering; medical; maintenance; and chemical, biological, radiological, nuclear, and explosive). It also reflects the States' internal assets that the Army would not otherwise have visibility of, such as States' Departments of Transportation and Public Safety.

General MAGNUS. This question is not applicable to the Marine Corps because its Reserve component is not part of the National Guard.

Admiral WALSH. While Navy does not have a Guard element, we have made significant strides in creating global visibility of our shore establishment capabilities and have established tasks in support of NORTHCOM for their Homeland defense role.

General MCNABB. The current authoritative DOD Readiness Reporting System, the GSORTS, does not presently assess Homeland defense missions or emergency requests by the governors. The Services, likewise, do not easily lend themselves to providing an accurate assessment of a military units' ability to fight forest fires, or respond to a hurricane in support of a domestic response for example either. These legacy systems are designed to measure a unit's full wartime requirement for which it was organized or designed.

However, the new DOD DRRS, with its MET building capability, will be able to track multiple mission sets, which will include domestic support type missions. As we transition to DRRS, NGB is working closely with OSD–PR to ensure the functionality of our JCD is incorporated.

The JCD is a complimentary, unclassified, separate, and unique system of evaluating every State's preparedness for National Guard Domestic Operations (NGDO). This unclassified data can easily be shared with our stakeholders who do not have access to classified DOD systems. Whereas DRRS tracks assessments of METs, the JCD captures the status of capabilities of the National Guard of every State and territory at two levels: (1) to respond to the most frequent NGDO missions experienced over the last 10 years, and (2) to respond to major catastrophic incidents as articulated in the National Planning Scenarios. In all of these events, we discovered that for these non-wartime requirements, the Essential 10 Capabilities provide the common denominator best suited to assess preparedness. DRRS will track our unit's ability to perform any assigned tasks, and the JCD is tracking Essential 10 Capabilities across the States, regions, or nationally.

43. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, when making resource and funding decisions for the procurement and distribution of equipment in the headquarters for each of your Services, how do the Guard's additional State and Homeland security missions affect the risk assessment and priority of delivery?

General CODY. The Army's resource and funding strategy for equipment procurement and subsequent distribution is designed to support the Army's Force Generation (ARFORGEN) model. ARFORGEN, which is used for both Active and Reserve components, creates a framework for the structured progression of increased unit readiness over time, resulting in recurring periods of availability of trained, ready, and cohesive units. For ARNG BCTs, as an example, ARFORGEN accounts for the preparation and readiness of both operational deployments in support of combatant commander requirements and for domestic response in support of the Homeland defense/Homeland security (HLD/S) missions.

Army senior leaders examine the ability of ARNG units to accomplish assigned missions at various ARFORGEN stages during monthly strategic readiness updates where equipment levels of selected ARNG units are measured in accordance with standard Army metrics. Because ARNG units have dual responsibilities, additional senior leader review sessions are held on a periodic basis that monitor overarching ARNG equipment fill, with a special emphasis on the 342 dual use items that have been identified by the ARNG as being of critical importance to the 10 critical HLD/S capability areas. The Army senior leadership also conducts periodic reviews of equipment fills for selected States and islands that are subject to hurricanes.

Army critical requirements for the next 24 months are reviewed semi-annually during the Army Equipping and ReUse Conference (AERC) and distributions are adjusted and synchronized to ensure that the most critical requirements are addressed across all components. As a result of the latest AERC conducted in January 2008, the Army was able to schedule the delivery of about $17.5 billion of equipment for the ARNG in the next 24 months. Final AERC decisions are approved by the Vice Chief of Staff of the Army, typically within 30 days of the conference and involve all senior leaders to include the Director of the ARNG and OCAR.

The composition of the critical dual use list and the Army's ability to adequately fund, procure, and distribute those items continues to be a major focus area as the Army builds its 2010–2015 program. As part of that process, the ARNG, as well as the Army Reserve, are active participants in the programming and distribution process. The Army also works closely with the Joint Staff in maintaining adequate visibility regarding equipment requirements and resourcing.

General MAGNUS. The Marine Corps takes a holistic approach to equipping its forces. When equipment is ready for delivery at the unit level, the unit with the highest priority receives the equipment. All factors including mission are evaluated to determine priorities. The Marine Corps does not discriminate between Reserve and Active Forces when determining equipment delivery.

Admiral WALSH. The Navy Reserve does not have a State or Homeland security mission.

General MCNABB. In the process of creating the Air Force's budget submission we evaluate all requirements—Active Duty, Air National Guard, and Air Force Reserve—from a total force perspective in order to provide resources for existing and emerging requirements. Final decisions are based on a careful review of capabilities provided by funding these missions along with all other Air Force requirements.

The National Defense Authorization Act for Fiscal Year 2008 directed DOD to identify and plan for Homeland security requirements. Once identified, these requirements will be prioritized within the Total Air Force. Resources and risks will then be balanced based upon inputs from the Regular Air Force, Air National Guard, and Air Force Reserve. As part of the Total Force Integration process, Headquarters Air Force is working hand-in-hand with the National Guard to embed emerging dual-use capabilities within the Air National Guard.

AGING AIRCRAFT

44. Senator THUNE. Admiral Walsh, the Navy has been forced to ground one-third (39 of 135) of its P–3 maritime patrol aircraft due to fatigue cracking of critical structural members, related to the Navy's efforts to maintain and operate the aircraft well beyond its original expected service life. What impact is this grounding having on the Navy's ability to meet its maritime patrol and reconnaissance requirements?

Admiral WALSH. The grounding of the 39 aircraft, including 10 deployed aircraft, had significant operational impact. The precise details of the impact are classified, and can be briefed separately as desired. The Navy will continue to work with the Joint Staff and component commanders to use the GFM Allocation Plan to optimize P–3 allocation as inventory constraints permit.

Note: The ratio of grounded aircraft, 39 of 135, as expressed in the question is incorrect. When the Red Stripe occurred in December 2007, the total inventory of P–3Cs was 160 (now 157). Thus, approximately 25 percent of the total inventory of aircraft was affected by the Red Stripe.

45. Senator THUNE. Admiral Walsh, what is the current status of correcting this deficiency, and when do you expect to have the fleet restored to full operation?

Admiral WALSH. The long-term recovery plan has been established, but will be refined based on actual depot performance and continued engineering analysis. The short-term mitigation plan for recovering the 39 grounded P–3Cs is already underway. As of 31 March 2008, five aircraft have been inducted into depot. While the

P–3 Recovery Plan projects that the number of mission capable aircraft will continue to decline until approximately fiscal year 2010, the number of mission capable P–3s should reach pre-Red Stripe levels in fiscal year 2013.

46. Senator THUNE. Admiral Walsh, since this deficiency was identified too late to correct in the fiscal year 2009 budget, what is the Navy's financing strategy to complete these repairs in a timely manner?

Admiral WALSH. An Above Threshold Reprogramming (ATR) of $228 million for procurement for P–3C wing panels and outer wing box assemblies is awaiting congressional approval. Additional fiscal year 2008 and fiscal year 2009 funding is being separately requested through supplementals for supporting hardware and installation, and acceleration of the Fatigue Life Management Program (FLMP). The Navy's fiscal year 2009 Unfunded Programs List contains $548.3 million for Critical Maritime Patrol Improvements which specifically addresses the critical deficit of P–3C aircraft. Refinements in installation cost estimates after submission have revised this amount to $585.2 million. It is estimated that the cost of addressing this critical deficit is $585.2 million. Materials and installations planned for procurement in fiscal year 2010 and later will be submitted as part of POM–10.

INDIVIDUAL AUGMENTEES

47. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, demand in theater for specialized ground forces has resulted in the deployment of thousands of military personnel as individual augmentees, or in-lieu-of assignments to CENTCOM. We've also heard the term "designer forces" to describe ad hoc units culled together at the last moment to meet an urgent demand. Are the demands being placed on individual augmentees proving excessive or difficult to meet?

General CODY. Individual augmentee requirements are increasingly difficult to meet. Mid-grade officers and non-commissioned officers are being assigned from across the Army to meet individual augmentee requirements which results in significant shortages across the remainder of the force. This directly affects Army's ability to meet requirements and also provide a ready force. Every additional individual requirement adds additional stress to the Army personnel system and creates shortfalls in the force.

General MAGNUS. The Marine Corps uses individual augments to fill Joint Manning Document (JMD), Transition Training Team (TT), and Service Augment (SA) billets. Currently there are approximately 480 JMD, 876 TT, and 737 SA requirements. These billets are non-T/O structure, uncompensated billets, which means that they must be filled by pulling marines from Active Duty units or Reserve component volunteers. Again, because of the uncompensated nature of these requirements, the Marine Corps cannot build additional structure to meet these demands. The purpose of the 202K build is to increase the warfighting capabilities of the Marine Corps, to reduce unit deployment to dwell ratio, and to allow the Marine Corps to train in its traditional warfighting missions; its purpose is not to fill individual augmentee requirements. The Marine Corps can continue to support the current level of individual augmentee requirements; however, any sustained increase in individual augment or unit operational commitments will reduce the Marine Corps' ability to meet individual augment requirements.

Admiral WALSH. Navy is able to provide the Joint Staff with a broad range of sourcing solutions, including assignments that are traditionally filled by ground forces. Significant numbers of combat support and combat service support personnel relieve the Army and Marine Corps in mission areas where we can expand Navy skills, with mission specific training, to provide required support. Responsibility to win the global war on terror falls on the military as a whole, and by building on traditional maritime skills, our sailors continue to make a significant contribution ashore. Our Navy will continue to support the global war on terror on the ground, in addition to performing its maritime mission afloat.

The demands being placed on sailors performing as individual augmentees are being closely monitored by our Service. With feedback through our Navy Component Commander Detachments in theater, we are able to address the training and proper employment of our sailors. Continuous feedback from theater to U.S. Fleet FORSCOM and Navy staff refine expectations of sailors with respect to the level of training received to their assign billet. Where inconsistencies exist, Navy engages with theater for resolution to ensure proper employment.

To ensure continued support without exceeding stress on the force, the officer and enlisted communities are in the process of assessing the impact of Individual Aug-

mentation (IA) assignments on community health and retention across the force. Inherent stress is placed on certain Limited Supply/High Demand (LS/HD) communities due to the small pool of available personnel and high demand for specific Navy skill sets. Several Navy mission communities have been or are being stressed to capacity by the global war on terror. Examples include Explosive Ordnance Disposal, Medical, Supply, Chaplain, Intelligence, Information Warfare, Information Professionals, Engineering Duty, and Naval Construction Battalions (SEABEEs).

As Navy continues to drawdown in end strength, we will continue to assess the impacts of enduring IA requirements on the operational force.

General MCNABB. IAs have a large impact on operations. CENTCOM relies heavily on IAs and their requirement for IAs continues to increase. Currently the Air Force supports 2,256 IA requirements supporting all combatant commands. This is an increase of 11 percent for all the IA requirements from fiscal year 2007. The Air Force continues to successfully exceed combatant command sourcing requirements by fair sharing all career fields to include low supply and high demand fields across the Service by carefully monitoring each dwell rate.

48. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, do you see a negative impact on morale and retention as a result of the ongoing operations in Iraq and Afghanistan?

General CODY. The pace of deployments to Afghanistan and Iraq has not had an adverse impact on overall retention or morale. In fiscal year 2007, retention of officers was slightly better than the overall 10-year average and recent incentives have garnered over 9,000 additional man-years of obligated service among year group 2006 and 2007 officers. Units currently deployed to Afghanistan and Iraq have reenlistment rates averaging between 110–120 percent of their yearly goals. This is a significant indication of the quality of leadership within our ranks, shows that soldiers believe in what they are doing, and that soldiers value the tradition of service to the Nation. Currently, all Army components are on track to achieve or exceed the 2008 enlisted retention mission. The Active Army retained almost 70,000 soldiers in fiscal year 2007, finishing the year at 112 percent of the retention mission. The Army Reserve finished the year achieving 119 percent of the retention mission and the ARNG finished at 100 percent of their retention mission.

General MAGNUS. No, I do not see a negative impact on retention as a result of ongoing operations in Iraq and Afghanistan. Marine Corps enlisted retention remains strong. The Marine Corps has achieved over 15,300 total reenlistments including 7,330 First Term and 7,977 Career or Subsequent Term reenlistments to date in fiscal year 2008. This level of retention is unprecedented. The Marine Corps is also currently meeting its retention goals for officers.

In addition, I do not see a negative impact on morale, which remains strong in our ranks despite our ongoing operations.

Admiral WALSH. Ongoing operations in Iraq and Afghanistan appear to have minimal, if any, adverse impact on retention or morale as retention remains strong, overall attrition is trending downward and sailor morale remains positive.

The war on terrorism, IA assignments, and an increased sea/shore ratio create challenging retention and morale environments, which we continue to monitor very closely.

Navy's enlisted retention posture remains strong and supports end strength requirements. Navy attained 98 percent of fiscal year 2007 numeric reenlistment goal for Zone A (0–6 years of service) and exceeded numeric goals in both Zone B (6–10 years) and Zone C (10–14 years). We have also attained at least 96 percent of numeric aggregate reenlistment goals in each of the three zones during the first 5 months of fiscal year 2008.

Navy's aggregate officer retention posture for fiscal year 2008 also remains strong and supports end strength requirements. Some officer communities are experiencing retention shortfalls at specific pay grades, to include:

- Surface Warfare (O3)
- Submarine (O3)
- Explosive Ordnance Disposal (O4)
- Special Warfare (O4)
- Civil Engineer Corps (O4)

Preliminary survey data indicate O3 retention in the Surface and Submarine communities are negatively affected by the unpredictable nature of IA assignments. Global war on terror support assignment detailing was recently developed to ameliorate this concern. Sailors of all ranks will now be detailed to most IA assignments during predictable career windows. This should result in less uncertainty within the force.

The O4 shortfalls identified above are largely as a result in expanding the size of these communities in order to meet QDR/global war on terror demand signals. The year groups filling these O4 billets were assessed to meet the demands of smaller communities.

Morale, welfare, and quality of life for sailors and their families remain a top priority as we continue to focus on providing adequate pay, health care, housing, proper work environments, and continuum of training and education for sailors. Targeted special and incentive pays are also essential to successful retention of sailors in critical skills.

General MCNABB. There is no substantial evidence to indicate that the global war on terror has had a negative impact on morale. During the last several years our airmen have dealt with a host of events to include stop loss, downsizing, increased deployments, in-lieu-of taskings, emerging missions, declining reenlistment bonuses, and economic recovery. Although anecdotal evidence suggests that each of these events has had an impact on retention, it is extremely difficult to accurately quantify and isolate any single factor given the dynamic environment.

We believe our airmen's perception of quality of life has a direct bearing on morale and retention. In October 2007, a survey of 1,000 Active Duty airmen and civilians assessed the effectiveness with which we communicate our emphasis on quality of life and 96 percent of respondents agreed that quality of life is an important enabler for an airman's success in combat. Part of the perception of quality of life is related to predictability in deployments and the workload shouldered by those who do not deploy but continue with home station missions.

Since the onset of operations in Afghanistan and Iraq, our units have consistently had some portion of their military deployed at any given time. Our military members are typically ready to deploy, and find those deployments personally and professional fulfilling. In that respect, morale is good and retention is steady. However, the additional workload left behind at home station when those military members deploy does stress morale. We've anecdotally recognized the departure of military members who were simply tired from carrying the additional workload. If there is a negative impact on morale and retention as a result of ongoing operations in Afghanistan and Iraq, we see that impact focused more on those who remain behind than on those who deploy.

49. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, have the Navy or Air Force evaluated the impact to parent commands' readiness caused by the fairly significant number of gapped billets associated with individual augmentees?

General CODY. Unfortunately, the Army cannot address whether the Navy or Air Force have evaluated this issue.

General MAGNUS. The Marine Corps nondeployed units are often critically short officers and senior enlisted (unit leaders, trainers, and planners), due to the continuing requirement to provide individual augmentees for transition teams, joint headquarters, and other requirements in support of OIF and OEF. While these Marine leaders are enhancing the capabilities of Iraqi and Afghan security forces, and performing needed functions with our deployed joint headquarters, their extended absence from their parent units does negatively impact readiness and adds to the stress on the force. Specifically, this leadership drain degrades the parent unit's ability to effectively train and lead their marines as well as develop unit cohesion. Additionally, the absence of senior leadership has created deficiencies in staff expertise, command and control capability, and the ability to proficiently conduct operational planning. The negative impact of providing individual augments on nondeployed units has been highlighted in Marine Corps testimony and joint readiness reporting venues, such as the JFRR.

Admiral WALSH. To date, Navy continues to meet all validated missions at sea and ashore and stands ready to respond to security and humanitarian contingencies, while continuing its present support to the global war on terror. Should Fleet or IA demands increase, we will eventually see a decline in readiness. Readiness is currently being maintained at the cost of reduced manning levels in shore staff assignments. As a consequence, we have observed sailors and government service civilians working longer hours, having reduced leave opportunities and postponing some scheduled professional development courses.

Currently, augmentation numbers represent approximately 3 percent of the Total Force and 2 percent of the Active component force. All deployable commands are at SORTS readiness C2 or above. The Fleet centric nature of Navy's readiness reporting systems, however, makes assessing readiness impacts ashore more difficult. Fleet manning projections and readiness indicators are continuously assessed to ensure proper levels of manning are maintained.

At current sustainment levels, a growing strain on our force is especially evident in the following communities supporting global war on terror: Explosive Ordnance Disposal, Medical, Chaplain, Intelligence, Information Warfare, Information Professionals, Engineering Duty, Supply Community, Civil Engineer Corps, and Naval Construction Battalions (SEABEES). These communities have experienced constant and increasing demand from combatant commands requiring multiple tours. Because these are unfunded requirements tasked to our Service to source, Navy believes there is a mismatch between Navy's planned manpower/fiscal reduction strategy and the impact of the enduring IA mission on sustaining our operational force, specifically in nontraditional combat service support and combat service roles and missions to our Service. As Army builds up to its new end strength total and Navy continues to draw down to predicted Service levels we anticipate these combat service support missions will transition back to Army support.

General MCNABB. Currently the Air Force supports 2,256 IA requirements across all combatant commands. This is an increase of 11 percent for all the IA requirements from fiscal year 2007. Most CENTCOM sourced individual augmentees, for example, are in grades E–6 through O–5 and, support 284 1-year tour lengths and 1,469 6-month tour lengths. This is an increase of 30 percent for these tour lengths over fiscal year 2007. The CENTCOM requirement for IAs continues to increase. The Air Force evaluates command readiness through a process known as SORTS. This process assists units in determining their mission readiness/capability.

AIRMEN ON THE GROUND IN IRAQ/AFGHANISTAN

50. Senator THUNE. General McNabb, the Air Force has provided significant in-lieu-of forces on the ground to support operations in Iraq. My concern is that we are reacting to taskings from the other Services by using personnel not ideally trained for the mission. Are you comfortable that they are getting the needed training before deploying?

General MCNABB. We are confident in-lieu-of airmen are receiving the required training to perform their assigned in-lieu-of mission. The enemy, however, continues to change their tactics, techniques, and procedures; therefore, we continue to transform our training to address and counter the developing enemy threat. We take a dual approach to ensure our airmen are prepared to meet and execute these nonstandard missions: select the right airmen to fill in-lieu-of taskings; and ensure in-lieu-of airmen receive the required training to operate and survive outside-the-wire.

Second Air Force established a Training and Equipment Requirements Board (TERB) to monitor and modify training to meet the gaining commander's needs and ensure in-lieu-of airmen can operate and survive in their deployed environment. The TERB is a formal process to review current in-lieu-of training and determine redundancies and shortfalls and implement fix actions for any disconnects. When the Air Force discovers training shortfalls outside the TERB window, second Air Force and Air Force Central Command (AFCENT) work with CENTCOM and FORSCOM to immediately resolve training disconnects.

By selecting airmen with core skill sets similar to missions they will be performing and continually assessing and modifying in-lieu-of training to meet the ever-changing threat, we ensure airmen have the most current skill sets necessary to perform their assigned mission.

51. Senator THUNE. General McNabb, are they getting the right equipment necessary to operate in that environment, particularly force protection equipment?

General MCNABB. This question specifically references the approximately 12,000 airmen who deploy annually in the in-lieu-of category. Yes, personnel are receiving the necessary force protection equipment to include the Advanced Combat Helmet and the Interceptor Outer Tactical Vest with Level IV ESAPIs.

52. Senator THUNE. General McNabb, has this training changed as a result of lessons learned, and if so, how?

General MCNABB. Yes—ensuring airmen are properly trained to perform their assigned mission is our top priority. Given the changing enemy tactics, techniques, and procedures, it's essential that we continue to transform training to counter evolving threats. Three different organizations working together utilize lessons learned and validated feedback to modify training: 1) CENTCOM is continually monitoring and changing minimum training requirements for in-lieu-of soldiers, sailors, and airmen; 2) FORSCOM and First Army also tailor blocks of training based upon feedback received from their down-range Liaison Officers; 3) Second Air Force, working closely with AFCENT and Air Force functional managers, modifies

training based upon lessons learned and airmen skill sets. As an example, all airmen receive training on Blue Force Tracker based on feedback from the Area of Responsibility (AOR).

53. Senator THUNE. General McNabb, how has the integration worked with the Army?

General MCNABB. The integration process between Army and Air Force personnel has evolved over the last 2 years and is going very well. The Air Force has worked long and hard with the Army to solidify the training curriculum and equipment requirements, to include the appropriate timeline for training. These efforts ensure our airmen receive timely training as well as meeting the training and equipping requirements established by our deployed combatant commanders. In addition, we utilize the Training and Equipping Requirements Board (TERB), co-hosted by 2nd Air Force and AFCENT, to update training and equipment requirements for our airmen. The TERB also includes active participation from Headquarters Air Force, Air Combat Command, Air Mobility Command, Air Force Security Forces Center, Air Force Civil Engineering Support Agency, U.S. Navy, U.S. Army FORSCOM, Air Force functional area managers, as well as deployed Air Expeditionary Group leaders.

54. Senator THUNE. General McNabb, do you see anything that needs to be improved in this process?

General MCNABB. No, we believe we have addressed all known training and equipment issues at this time. We are currently working with the Army to improve training processes as well as increased training standardization. To achieve this goal, we're working with FORSCOM and first Army to decrease the overall number of combat skills training sites as well as actively working to ensure our airmen receive the same high standard of training across the board.

UNFUNDED REQUIREMENTS LIST FOR THE AIR FORCE

55. Senator THUNE. General McNabb, this year, the Air Force submitted an $18.7 billion unfunded requirements list. This is 4 times as large as the Navy's, 5 times as large as the Army's, and 10 times larger than the Marine Corps'. Why do you have such a large unfunded requirements list?

General MCNABB. Global trends over the last decade have presented significant challenges to our organization, systems, concepts, and doctrine. Would-be adversaries are developing asymmetric approaches to attack vital levers of U.S. power and ascendant powers are posturing to contest U.S. superiority with "Generation 4-plus" fighter aircraft, increasingly lethal air defense systems, proliferation of surface-to-surface missiles, and a resurgence of counterspace capabilities. Demands for ISR and space capabilities, that simply did not exist a decade ago, as well as a renewed emphasis on modernization and emerging cyberspace threats to meet existing and expected challenges, have placed significant stress on our baseline budgets.

The Air Force fully supports the fiscal year 2009 President's budget and is appreciative of the increased funding over the last decade. These funds have given us the resources to win today's fight, take care of our people, and slowly modernize for tomorrow's challenges. While the fiscal year 2009 budget provides a moderate increase over the fiscal year 2008 budget and enables us to meet today's global commitments, additional funding is necessary to ensure air, space, and cyberspace dominance for the 21st century. The fiscal year 2009 unfunded requirements list identifies our most critical needs should additional funding be made available. The majority of the list is tied to the weapon systems, personnel, and support necessary to equip our required force of 86 modernized combat wings.

56. Senator THUNE. General McNabb, what top items on this list will improve readiness rates?

General MCNABB. The Air Force provides the following spreadsheet with unfunded requirements and their impact on Air Force readiness, not in priority order.

Air Force Readiness Issues on FY09 Unfunded Requirements List

Item from URL	Description of how funding this item would impact readiness
Advanced Extremely High Frequency (AEHF) Schedule Delay	AEHF is required to continue the protected SATCOM capability provided by the current, aging Milstar constellation. AEHF provides backwards compatibility to Milstar to provide worldwide medium data rate (MDR) capability (i.e., currently Milstar does not provide this capability worldwide) and to maintain strategic communications. This funding requested is required to continue to field AEHF in the face of technical issues that the program has encountered. The funding maintains personnel involved in completing fix actions to these technical issues, in verifying completion of the fixes through the appropriate testing and to complete overall test & integration as well as launch and on-orbit support. Failure to fund would impact the continuity of strategic communications for national users and the strategic warfighter and the timely extension of worldwide MDR capability for the tactical warfighter (e.g., SOF, etc.).
B-2 Sustainment	Funds replacement of flight-critical displays and software systems -- ensures reliability of the B-2 bomber nuclear deterrent
B-52 NDAA Compliance (76 aircraft)	Enables increased focus on nuclear mission -- key to CSAF's plan to revitalize B-52 nuclear proficiency -- vital to the credibility of the nuclear deterrent
Challenger 604 Aircraft	Improvement on readiness. This aircraft will be used to support the Air Force Flight Standards Agency (AFFSA) flying mission which includes homeland security embellished target mission (OPERATION NOBLE EAGLE), development of instrument flight rule procedures and flight information publications, testing of future Communications, Navigation, Surveillance/Air Traffic Management systems and AFFSA/Advanced Instrument School (AIS) aircrew training requirements. The aircraft will also be used to provide a surge capability for the Air Force Combat Flight Inspection (CFIN) mission. Replaces two C-21s and results in cost avoidance of $2.4M per year
Contractor Logistics Support (CLS)	Reduces risk of failure of Air Force and Army, Space, and National Intel Community operations by improving the performance of the AF Weather Weapon System. Proper funding is required to ensure the warfighter receives accurate and timely environmental situational awareness critical for safety of flight, force protection, time critical targeting, and combat/training mission planning and execution.
Cyber: Air Force Agency for Modeling and Simulation	Funds an integrated Live, Virtual, Constructive (LVC) environment at the Air Force Warfare Center The Modeling and Simulation Agency has been requested to provide Constructive simulation and to develop architectures, standards, databases, and networks to integrate with Live & Virtual for the purpose of broadening the Western Range complex for joint exercises.

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Defense Meteorological Satellite Program-SCU Replacement	DMSP is the DoD and Intelligence Community's only assured source of global environmental data and imagery enabling predictive battlespace awareness. DMSP Systems Communication Units (SCUs) are critical elements of the satellite command and control (C2) system. SCUs are single point failure items for the constellation and have surpassed their design lives by over 10 years. DMSP's SCUs are no longer sustainable via sparing and cannibalization and therefore require replacement. A cost effective and low-risk SCU-R program has been developed that can sustain the DMSP constellation through program fly-out in the 2017-2020 timeframe. Without SCU-R the capability to safely C2 the on-orbit constellation will degrade well below required levels early next decade jeopardizing over $2B worth of satellite assets.
Digital Airport Surveillance Radar (DASR)/DoD Advanced Automation System (DAAS) Upgrades	Minor improvement on readiness. Digital Airport Surveillance Radar (DASR) replaces '70-generation ATC radars. DOD Advanced Automation System (DAAS) replaces '70-generation radar displays and associated ATC automation capability. These two systems are becoming increasingly unreliable and are used to control both military and civilian aircraft. Plus-up of $13M restores DASR and DAAS installation at Selfridge ANGB and 1 DASR at Holloman AFB
Eastern Range Central Command Remoting System	The command remoting system is a critical node in the routing of commands to the launch vehicle in flight. Failure of the command remoting system results in grounding of all space and ballistic launches from the range until it is fixed, or in the case of catastrophic failure, replaced. The system has already failed once during launch countdown, scrubbing the NROL-27 launch in 2007, and future failures are certain to occur with increasing frequency. One-day launch scrub costs easily exceed $1M, and multi-day scrubs can cost much more. The price of a catastrophic failure would be extremely high, and would also result in the loss of all launch capibility for an extended period of time, with corresponding delay/storage price increases within our launch and satellite programs.
F-22 Tyndall Distributed Mission Operations (DMO)	Funding this item allows F-22 pilots to train to their full capabilities in a 4-ship, networked environment. Allows for 5th Generation Fighter Training that may not be able to be conducted in the live environment.
Haystack Ultra-Wide Band Satellite Imaging Radar (HUSIR) Upgrade	Provides funding to prevent a stop-work on the program acquistion and put it on a path to completion; HUSIR will provide the only high-resolution imaging capability to characterize and combat ID small objects, including microsats; capability critical to support counterspace ops and space intelligence preparation of the battlespace (SIPB).

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ICBM Defense Access Roads	Funds repair of critical access roads to remote launch facilities -- assured access to ICBM launch facilities reduces security and operational risk
ICBM Generator Replacement	Funds replacement of power generators critical to Minuteman III survivability -- ensures reliability and survivability of the ICBM nuclear deterrent
Joint STARS Reengining Ship Set	The Joint STARS reengining ship set will increase the fielding of one additional E-8C JSTARS within the FYDP, notionally increasing the overall Wing MC rate by 8% by ameliorating the #1 NMC issue (engines). This will also ensure the entire fleet is configured uniformly within the FYDP.
Joint Theater Air Ground Simulation System (JTAGSS)	The Joint Theater Air Ground Simulation System (JTAGSS) Program is an Air Support Operations Center (ASOC), Tactical Air Control Party (TACP), and Special Tactics (ST) battlestaff training system required to build proficiency and maintain currency in battlestaff skills as well as conduct live, virtual, and constructive mission rehearsal in preparation for combat operations. High fidelity simulation, coupled with the vertical and horizontal connectivity, enables ASOC/TACP/ST battlestaffs to exercise the skills needed to provide the command and control of joint air operations, especially joint close air support assets that are needed to be employed in direct support to ground forces. The system will replace large-scale, expensive, and infrequent exercises and provide both continuation and proficiency training. Failure to properly train these battlestaffs could result in the lack of air support where and when needed on the battlefield.
Minuteman (MM) Airborne Launch Control System (ALCS) Support Equipment	Funds critical repair and checkout capability for ALCS components -- ensures reliability and survivability of the ICBM nuclear deterrent
Minuteman (MM) Codes Master Cartridge MC3	Funds transition to NSA-mandated media format -- ensures reliability and sustainability of critical ICBM nuclear support equipment and ability to generate ICBMs to alert
MP-RTIP Development	The acceleration of MP-RTIP development with the AF determines a viable platform will be important to help us sustain the technology and expertise in place. This technology will enhance our Battlespace Awareness, ISR and once connectivity issues are worked out, our Battle Management Command and Control capability as well.
Nuclear Surety: Procure non-powered munitions trailer	Replacement recapitalization for electric munitions loaders and non-powered munitions trailers -- ensures reliability of the critical nuclear support equipment
Nuclear Surety: Powered munitions trailers	Funds service life assessment, engineering analysis, out-year supportability assessments, and proposed equipment recapitalization (modernize or replace) options -- ensures reliability of critical nuclear support equipment
Nuclear Surety: Test Equipment	Replaces obsolete/unsustainable ICBM test equipment -- ensures reliability of the ICBM nuclear deterrent

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Space Environmental Situational Awareness	Increases ability to discern space weather anomalies from hostile attack. Increases ability to discern space weather impacts to GPS-guided platforms, munitions and satellite communications.
Space Environmental Situational Awareness	Accelerates recapitalization/replacement of aging and unsustainable critical space environmental monitoring capabilities required to support space situational awareness (SSA). Accurate and timely space environmental SSA is required for spacecraft anomoly attribution: anomoly caused by hostile action vs. anomolies caused by space weather phenomena. Funds will be applied to fielding ground based SSA sensors and modeling and forecasting tools.
Space Superiority/Missile Warning O&M	Provides funding to continue to operate the Space Surveillance Network at current levels; as is, the SSN is underfunded and its capabilities fall far short (assessed yellow to red in all categories) of warfighter requirements in the USSTRATCOM Space Control Joint Capabilities Document (SC JCD); without this funding, further deficiencies will be introduced into the SSN (limiting sensor ops or shutting down sensors) resulting in increased risk to spaceflight safety, decreased support to commercial and foreign entities, and additional weaknesses for adversaries exploitation. Funding will also be used to improve missile defense, missile warning and space surveillance readiness due to inadequate sustainment funding extending system downtime.
Space-Based Infrared System (SBIRS) Ops & Training	Funding will restore the required SBIRS critical infrastructure capability for a permanent back-up that meets DoD/nuclear forces security protection levels. Funding will improve operational readiness and responsiveness to operate the entire SBIRS space segment (Highly-inclined Earth Orbit [HEO], Geostationary Earth Orbit [GEO], Defense Support Program [DSP]) under equipment failure and maintenance periods. Funding will also restore current operational capabilities into the next SBIRS increment that would otherwise be lost due to developmental lag times.
Space-Based Space Surveillance (SBSS) Training	Provides funding to operate SBSS Block 10; without funding, AF will acquire this $825M system without being able to operate it; SBSS B10 is the replacement for the Mid-course Space Experiment/Space-Based Visible sensor (MSX/SBV) and will provide timely detection and tracking of deep space (including geostationary orbit) objects and events critical for counterspace ops, space flight safety and space intelligence preparation of the the battlespace (SIPB).

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Standard Space Trainer	Dedicated single trainer interface for multiple space systems at a fraction of the cost of current "stove-piped" make-shift trainers. Significant performance and reliability improvement over current systems; able to train more tasks with greater fidelity, resulting in improved training and operator readiness. Distrubuted Mission Operations (DMO) capable; provides realistic training scenerios for improved operator readiness.
T-1A Simulators for Columbus, MS	Funding this item gets the Columbus AFB simulator program on par with the other UPT bases. Increases the percentage of training that can be accomplished in the simulator. Potential to migrate 4 live fly training sorties to the simulator for each student pilot that goes through the program.
Transportable Digital Airport Surveillance Radar (T-DASR)	Major improvement on readiness. T-DASR will begin replacement of the low density, high demand Mobile Radar Approach Control systems (TPN-19 and MPN-14K). These systems provide aircraft surveillance and separation and precision approach landing capabilities at austere airfields contingency areas of operation and are currently deployed to Afghanistan and Iraq. Support of current combat operations is barely being accomplished today with systems that are 30 years old and becoming rapidly unsupportable. The current operational availability of the TPN-19 is 60% and the MPN-14K is 54.9% versus a standard of 97%. A total of 17 systems is required. Additional funding is being requested in the FY10 FYDP.
Weather Agency Ops Transition	Enables AF and Army, Space, and National Intelligence Community operations to fully exploit weather information in a rapid, time-sensitive targeting environment and avoid unnecessary weather impacts that jeopardize combat operations success, efficiency, and safety.

READINESS FOR OTHER POTENTIAL CONTINGENCIES

57. Senator THUNE. General Cody, I would like to clarify an answer provided during today's hearing. General Casey has been very candid about the impact of the deployments on Army readiness. In testimony before this committee on November 15, 2007, he said "our readiness is being consumed as fast as we can build it." In testimony before the House Armed Services Committee last September, he said that the Army is "unable to provide ready forces as rapidly as necessary for other potential contingencies." Which potential contingencies do you believe are at greatest risk?

General CODY. Contingencies that require forces to operate over the full range of military missions are at the greatest risk. For example, a large conventional ground war. The Army is consumed with meeting the demands of the current fight and is unable to rapidly provide full-spectrum ready forces necessary for other contingencies. Current operational requirements for forces and limited periods between deployments necessitate a focus on counterinsurgency to the detriment of preparedness for the full range of military missions.

To ensure strategic plans are coordinated and executed accordingly, it is imperative that we rebuild readiness, achieve balance, restore strategic depth for future challenges, and get continuous and timely congressional support.

Thanks to the support and assistance that Congress has already provided to the Army, it has enabled us to address critical resource requirements during existing persistent conflict. The support and assistance to cover costs of reset, modernize equipment, and maintain quality of life for our soldiers are the key to keep our Army running. Our operational demand continues and it is not decreasing. We need timely resources to continue the training, equipping, and stationing for our soldiers to properly conduct operations in time of war and to meet current demand.

58. Senator THUNE. General Cody, in what readiness accounts does Congress need to focus resources in the short-term to mitigate these risks?

General CODY. Thanks to the support and assistance that Congress has already provided to the Army, it has enabled us to address critical resource requirements during existing persistent conflict. The support and assistance to cover costs of reset, modernize equipment, and maintain quality of life for our soldiers are the key to keep our Army running. Our operational demand continues and it is not decreasing. We need timely resources to continue the training, equipping, and stationing for our soldiers to properly conduct operations in time of war and to meet current demand.

59. Senator THUNE. General Cody, can the Army respond to a domestic emergency on the scale of Hurricane Katrina?

General CODY. Yes, since Hurricane Katrina, the Army has taken numerous steps to improve our readiness in response to a large scale domestic emergency. Even though the Army is heavily committed with Iraq, Afghanistan, and global war on terror, it still has capabilities to respond to natural disasters with the National Guard, U.S. Army Reserve, and the Active component. In the event of a major disaster or emergency, and in support of a Federal response, the Army will respond rapidly to the affected area. Our primary mission is to save and sustain lives and relieve suffering in the affected region. The Army plays an important role in disaster response; however, all our efforts are in support of FEMA working closely with State and local officials. The Army is aggressively planning to anticipate the needs of our Federal, State, and local partners to speed our response to those affected by disaster.

The Army has a comprehensive equipping strategy to source hurricane State shortfalls, including materiel and operational solutions. Headquarters, Department of the Army, in coordination with FORSCOM, Army Materiel Command, ARNG, U.S. Army Reserve Command, and U.S. Army Pacific Command developed an equipping plan which supports the Army's response to defense support to civil authorities (DSCA) missions and provides assistance to the ARNG's response to a governor's request for support when needed.

Defense support to a domestic emergency is a very complex functional operation and requires broad cooperation with Federal, State, and local elements. The Army is ready to assist civil authorities in lifesaving and life-sustaining actions, in mitigating damage and recovery.

ARMY PREPOSITIONED STOCKS

60. Senator THUNE. General Cody, prepositioned stocks are critical enablers to the DOD's military strategy and they help ensure that the military has material and equipment available for rapid deployment should future conflicts occur. However, the Army has depended upon equipment from Army prepositioned stocks (APS) for operations in Iraq and Afghanistan and, according to the Government Accountability Office, to accelerate creation of two additional BCTs. How important are the APS to the Army's ability to meet other potential contingencies, like Korea?

General CODY. APS are a proven enabler of the Army's ability to rapidly project forces into an area of operations. APS provides the strategic depth and responsiveness to deploy globally to any contingency operation. The almost 7 years of fighting the global war on terror have demonstrated that the APS program is flexible, responsive, and critical to the Army's ability to deploy forces in support of the combatant commander requirements and adapt to changing strategic requirements. APS is used to support OIF and OEF. In addition, APS supported the BCT acceleration effort. The Army evaluates the strategic risk and implements mitigation factors, whenever APS equipment is required. The Army remains committed to maintaining an APS pool of equipment in order to meet current and future contingency planning requirements. All APS equipment sets will be reconstituted at a readiness posture of 95–100 percent of fill by fiscal year 2015. This is contingent on available resources, operational requirements, and the continued support of Congress to fully resource the administration's budget requests for Army equipment.

APS–4 equipment in Korea and Japan remains in a high state of readiness and is available to repond to potential contingencies. APS–4 comprised of an Heavy BCT (over 90 percent of fill) and a tailored Sustainment Brigade (over 85 percent of fill). APS–4 will be completed by fourth quarter fiscal year 2008. In addition, APS–3 afloat has a port opening package capability in Guam over 89 percent of fill. This set consists of a temporary afloat set of 20 units on the U.S. Naval Ship *Pomeroy*. The total sustainment brigade set will be completed in fiscal year 2011.

61. Senator THUNE. General Cody, what is the current state of the APS required to support war plans in Korea?

General CODY. The heavy BCT is currently filled with 96 percent equipment and over 95 percent equipment readiness. The sustainment BCT is currently filled with 88 percent of its equipment and above 90 percent equipment readiness. The largest shortage in the sustainment brigade is uparmored HMMWVs set to arrive from July–September 2008. Several low-density items are scheduled for arrival through 2010. Watercraft fill rate is currently 97 percent. However, watercraft readiness continues to below the standard. Readiness is hindered because the Army is currently installing new navigation systems on landing craft and utility vessels over the next year. Operational projects fill rates are being increased using funds received in the fiscal year 2008 supplemental.

62. Senator THUNE. General Cody, how much funding is provided for APS in the fiscal year 2008 budget and how much is requested in the fiscal year 2009 budget?

General CODY. Based on the current budget position, the Army has funded a total of $375.3 million for APS in fiscal year 2008. The fiscal year 2008 request includes $340.2 million for maintenance and operations of all APS set equipment and $35.1 million for procurement. For fiscal year 2009, the Army requested $5.3 million for procurement and $928.6 million for operations and maintenance of critical APS requirements. In addition, the Army requested $3.2 billion in the fiscal year 2008 supplemental (of which $1.3 billion has been received) for reconstitution of APS stocks. The fiscal year 2009 supplemental request is currently under development.

63. Senator THUNE. General Cody, do you anticipate change, either in a positive way or a negative way, in the readiness of APS by the end of this calendar year? If so, can you quantify that change in readiness?

General CODY. Yes. APS sets in Kuwait will see a significant increase in readiness this calendar year. The Army is in the process of reconstituting the infantry BCT set in Kuwait and it will be fully mission capable by the end of the calendar year. APS–4 will see a slight increase. Currently, equipment fill for the APS–4 heavy BCT is 96 percent and is not anticipated to change by the end of calendar year 2008. The equipment fill of the sustainment brigade is currently 88 percent and is anticipated to increase to 90 percent by end of fiscal year 2008. HMMWVs are the key shortages and are scheduled for delivery between July-September 2008. APS–4 watercraft readiness will increase following the fielding of critical new navigation systems. The remaining APS sets are not being reconstituted during the current calendar year.

64. Senator THUNE. General Cody, can you describe the Army's strategy to replenish each of its APS sets?

General CODY. The Army has approved APS Strategy 2015 to replenish all APS equipment sets by 2015. APS–2 is a land-based heavy BCT equipment set and will be completed by fiscal year 2015. APS–3 consists of two infantry BCTs with two complementary sustainment brigades. One infantry BCT, with uparmored wheeled augmentation, and one sustainment brigade pairing will be completed by fiscal year 2011. The other pairing of an infantry BCT, with uparmored wheeled augmentation, and a sustainment brigade will be completed in fiscal year 2013 and fiscal year 2015 respectively. APS–4, the Korean-based Heavy BCT and sustainment brigade sets will be completed in fiscal year 2008. Finally, APS–5 consists of several components. The Heavy BCT equipment set, with uparmored wheeled augmentation, is expected to be complete by fiscal year 2010. An infantry battalion set, with uparmored wheeled augmentation and a forward support company, will be completed by fiscal year 2011. APS–5 fires brigade and two sustainment brigades will be started in fiscal year 2013 and completed in fiscal year 2015.

65. Senator THUNE. General Cody, when does the Army estimate it can replenish APS and what will the cost be?

General CODY. Except for APS 4 equipment, all other APS sets were issued to support OEF/OIF and must be reconstituted. Given the Army's current overall equipping priorities and requested funding through 2015, the Army plans to reconstitute all worldwide APS equipment sets in accordance with the approved APS Strategy 2015 incrementally from 2009 through 2015. The Army's cost estimate to implement APS Strategy 2015 is $10 billion which is spread across both supplemental requests and the Army budget. This estimate includes: $1.5 billion received from the fiscal year 2007 supplemental and $1.3 billion from the fiscal year 2008 supplemental to support initial APS rebuild efforts. The Army will track the reconstitution of APS in accordance with the approved strategy and timeline. We plan

to have all APS sets reconstituted by the end of fiscal year 2015. Reconfiguration of APS will be along the modular construct to support future contingencies with rapid response.

DEPLOYING MEDICALLY UNFIT SOLDIERS

66. Senator THUNE. General Cody, recent reports from the 4th Infantry Division allege that soldiers who are medically unfit have been deployed to Iraq. Understanding the Army is still investigating these allegations, I would like to ask a few questions about the underlying Army policy. What are the standards of medical and dental readiness of soldiers for overseas deployment?

General CODY. The standards of medical readiness for overseas deployment are provided in the Department of the Army Personnel Policy Guidance (PPG), CENTCOM Modification 8 to the PPG, and Army Regulation (AR) 40–501, Standards of Medical Fitness. All soldiers undergo Soldier Readiness Processing (SRP) prior to deployment to identify any medical problems that might preclude deployment. Each soldier is evaluated by a healthcare and dental provider for clearance or to address any conditions identified. Soldiers may deploy if their condition can be rectified prior to deployment. Medically or dentally unfit soldiers will not deploy.

Some soldiers have physical limitations from previously identified medical conditions. These limitations are detailed on a form known as a Physical Profile. Profiles provide medical guidance from the health care provider to the commander for use in determining a soldier's fitness to deploy. If the commander can meet the soldier's physical limitations during the deployment, the soldier may deploy. AR 40–501 provides guidance on soldiers possessing Physical Profiles.

For certain medical and dental conditions, the theater medical and dental standards may be stricter than those in AR 40–501, and these conditions require a waiver from the theater surgeon, the top medical authority in theater, to deploy. The surgeon's decision is based on the environmental conditions and medical capabilities available at the soldier's particular deployment location.

If a soldier has significant physical limitations that impact on his/her medical readiness, the soldier is evaluated by an Military Occupational Specialty Medical Retention Board or a Medical Evaluation Board to determine if the soldier meets the qualifications of his/her duties and meets the medical retention standards for military service. This process determines if the soldier may remain in military service, and if so, provides the limitations for a permanent Physical Profile.

Dental readiness standards are found in DOD policy (OSD (HA) Policy Memos 06–001, 02–011, and 98–021). There are standard dental classifications for all the military Services. Servicemembers in dental fitness class (DFC) 3 or 4 cannot deploy unless the DFC is corrected to Class 1 or 2.

67. Senator THUNE. General Cody, have any changes in the policy been implemented since the wars in Iraq and Afghanistan began? If so, what are they?

General CODY. Yes, the Army Personnel Policy Guidance, the theater CENTCOM policy, and Army Regulation (AR) 40–501 have changed over the last 7 years. As theater medical resources improved and changes in medical practice allowed, soldiers with some medical conditions that were restricted from deployment at the beginning of the war are now allowed to deploy to certain areas. The campaign in Iraq initially involved maneuvering Army units covering large areas, with uncertain camps and rest stops. The Army began the process of establishing the initial supply lines and support services in the theater. Over time, the Army has continued to develop operating bases with routine sources of water and electricity. The predictability of support services available to the soldier is now much more consistent and enduring. These developments in theater provide conditions capable of supporting soldiers with some specific medical needs or limitations. For example, a change to AR 40–501 allows soldiers with less severe sleep apnea to deploy to areas where electricity is available to allow use of a continuous positive airway pressure device used for treatment. The Army's initial role in Afghanistan was more unconventional, but continuing operations have resulted in similar development of operating bases with dependable support supplies and services. The policies affecting dental conditions that limit deployment have not changed.

68. Senator THUNE. General Cody, is it possible that commanders are overriding professional medical judgments in order to deploy soldiers because of shortages within units?

General CODY. It is a common misperception that a soldier with a limiting physical profile is nondeployable and yes, ultimately the commander decides whether or

not a soldier deploys. However, physical profiles that state "nondeployable," "do not deploy," or "no field duty" are invalid. Profiles delineate physical limitations of the soldier, not whether or not the soldier is deployable.

Deploying a soldier that is not capable of supporting the mission decreases mission accomplishment. It would be counterproductive to the command to deploy soldiers that cannot contribute to mission accomplishment.

69. Senator THUNE. General Cody, do you have any information on the number of soldiers that are being returned from theater because of an underlying medical condition which should have prevented their deployment?

General CODY. No, there is currently no method to distinguish servicemembers evacuated from theater for underlying conditions that should have prevented deployment from those who developed new conditions in theater or unexpected exacerbation of a pre-existing condition which necessitated evacuation from theater.

70. Senator THUNE. General Cody, do you think there is a stigma to seeking medical attention for PTSD? If so, could we inadvertently be deploying soldiers overseas with PTSD?

General CODY. The Army continues to take steps to reduce the stigma that accompanies seeking help for behavioral health issues. The most recent Mental Health Advisory Team (MHAT) findings indicate that the stigma associated with seeking behavioral health intervention has been reduced in comparison to the previous MHAT surveys. We are encouraged by this reduction, and we will continue efforts to reduce stigma by implementing programs such as the Army's Chain Teaching Program that trains soldiers to identify the symptoms of PTSD and Traumatic Brain Injury, and educates them on how to obtain the needed care in a supportive and nonjudgmental manner. Regarding the overseas deployment of soldiers with PTSD, all soldiers receive a predeployment medical review, and if a soldier has PTSD symptoms, we follow established DOD guidelines. Not all soldiers with PTSD symptoms are precluded from deployment. Each soldier's case is looked at on an individual basis. The Army continues to pursue "best practices" in the medical care of our soldiers. Newly instituted programs such as RESPECT-mil and Academy for Excellence exemplify this point. These programs provide advanced training to primary care providers to identify the signs and symptoms of PTSD.

RECOMMENDATIONS OF THE COMMISSION ON THE NATIONAL GUARD AND RESERVE

71. Senator THUNE. General Cody, the Army Reserve and the National Guard have contributed enormously and indispensably to operations in Iraq and Afghanistan and to homeland security since September 11. The Commission on the National Guard and Reserves submitted its report on January 31. Among other requirements, the Commission called for formal recognition of the establishment of an Operational—vice Strategic—Reserve. This would require maintaining the Army Reserve and National Guard at a higher level of readiness. This recommendation would require additional resources and new constructs for employing the Reserve components for assessing readiness. The Commission found that the level of full-time support relates to the readiness of Reserve and National Guard to deploy. The Commission found that Army funding for full-time support has not been sufficient. The report includes a detailed recommendation on how the Army could restructure its full-time support program to improve readiness and effectiveness. Can you describe the Army's program for full-time support to Reserve component units?

General CODY. The Army's full-time support program is a concept developed as a result of DOD Directive 1205.18, "Full-Time Support (FTS) to Reserve Components," which requires the Reserve components (RCs) to maintain a cadre of full-time support personnel who are responsible for assisting in the organization, administration, recruitment, instruction, training, maintenance, and supply support. The Army's RC full-time support personnel are predominantly comprised of career-oriented Active Guard Reserve (AGR) soldiers and dual status military technicians (MTs).

Full-time support soldiers fill critical positions in Reserve units, most notably positions related to personnel, training and operations, and supply and maintenance. Other functions critical to unit function are performed by FTS staff such as facilities management, fiscal operations, information technology support, and medical support. The combined efforts of the FTS personnel ensure that the soldiers are properly trained, equipped, and ready to deploy.

The fiscal year 2008 ARNG and U.S. Army Reserve (USAR) full-time support requirements are funded at 69 percent for a combined total of 82,020 AGRs and MTs.

The validated full-time support requirement is 119,241 FTS personnel. At the end state of the current increase in fiscal year 2013, funding supports 77 percent of the AGR requirements and 69 percent of the MT validated requirements.

The emerging operational demands caused by pre-mobilization requirements, the surge, OSD's January 2007 12-month mobilization policy, and suspended stop loss policy have resulted in the Army augmenting deploying units with Full Time Equivalent (FTE) and Active Duty for Operational Support (ADOS) manpower. FTE and ADOS designated personnel fill the career FTS void for a short duration as determined by mission requirements. The Army expects to continue reviewing full-time support requirements, resourcing, and readiness issues.

72. Senator THUNE. General Cody, are you familiar with that specific recommendation and would you comment on it?

General CODY. The Army, like OSD and the other Services, is currently conducting a comprehensive review of the Commission's 95 recommendations, including a full evaluation, their relationship to each other, their relationship to other Army programs and initiatives, their cost if approved, and how they will be funded if approved.

For this reason, it is premature for the Army to take definitive positions on specific recommendations. Additional time is required to collect and analyze input from throughout the Army's organization to render valid and feasible positions. However, the Army acknowledges that a new model may need to be adapted to provide improved full-time support to the Army's Reserve components, especially as the Army transitions its Reserve components from a Strategic Reserve to an operational force. Some implementation of FTS changes have already begun to satisfy Homeland defense requirements and civil support responsibilities.

The Army agrees that a manpower review is warranted and has commissioned Rand Arroyo to conduct a Full Time Support Requirements Analysis, scheduled for completion in fiscal year 2009. The study will consider the changes in force structure, deployment frequency, and the overall projected Army requirements for the National Military Strategy.

Since September 11, the men and women who serve in the Army's Reserve components as citizen-soldiers have mobilized and deployed in support of the global war on terror in unprecedented numbers. Their dedication to duty and sacrifice, as well as that of their families and employers, is unsurpassed. I am encouraged that the Commission and Congress agree on the need to assess, and possibly change, some of the institutions, laws, and policies that support our Reserve components.

73. Senator THUNE. General Cody, can you explain what is being done to improve equipment fielding to both the Guard and Reserve?

General CODY. First and most importantly to our soldiers, no unit—including Reserve component units—deploy without a full complement of combat capable equipment. Second, in the case of Homeland defense and security missions, the Army is committed to ensuring that the ARNG has all the equipment necessary to execute these missions successfully.

The Reserve component is being equipped at an unprecedented rate. Since September 11 (fiscal years 2001–2007), the Army has resourced over $15.3 billion in ARNG procurement and $4.5 billion in Army Reserve procurement. Between January of 2008 and December 2009, the Army will field over 400,000 items to the ARNG, worth $17.4 billion, and over 118,000 items to the Army Reserve, worth $4 billion.

We agree that equipment fill for nondeployed units is at an unacceptable level and requires significant modernization. The Army is committed to an investment strategy across its program to fill shortages, including replacing older trucks, radios, night vision devices, aviation assets, and engineer equipment. For fiscal years 2008–2013, the Army has resourced $29.3 billion for ARNG equipment and $11 billion for Army Reserve equipment.

ARMY OPERATION AND MAINTENANCE—FAMILY SUPPORT

74. Senator THUNE. General Cody, the budget request for fiscal year 2009 increases funding for family and community support, child care, community activities, and youth programs in excess of $742.0 million. Please explain how family support programs will reach those who do not live on or near an Army base—especially families of deployed members of the Guard and Reserve—who are themselves experiencing significant deployment-related challenges.

General CODY. The Army Integrated Family Support Network (AIFSN) offers soldiers and families the support they deserve, especially, the geographically dispersed. This web-based resource "connects" the geographically separated Army and families, and provides access to family programs and services. The idea is to harness the resources that are already in place, and use personal contact and technology to improve on the delivery of service so families get support closest to where they live. AIFSN reached initial operational capability in March 2008, and FOC will occur in September 2008.

From mobilized soldiers, to recruiters, to families located outside reasonable driving distances to military facilities—AIFSN provides standardized baseline services, information, tools, and resources. It is made up of Army Community Service, Child and Youth Services, Guard Family Assistance Centers, Reserve Readiness Centers, and civilian community agencies. By combining and linking resources, AIFSN gives Army families a choice. Army families are able to access services by phone, the internet, and when situations dictate, travel to the nearest facility to receive personalized support. AIFSN's support services network increases overall family readiness, improves quality of life, and helps prepare families for anything that might come their way.

AIFSN has incorporated a "Yellow Ribbon" program into the delivery of services to all soldiers and families. This delivery system provides information, services, referral, and proactive outreach to soldiers, spouses, employers, children, and youth throughout the entire mobilization process. When fully operational in September 2008, it will provide a single, holistic, institutional network of standardized services.

Army-sponsored child care is available in all 50 States for both Active and deployed Reserve component families. Working with a centrally contracted national vendor, families receive assistance locating and enrolling in local child care programs. Fee assistance is provided and assures that child care fees paid by the soldier are comparable to those paid in Army installation child care programs. Programs for geographically dispersed Army youth are available in all 50 States through partnerships with the Boys and Girls Clubs and National 4–H programs. Additionally, Operation: Military Kids, available in 42 States, is a collaborative effort with America's communities to support military children impacted by the global war on terror.

We have completed two Army-wide training sessions for Family Program and Child and Youth Services staff to focus on the baseline services soldiers and families need. Additionally, localized community-based training will ensure geographically dispersed families receive the support they need where they live. The first "Building Community Partnerships" training will be conducted in Chapel Hill, NC, by the University of North Carolina Citizen Soldier Project. Additional training will be conducted at various locations throughout the United States.

75. Senator THUNE. General Cody, how many additional families do you expect to reach in fiscal year 2009?

General CODY. Sixty percent of Army families live off post. AIFSN expands family services to the Active and Reserve component to help families respond to transitions, separations, and deployments, and to alleviate the everyday stress associated with military life.

Army Child and Youth Services will serve an additional 62,000 families in the Active and Reserve components in fiscal year 2009 in programs and services provided on post and in local communities. This is a 31 percent increase from fiscal year 2008.

76. Senator THUNE. General Cody, do you anticipate further requests coming in the supplemental, and if so, what are the additional requirements for families that are not included in the base budget request?

General CODY. The AIFSN and our other existing family programs will be fully funded in fiscal year 2010.

However, we may require additional supplemental funding for an emerging requirement under development for a Survivor Outreach Services program for families of our fallen military heroes. This program will help families cope with their loss, stabilize their present situation, secure their future, and provide a full spectrum of life skills, education, and continuing support.

NEW ARMY FIELD MANUAL

77. Senator THUNE. General Cody, last month, the Army released an updated version of Field Manual (FM) 3.0 "Operations" to reflect an increasing emphasis on

stability and civil support. This is the first update since September 11 and is a departure from past doctrine. The revised FM describes an operational concept where commanders employ offensive, defensive, and stability and civil support operations simultaneously as part of interdependent joint force. In this manual the importance of stability operations is elevated to co-equal with combat operations. Do you think the changes in the FM will generate any changes in readiness reporting?

General CODY. The shift to full spectrum operations and smaller, more versatile units affects how Army forces manage training and readiness. Some readiness reporting policies and procedures will change to align with the new doctrine; however, the basic principles underpinning the Army readiness reporting process will remain constant. These basic principles include maintaining a unit focused, commander centric readiness reporting system and measuring current unit status against the specific mission requirements. It is important to understand that readiness reporting provides the yardstick for measuring the current mission capability of units and identifies stress on the force. While this measuring tool does not fundamentally change with doctrinal changes, new doctrine may warrant new or revised measurements or metrics.

78. Senator THUNE. General Cody, will a BCT have to assess how it performs information operations?

General CODY. Yes. With all operations, not just information operations (IO), we conduct combat assessments to determine the relative success in achieving our objectives. The BCT utilizes all available organic and supporting collection assets that affect its area of operations, to collect data, and produce intelligence to aid assessments.

The collected data is employed by the BCT's Non-Lethal Effects cell to assess the effectiveness of the BCT's IO actions. The cell has subject matter experts assigned to it from the following areas; IO, electronic warfare, targeting, civil affairs, psychological operations, and the Judge Advocates General corps.

The efforts, methods, means, and assessments of nonlethal effects, such as the influence of the indigenous population and the enemy, are integrated with lethal effects through the BCT targeting process (decide, detect, deliver, and assess).

79. Senator THUNE. General Cody, will the new FM have any immediate impact on ongoing procurement and modernization programs?

General CODY. We are looking at the impacts of the new doctrine across all areas (organization, training, materiel, leadership, personnel, and facilities). We believe that the primary impacts will be on leader development, training and developing, and maintaining the operational context, with minor equipment and formation changes. The Army will assess the impact of this new doctrine on its procurement and modernization programs as it develops.

80. Senator THUNE. General Cody, will the new FM generate changes to the requirements documents for the Future Combat Systems?

General CODY. It is too early to tell. However, the Army will make the necessary changes, if any, as required.

IMPACT OF GROWTH IN SPECIAL OPERATIONS FORCES

81. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, as results of the 2005 Quadrennial Defense Review (QDR), the DOD announced plans to grow Special Operations Forces (SOFs) by 13,000 personnel by 2010. This entailed training more Army, Navy, and Air Force personnel for Special Operations missions as well as establishing a Marine Corps component. Has this initiative affected the current unit readiness levels for the Services?

General CODY. Due to the ongoing establishment of new organizations, unit readiness appears to drop significantly in the Army SOFs community. This is misleading because the numbers from the new organization(s) negatively impact overall C-rating results. These units have begun reporting well before their interim operational capability in order to fill requirements for personnel and equipping. Historically, Army Special Operations units have generally maintained steady-state readiness, with normal post-deployment dips during dwell and have not been significantly impacted by the growth of new units.

The Army plans to add a fourth battalion for each Active component Special Forces Group, a fourth company for each Ranger battalion, a fourth battalion to the 160th Special Operations Aviation Regiment, as well as an Active component Civil Affairs brigade headquarters and three additional Civil Affairs battalions.

General MAGNUS. The creation of Marine Forces, Special Operations Command (MARFORSOC) did not affect current readiness levels for the Marine Corps. Although MARFORSOC and the reconnaissance community have competing requirements for some occupational specialties, the appropriate long-term planning and growth initiatives have been implemented to ensure that both the conventional Marine Corps and MARFORSOC have a steady flow of marines to fill their respective structures.

Additional manpower requirements levied on the reconnaissance community have been appropriately planned for by the Reconnaissance Occupational Field Managers and USMC Manpower and Reserve Affairs. The growth plan for additional reconnaissance capabilities within the Marine Corps has been programmed for manning increased over several years, and has not had a significant impact on readiness.

MARFORSOC Special Operations Battalions (MSOBs) were created initially from the reflagging of Marine Corps Force Reconnaissance Companies. This included structure, inventory, and equipment. Marine Special Operations Advisor Group (MSOAG) was created from the pre-existing USMC Foreign Military Training Unit (FMTU). This included structure, inventory, and equipment. Elements of the MARSOC headquarters were established by redesignating preexisting USMC structure. Other elements of MARSOC were created through the redesignation of structure from the Special Operations Training Group (SOTG) from I and II MEF. Equipment programs were shifted from the former Force Reconnaissance and FMTU elements as the primary means of equipping MARFORSOC. Funding to offset the additional costs of equipping MARFORSOC were requested through the fiscal year 2006 supplemental process. Subsequent funding was budgeted through the Program Objective Memorandum (POM) process. The majority of required facilities came from existing base structures. Additional funding was budgeted through SOCOM to support required MILCON.

Admiral WALSH. This has not affected current unit readiness for Navy. Naval Special Warfare (NSW) enlisted Special Operator billets are programmed to grow by about 14 percent from fiscal year 2005 to fiscal year 2010. As of March 2008, NSW enlisted community manning is at 80 percent (1,747/2,174) of fiscal year 2008 programmed authorizations.

To meet increasing requirements, we have steadily increased enlisted accessions since 2005. Through the second quarter of fiscal year 2008 we have already accessed, or contracted into our Delayed Entry Program, 100 percent (1,089/1,089) of this year's Enlisted SEAL recruiting goal. In contrast, we recruited just 59 percent (829/1,400) and 91 percent (1,274/1,397) through all of fiscal year 2006 and fiscal year 2007, respectively.

General MCNABB. The Air Force is meeting personnel and training requirements of the SOCOM, and while we are experiencing some challenges in a few critical skill sets (e.g., Combat Controllers (CCT), Para-rescue Jumpers (PJ), Intel, Career Enlisted Aviators (CEAs)), overall AFSOC is 101 percent manned (11,235 assigned/11,089 authorized—Active Duty officer and enlisted only).

As a result of the 2006 QDR; Air Force Special Operations Command (AFSOC) has/will add an additional 771 Active Duty officer/enlisted authorizations across fiscal year 2007–2011; these areas include:

- Combat Aviation Advisors (6 SOS - +120)
- UAS (3 SOS - +275)
- Processing, Exploitation and Dissemination (11 IS - +124)
- U–28 (319 SOS - +98)
- Special Mission Unit (24 STS - +102)
- Data Masked (DM - +52)

However, we expect AFSOC to continue to grow as their SOF sister Service counterparts have grown by over 13,000 positions without a commensurate increase in AFSOC airlift capability that these forces rely on for mobility on and off the battlefield.

Rapid growth brings inevitable challenges with recruiting, assessing, and training personnel for the SOF mission. Still, the Air Force has continued to man AFSOC at levels equal to or greater than the rest of the service. Some of our chronic critical skills include:

PJs (1T2)—AFSOC at 67 percent, Worldwide Air Force (WWA) at 58 percent

CCT (1C2)—AFSOC at 64 percent, WWA at 49 percent

General Intel (1N0)—AFSOC at 94 percent, WWA at 83 percent

Sensor/Imagery Analysis (1N1)—AFSOC at 84 percent, WWA at 77 percent

Flight Engineer (1A1)—AFSOC at 92 percent, WWA at 99 percent

Loadmaster (1A2)—AFSOC at 93 percent, WWA at 91 percent

82. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, are the Services meeting the personnel and training requirements of SOCOM?

General CODY. In response to the realities of the post-September 11 environment, the Army will grow approximately 12,000 additional SOFs related authorizations by the end of fiscal year 2013. This growth includes: adding an additional battalion to each Special Forces Group, growing an additional special operations aviation battalion, bringing the 75th Ranger Regiment's structure into line with the Army's modular construct, and adding additional civil affairs and psychological operations structure to both Active and Reserve components. The Army fully understands the need to resource these critical requirements and has initiated various incentive programs to ensure the retention of high caliber SOF and SOF support personnel.

In response to concerns expressed from both SOCOM and the U.S. Army Special Operations Command (USASOC) regarding the need for support personnel, the Army instituted retention bonuses to encourage quality support soldiers to relocate to USASOC organizations, ensuring that USASOC has the requisite skills necessary to support operations. Many of these skill sets are in high demand for overall Army transformation, and this teamwork with USASOC and SOCOM illustrates the Army's commitment to resourcing all SOF requirements. Additionally, in recognition of the significant missions performed by both SOCOM and USASOC the Army seeks to fill all deploying SOCOM organizations at 100 percent in the aggregate. Additionally, the Army is projecting to fill SOCOM's headquarters at 100 percent by the end of fiscal year 2008.

The SOF community fully meets their training requirements and only seeks limited training assistance from the general-purpose Army. For those limited instances, (e.g., for intermediate level professional military education) SOF personnel share proportionally in any training capacity shortfall. Furthermore, the Army works closely with the SOF community to achieve training efficiencies, where possible, and to integrate SOF forces into the training of Army expeditionary forces, when appropriate.

General MAGNUS. The Marine Corps is working towards meeting the training requirements of SOCOM. The Individual Training Course (ITC) under the Marine Special Operations School will be implemented no later than first quarter fiscal year 2009 and will provide MARSOC Commands with Special Operations marines trained to perform the basic individual skills associated with foreign internal defense, direct action, special reconnaissance, and unconventional warfare. Additionally, Special Operations marines attend mission appropriate specialized courses such as Basic Airborne, Basic Reconnaissance, Military Free-fall Parachutist, Marine Combatant Diver, Scout Sniper, Urban Sniper, Mountain Sniper, SERE, Joint Tactical Air Controller, Joint Service Training Program, Jump Master, Ranger, Pathfinder and other appropriate schools to ensure that Marine Special Operators are trained with the required skills to accomplish their SOCOM assigned missions. Unit driven pre-deployment specific training ensures each deploying Marine Special Operations Team (MSOT) or Company (MSOC) has trained to accomplish the full spectrum of missions assigned and each MSOC completes a SOCOM Deployment Certification Exercise (DCE) prior to deploying with their associated MEU (SOC).

The Service continues to meet the vast majority of SOCOM's personnel requirements, which has placed great demands on the Marine Corps' High Demand/Low Density Military Occupation Specialties, particularly in the 0321 Reconnaissance field, 0211 Counter Intelligence/HUMINT Specialists, as well as the rest of the intelligence and signals intelligence fields. The Marine Corps has just approved an internal reorganization of MARSOC to ensure that the right numbers and mix of grades and MOSs are available to MARSOC in order to accomplish its assigned missions. The Commandant has made the manning of MARSOC a top priority. SOCOM's requirements for marines in the SOCOM Headquarters, the various Theater Special Operations Commands (TSOCs), Joint SOCOM, and other SOCOM units remain high priorities for manning as the Marine Corps seeks to balance the competing demands of its own forces.

Admiral WALSH. Naval Special Warfare (NSW) enlisted SEALs are in extremely high demand to meet global war on terror mission requirements in Iraq, Afghanistan, and locations around the world, and that demand is increasing. NSW enlisted Special Operator billets are programmed to grow by about 14 percent from fiscal year 2005 to fiscal year 2010. As of March 2008, NSW enlisted community manning is at 80 percent (1,747/2,174) of fiscal year 2008 programmed authorizations.

Meeting DOD-directed growth requirements, while maintaining the highest quality standards among Navy SEALs, continues to be a top priority. In order to accom-

plish this, we have established an aggressive, two-pronged approach to increase production while decreasing attrition.

To meet increasing requirements, we have steadily increased enlisted accessions since 2005. Through the second quarter of fiscal year 2008 we have already accessed, or contracted into our Delayed Entry Program, 100 percent (1,089/1,089) of this year's Enlisted SEAL recruiting goal. In contrast, we recruited just 59 percent (829/1,400) and 91 percent (1,274/1,397) through all of fiscal year 2006 and fiscal year 2007, respectively.

Attrition among NSW candidates has declined at boot camp as evidenced by the significantly increased rate at which candidates remain in the program between fiscal year 2006 (30 percent) and thus far in fiscal year 2008 (nearly 90 percent). In addition to developing the capacity to recruit and train additional SEALs, Navy has dedicated considerable resources to maintaining the senior enlisted leadership necessary to lead and mentor increased numbers of new SEALs. The holistic approach to managing the complex NSW pipeline will take time to fully realize; however, the overall trend is positive and we will continue refining best practices until future growth requirements are met.

Through enhanced special and incentive pays for recruiting and retaining enlisted SEALs, we are making great strides toward meeting fiscal year 2011 growth requirements. For instance, we have:

- Increased enlistment bonuses for SEAL recruits to $40,000.
- Established a $90,000 reenlistment bonus which has yielded much success in reenlistment rates in fiscal year 2008-to-date in Zones A—97 percent; B—86 percent; and C—90 percent.
- Established a Critical Skills Reenlistment Bonus in fiscal year 2005 for senior enlisted SEALs and Special Warfare Combat Craft Crewmen with 19–25 YOS.
- Extended Assignment Incentive Pay eligibility to NSW personnel over 25 YOS.
- Added SEAL commanders (O5) to those eligible for the prestigious Stockdale award.
- Expanded Naval Special Warfare Officer Continuation bonus to SEAL Limited Duty Officers.
- Established NSW recruiting directorate, led by a SEAL O6, to assist CNRC in recruiting young men with the determination and ability to succeed as SEALs.

Naval Special Warfare is meeting recruiting goals for SEAL line officers in training (118X) through all recruiting sources. Limited SEAL officer quotas for all accession sources continue to make SEAL line officers qualified in Special Warfare (113X) an extremely competitive warfare specialty. Based on trends over the past 10 years, we expect to achieve SEAL officer recruiting goals beginning in fiscal year 2009 and beyond.

We are currently examining future resourcing requirements for a number of areas to further support SOCOM/Naval Special Warfare Command initiatives, including:

- Travel and support for targeted recruiting events to be conducted by NSW Recruiting Directorate (RD). Established with military and civilian manpower authorizations provided by NSW, the NSW RD augments Navy Recruiting efforts by targeting high quality candidates for NSW.
- Continued improvements at Basic Underwater Demolition/SEAL Training to enhance SEAL candidate success.
- Continuation of a Navy Parachute Course which provides an economic alternative for SEAL pipeline Parachute training, reduces lost training time, and releases senior SEALs from instructor duty requirements.
- Development and distribution of rate training materials in support of recently established Special Operator (SO) and Special Boat (SB) ratings.
- Completing a 3-year Alternative Final Multiple Score Pilot program to develop and assess an improved methodology for selection for advancement of SO/SB personnel.
- Rectifying historical underfunding the Student IA of SEAL and SB student pipeline training requirements.
- Expanding non-SEAL personnel support in logistics, intelligence, and other combat support and combat service support functions.

General MCNABB. AFSOC is experiencing tremendous growth into new mission areas (ISR via manned and unmanned aircraft, Unconventional Warfare and Foreign Internal Defense, and light aviation for mobility throughout the globe). As should be expected with such rapid growth, inevitable challenges occur with recruiting, assessing, and training personnel. Still, the Air Force has continued to man

AFSOC at levels equal to or greater than the rest of the Service. The new growth areas are receiving the full allotment of students, and in some cases, above the required levels. AFSOC continues to receive highly-trained, qualified personnel into all their weapons systems. The current level of expertise required to fight the war on terror is extraordinary, and Air Force training continues to be superb. The caliber of pilot, combat systems officer, enlisted aviator, or battlefield airman is testimony to the Air Force's commitment to providing the very best training.

CAPABILITY-BASED READINESS ASSESSMENTS

83. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, during the past 10 years, DOD has advocated for doctrinal changes in force management. Combatant commanders used to plan for and request specific units to meet operational plans. Now, combatant commanders are being asked to request and plan for a specific capability or an effect in warfare. The goal is to provide the Services more flexibility in tailoring forces to meet the specific requirements of a mission. This should result in a higher rate of readiness by deploying only those forces that were absolutely necessary, while freeing up non-essential personnel for other tasks. How far along are the Services in transitioning to capabilities-based force management?

General CODY. The Army fully supports the DOD transformation to capabilities-based force management under the GFM umbrella. To assist combatant commanders' capabilities planning, the Army has been actively involved in development of policy and Concept of Operations for the GFM Adaptive Planning initiative. To enhance combatant commanders capabilities requests for current operations in the future, the Army supports the GFM initiative to integrate global requirements and force readiness information. The Army leads the Services in providing availability and readiness data for global force visibility.

The Army supports combatant commander capabilities-based requests in the existing process by mapping army units to RFF unit type codes. In this way, the Army quickly identifies all force units with abilities to support any capabilities-based request. As a part of GFM, the Army proactively supports capabilities-based force management through the use of processes and systems such as ARFORGEN to manage cyclical deployment preparation, Army Global Outlook System (ARGOS) for theater security capability requirements, Joint Training Integrated Management System (JTIMS) to manage operational exercise demands, and the DRRS–A to handle readiness status of capabilities Army wide.

General MAGNUS. In 2005, the GFM construct was implemented to transform the previously reactive force management process into a near real-time, proactive process that streamlines and integrates assignment, apportionment, and allocation of forces. Since GFM's inception, the Marine Corps has continued to refine internal processes, including implementation of biannual force synchronization conferences, that reconcile rotational, emergent, and future force generation across all aspects of the Marine Corps. The internal processes result in a holistic understanding of demands upon the Marine Corps and provide senior leadership with more informed sourcing recommendations that account for operational and institutional risk, modernization, transformation, training, and readiness.

Additionally, the DOD GFM Board (GFMB) provides a collaborative joint forum in which sourcing solutions are recommended to meet combatant commander demands. As requirements are identified by combatant commanders (CCDRs), Joint Force Providers (JFP), and the Services, are able to validate those requirements and provide solutions that match required capabilities to the maximum extent possible. When a requested capability cannot be met, the GFM process incorporates risk analysis from the CCDRs and JFPs in order to provide the Chairman and SECDEF a fully vetted, prioritized sourcing recommendation for final decision.

The Marine Corps is also involved with the Force Management Integration Project (FMIP) sponsored by the Deputy Under Secretary for Readiness (DUSDR), Joint Forces Command (JFCOM) and the Joint Staff. The FMIP mission is to develop and execute a plan to integrate and synchronize policy, processes, authoritative databases, and technology affecting force sourcing and GFM to enable more coherent, effective, and efficient adaptive planning and execution.

Admiral WALSH. Navy unit readiness is reported through the SORTS, and provides a measure of a unit's capabilities. The measure, however, is defined in terms of Major Combat Operations capability and may not accurately address unit performance below Major Combat Operations. Navy has instituted Fleet Response Program (FRP) SORTS reporting which captures the assessment of a unit's ability to perform specific tasks of war, known as Naval Warfare Mission Areas, and is most

accurately reflected in the Unit Status Assessment. Unit status is the critical measure of a unit's ability to meet the required capabilities, as specified by the CCDR, within the FRP cycle.

DRRS is a readiness Program of Record that will provide capabilities-based readiness assessments. METs will be the basis for readiness reporting and will serve as the building blocks for CCDR Request for Capability (RFC) and Joint Capability Areas. DRRS will capture, aggregate, and provide unit, group, or force readiness and is intended to support Joint Task Force training, readiness, and certification processes. Navy's version of DRRS (i.e., DRRS–N) will provide readiness information to the joint and interagency communities in a DOD-common format.

DRRS–N achieved Initial Operating Capability (IOC) in the fall of 2006 and is in operation at more than 65 shore installations and onboard more than 35 Fleet units. DRRS–N is expected to replace SORTS by mid-fiscal year 2009.

General MCNABB. Air Force tailored capabilities are Unit Type Codes (UTCs) which are managed as subsets of units. The Air Force executes capability-based planning and employment utilizing Unit Type Codes and the Air and Space Expeditionary Force (AEF) force generation construct to present Air and Space Expeditionary Task Forces (AETF). Per Air Force Doctrine Document (AFDD) 2, commanders are advised to "begin developing a force structure by outlining the necessary air and space power capabilities needed for an operation and then follow up by deploying the appropriate tailored force required." Per AFDD 1, "The AETF will be tailored to the mission. It should draw first from in-theater resources, if available. If augmentation is needed, or if in-theater forces are not available, the AETF will draw as needed from the AEF currently on rotation." The AEF and AETF constructs enable the Air Force to sustain readiness by deploying only those forces necessary to successfully accomplish the mission.

84. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, what are the pros and cons to this type of force management?

General CODY. Capabilities-based force management increases visibility across the DOD and within the Services. Increased visibility allows the Army to better understand the capability quantities available and better evaluate its force structure sufficiency for current operations. This allows the Army to best manage its force inventory and provide capabilities effectively and efficiently.

There is a holistic benefit to unit deployments. Command and control, maneuver, sustainment, and the ability to deploy and redeploy as a cohesive unit are not always considered when supporting a capabilities-based request. It is best to correlate requests with current force structure, perhaps requiring augmentation or other temporary actions to meet the requirement.

Generally, when CCDRs request capabilities, the Army is able to capture which capabilities are most needed, and to provide the best trained, equipped, and led unit to match the request. Capabilities-based requests enable the Army to effectively modify its force mix and inventory over time to best support CCDRs' actual needs.

General MAGNUS. The formalization of risk assessment is a distinct pro under the GFM construct. While continually under refinement, the capabilities-based GFM construct has facilitated the global prioritization of requirements matched to strategic end-states. GFM established common business rules that CCDRs, Joint Force Providers (JFP), and Services understand and operate under. It applies strategic risk assessment based upon real time demands and resource availability. Service "red-lines" establish institutional risk tied to readiness, capabilities, and health of the force that further articulate potential risk for future force generation. Lastly, the collaborative process enhances joint cooperation leading to a joint solution with formal validated risk assessments to realize informed, effective decisions.

Conversely, structured Service organizations will not always match required capabilities in size or scope. Thus, capabilities-based sourcing often leads to "ad-hoc" and "in-lieu-of" solutions that entail atypical, uncompensated organization of units with non-doctrinal command relationships. Additionally, capabilities-based sourcing tends to force myopic specialization to meet single capability demands that degrade the core competencies of a truly multi-capable force over the long-term.

Admiral WALSH.

Pros:

In 2005, GFM was created to transform a previously reactive force management process into a near real-time, proactive process. Historically, the DOD conducted strategic force management through a decentralized, ad hoc process that framed decision opportunities for the Secretary of Defense. For OEF and OIF, the Secretary made crisis action planning force management decisions in response to a combatant command RFF or RFC. To support these decisions, the Chairman of the Joint Chiefs

of Staff hosted ad hoc "wargames" to identify forces to support those OEF/OIF requests and determine risk mitigation options.

GFM enables the Secretary to make more proactive, risk-informed force management decisions integrating the three processes of assignment, apportionment, and allocation. This process facilitates alignment of operational forces against known apportionment and allocation requirements in advance of planning and preparation timelines. The end result is timely allocation of forces/capabilities necessary to execute combatant command missions (to include theater security operation tasks), timely alignment of forces against future requirements, and informed Secretary of Defense decisions on the risk associated with allocation decisions.

The relationship among the assignment, allocation, and apportionment processes will transition over time to a single, integrated, capabilities-based process that supports the National Defense Strategy. Aligning the three processes under GFM was an interim step. As the GFM Data Initiative, Adaptive Planning Initiative, and DRRS field usable tools and capabilities, GFM will enable the military departments and the Joint Chiefs of Staff to manage force availability. GFM will also enable the designated Joint Force Providers to monitor force availability over time, identify risks to execute CCDR missions, forecast sourcing challenges to execute contingencies, and project Reserve component unit mobilization/availability.

Cons:

DRRS has highlighted the need for reporting readiness measured against specific mission capabilities vice broad design capabilities. Services are tasked to break down designed capabilities in Core METs and develop Employment METs that map to Unified Joint Task Lists (UJTLs).

MET data is being defined to a level of detail that may become onerous for the Services to capture.

The shelf-life of Employment MET data is a function of changes to the CCDRs mission requirements.

Progress of employment MET development across the Services has been mixed. GFM's full potential will not be realized until the complete MET library is defined and documented.

General MCNABB.

Pros:

Provides the Service the ability to present tailored forces with the appropriate capabilities to the CCDR; ability to present forces in their vulnerability period who are right, ready and trained; leverage Service expertise to choose the "best" force vice the most "familiar" force (a function of system upgrades, software, weapons, and equipment).

Cons:

Increased workload required to manage "tailored" capabilities. The Air Force tailored capabilities are Unit Type Codes (UTCs) which are managed as subsets of units; possibility to initially receive an inadequate force based on an ill-informed request (this may effect either capabilities or unit based decisions).

85. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, has there been a demonstrative impact on current unit readiness as a result of this method of force management?

General CODY. The Army's efforts to grow, transform, and modularize the force have resulted in the development of forces that can be tailored by the force provider to meet CCDR's requirements. However the current demand challenges the supply that we can maintain through the Army Force Generation process. In turn, the high demand relegates the Army to "just in time" readiness, creating counterinsurgency-focused forces that attain required readiness just prior to deployment. Until the demand decreases below the level of our sustainable supply, we will continue to consume Army readiness as fast as we build it. Thus, it is the demand for forces which has most significantly depleted Army readiness, rather than the method by which the force is managed.

General MAGNUS. One area where there has been a demonstrative impact on readiness as a result of capability-based force management is "in-lieu-of" sourcing. In-lieu-of sourcing is an overarching sourcing methodology that provides alternative force sourcing solutions when preferred force sourcing options are not available. An in-lieu-of force/capability is a standard force, including associated table of organization and equipment that is deployed/employed to execute missions and tasks outside its core competencies. An example of this is an existing artillery battalion, provided with a complete training and equipment package, deployed to fill a security force battalion requirement. The positive effect of in-lieu-of sourcing is that it mitigates

the stress on specific high demand capabilities. In the example given above, the in-lieu-of sourcing of an artillery battalion to fill a security force role alleviated the need to fill the requirement with an infantry battalion. The negative effect of in-lieu-of sourcing is that the designated unit requires time to train, and equip to perform the assigned in-lieu-of mission requirement, which negatively impacts their ability to train and maintain proficiency with their core competencies.

Admiral WALSH. Since the CCDRs continue to submit RFF vice RFC it is not possible to provide an objective assessment of the impact on current readiness as a result of this method of force management. Navy expects to see improvements in the alignment of the readiness of its forces to anticipated presence and surge demand as those requirements become better defined. Strategic documents and the upcoming QDR will further mature this process as transformational policy and lexicon is injected into these events.

General MCNABB. The Air Force executes capability-based planning and employment utilizing the Air and Space Expeditionary Force (AEF) and Air and Space Expeditionary Task Forces (AETF). The AEF/AETF construct provides the Air Force the ability to present tailored forces with the appropriate capabilities to the CCDR and the ability to present forces in their vulnerability period that are right, ready, and trained. Deploying the appropriate tailored forces enables the Air Force to sustain readiness by deploying only those forces (tailored forces) necessary to successfully accomplish the mission.

86. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, in your opinion, does the current system used to assess the readiness of combat units support capability-based force management?

General CODY. Yes, it does. Other Services tend to view capabilities in a platform-centric manner while the Army views capabilities through units executing tasks. Since we measure the ability to perform tasks in our readiness reporting, our process supports this type of force management quite well. As our forces and missions have evolved, so too has our readiness reporting. We have worked diligently to keep our readiness reporting relevant and accessible to those who utilize this information.

Examples of our efforts include:

- The Army has achieved a Web-enabled readiness system for all reporting units worldwide, to include those in the Reserve components. This makes it easier for commanders to submit their reports on time regardless of their location.
- The Army has the ability for unit readiness reports to automatically populate four key authoritative databases, giving leaders at all echelons real time visibility of critical information in the personnel, logistics, and force management arenas.
- The Army Readiness Management System, a readiness information management application, gives commanders and staffs capabilities for analyzing the vast amount of information that populates the DRRS–A database.

General MAGNUS. The current readiness reporting system of record is GSORTS. GSORTS is a Joint Staff resource and unit monitoring system designed to support crisis response and contingency planning information requirements. GSORTS allows the Marine Corps to measure its ability to organize, train, maintain, and equip our operating force for employment by CCDRs. GSORTS data indicates, at a selected point in time, an assessment of resource levels, coupled with a training assessment, evaluated against the unit's designed mission. Within GFM, GSORTS data informs readiness assessments for force allocation decisions and associated risk mitigation. One shortfall of GSORTS is its inability to assess a unit's ability to perform individual METs.

To support capability-based force management, OSD has been developing the DRRS. DRRS is intended to be a mission-focused, capability-based system to assess the ability of units and installations to execute their missions and METs. It is also intended to support the GFM process. The Marine Corps continues to work closely with the DOD in the development of DRRS. When fully operational, DRRS will replace GSORTS as the single readiness reporting system of record.

Admiral WALSH. No. Navy's current readiness reporting system, the TRMS, is based on DOD's SORTS construct. This construct provides a relatively objective assessment of resource areas (Personnel, Supply, Repair, and Training), which combine for a sufficient examination of a literal interpretation of Services' Title X responsibilities to man, train, and equip combat forces. However, it fails to explicitly codify what those combat forces can do with the resources and training they have been given. Navy is transforming its readiness reporting to a resource-informed, capability-based reporting system aligned to the OSD's DRRS.

General MCNABB. The GSORTS is the readiness system of record. GSORTS provides resource based readiness information and supports capabilities-based force management from a resource perspective. The Air Force is working with OSD to implement the DRRS which is a capabilities-based readiness system.

MILITARY EQUIPMENT—ATTRITION AND BATTLE LOSSES

87. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, on the issue of the procurement of equipment as it affects readiness, its seems with each annual budget request and emergency supplemental request, we are buying the world's supply of humvees, M–RAPS, generators, personal armor, and other critical equipment for use in theater. Yet the Army is testifying that we are consuming at the rate we are creating readiness. Specific to equipment, we will still need 2 to 3 years of funding at the current level to restore equipment shortfalls. We keep hearing the terms "battle losses" and "useful life attrition" as the reasons we need to purchase tremendous amounts of new equipment each cycle. But at the same time, the intensity of the attacks on American forces in Iraq has reduced over the past year, which would seem to reduce battle losses. Do each of the Services actually track on a monthly or quarterly basis the numbers and types of equipment noted as battle losses or at the end of their useful life?

General CODY. The Army receives weekly or bi-weekly battle loss reports from Aviation and Missile Command, Tank and Automotive Command, and Communications and Electronics Command. These reports are collected and consolidated by the Army Deputy Chief of Staff for Logistics. Equipment which reaches the end of its useful life as a result of higher OPTEMPO in support of the global war on terror is also captured in these reports.

General MAGNUS. Yes, since the commencement of OIF, the Marine Corps tracked and continues to track the attrition of selected Principal End Items attributed to global war on terror. The attached USMC Ground Equipment Attrition report is developed monthly and disseminated to Marine Corps leadership. The report uses output from automated systems to track equipment status. The Marine Corps uses the term destroyed vice lost to classify equipment that has been destroyed by enemy involvement and lost due to the end of useful life.

USMC Ground Equipment Attrition Report as of April 21, 2008

	OIF I		OIF II		Total			
	Destroyed	Damaged	Destroyed	Damaged	Destroyed		Damaged	
Item	Qty	Qty	Qty	Qty	Qty	Δ	Qty	Δ
Comm/Elect	28	224	331	983	359	3	1207	1
Environmental Control Units	18	11	122	28	140		39	
Construction Equipment	7	13	23	28	30		41	
Engineering Support Items	133	16	378	119	511		135	1
Mobile Electric Power	181	8	155	68	336		76	
Material Handling Equipment	73	14	39	34	112		48	
Containers	1	18	113	38	114		56	
HMMWV	152	56	322	166	474		222	
Uparmored HMMWV	0	0	244	20	244	1	20	
Logistics Vehicle System	31	117	39	79	70		196	
MTVR	21	34	67	84	88		118	
5-ton Trucks	34	131	30	37	64		168	
Trailers	141	81	83	52	224		133	
AAV	7	57	28	24	35		81	
LAV	0	32	18	50	18		82	
Avenger	1	0	0	0	1		0	
Small Arms	76	408	1241	1541	1317	2	1949	5
Javelin CLU	0	0	3	27	3		27	
Tanks	3	6	15	14	18		20	
Tank Retreiver	0	3	0	2	0		5	
Howitzer	0	1	0	2	0		3	
Optics	0	121	2871	3142	2871	3	3263	26
AVLB	0	2	0	3	0		5	
Total	907	1353	6122	6541	7029	9	7894	33

Δ = change since 4/14/08

Admiral WALSH. Equipment noted as battle losses or at the end of their useful life are tracked on a continuous basis instead of on a monthly or quarterly basis. Aircraft and expeditionary equipment inventories are continuously updated and evaluated through OPNAV, Naval Air Systems Command, and Naval Facilities Engineering Command. The program managers track and analyze all data for associated equipment including battle loss and useful life attrition. Data for global war on terror stress and battle losses are tracked for purposes of readiness, life cycle expectancies, and resetting of the forces.

General MCNABB. The Vehicle Management Section of every Expeditionary Logistics Readiness Squadron performs analysis and produces monthly and quarterly maintenance reports of all vehicles and equipment that are assigned to and/or maintained by the squadron (including tenant units). These reports reflect the state of the vehicle fleet by vehicle type, assigned organization, and year group. These reports show data such as the cost of operating and maintenance, accidents/abuses/battle damage, man hours expended, labor and parts cost, and vehicle life expectancy remaining (based on type). By utilizing these reports, the Vehicle Management Section can program and request, from higher headquarters, new vehicles to replace ones that are worn out, obsolete, or destroyed.

88. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, please provide a trend of battle losses over the past 6 years by numbers of major pieces of equipment in your inventories.

General CODY. The following table provides battle loss trends of major air and ground combat systems from fiscal year 2002–2007.

			Through FY02	FY03	FY04	FY05	FY06	FY07	Total (Through FY07)
Aviation Systems	AH-64 Apache	Losses	6	10	8	12	6	4	46
		Funded	0	0	0	13	13	18	44
	UH-60 Blackhawk	Losses	1	5	9	8	5	3	31
		Funded	0	0	0	5	3	20	28
	CH-47 Chinook	Losses	4	4	4	5	1	1	19
		Funded	0	0	0	0	17	1	18
	OH-58 Kiowa	Losses	3	4	10	8	4	1	30
		Funded	0	0	0	0	0	0	0
Selected Ground Systems	Abrams	Losses	0	5	3	6	4	0	18
		Funded	0	0	0	0	0	18	18
	Bradleys	Losses	14	18	23	26	0	41	122
		Funded	0	0	0	0	0	76	76
	Strykers	Losses	0	0	3	16	7	8	34
		Funded	0	0	0	6	10	7	23

General MAGNUS. The attached Marine Corps Ground Equipment Attrition report depicts the trends of battle losses of major end items over the past 6 years. Attached also is USMC global war on terror Aircraft Losses (strikes) since 11 Sept 01.

[The report referred to is retained in committee files.]

Admiral WALSH. Navy does track cumulative replacement requirement due to global war on terror loss, global war on terror stress, and projections based on accelerated wear rates.

The Type/Model/Series (T/M/S) listed below represents current aircraft type procurements. These aircraft are replacing older T/M/S aircraft which are no longer being procured. For example, EA–6Bs are no longer in production so these assets are being replaced by EA–18Gs.

	F-18E/F	EA-18G	C-40A	MH-60R	MH-60S
Requirements					
GWOT Loss					
In Theater	8	1		2	2
Other Operational	3			1	
GWOT Combat Stress	24	10	4	6	2
GWOT Capability		4		14	19
Total	**35**	**15**	**4**	**23**	**23**

Below represents the expeditionary equipment destroyed and lost due to combat stress.

Exeditionary Equipment	
Other Equipment	185
Support Vehicles	172
Tactical Vehicles	46
Boats	3
Total	**406**

General MCNABB. Monthly battle damage reports are collected from the bases in the AOR and forwarded to Air Force Central. To date, the Air Force has lost 13 vehicles to battle damage. In addition, a few radios and various other sundry assets have been classified as battle losses. Due to the small numbers of losses there are no specific trends noted. Combat aircraft losses in the AOR since September 11 are: 1-A10, 1 MH–53M, 1 F–16CG, 2 RQ–1s, and 2 MQ–1s.

89. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, do the Services position equipment depots forward into the theater of operations?

General CODY. The Army has established equipment maintenance operations in Qatar, Kuwait, Iraq, and Afghanistan. These operations are resourced by people from our Army depots, commercial contractors, and foreign nationals at some sites. They maintain all types of equipment: combat vehicles, wheeled vehicles, communication-electronics equipment, helicopters, construction equipment, et cetera. These

operations perform primarily below depot level tasks to keep equipment in theater fully mission capable.

General MAGNUS. The Marine Corps does position a variety of equipment management programs in theater: Forward In Stores (FIS) Program, Marine Expeditionary Unit (MEU) Augmentation Program (MAP), and the Principal End Item (PEI) Retrograde Program. Each program provides a unique service to the Commander, United States Marine Forces, Central Command (MARCENT).

These include:

1. Forward In Stores (FIS): Located at Camp Taqaddum, Iraq. Established to quickly receive, store, and issue critical PEI combat replacement requirements in support of COMUSMARCENT.
2. Marine Expeditionary Unit (MEU) Augmentation Program (MAP): Located at Camp Arifjan, Kuwait. Established to enhance the combat readiness and responsiveness of the MEU(SOC) as they conduct operations in the CENTCOM AOR and reduce the MEU(SOC) call forward equipment that is shipped from the continental United States (CONUS).
3. PEI Rotation Program: The objective is to improve, prolong, and enhance sustainment of the warfighter in-theater with the best possible equipment. The program includes retrograde of damaged/fatigued principal end items to CONUS for repair and replenishment with serviceable equipment.

Admiral WALSH. The Navy provides forward deployed depot support in the theater of operations through the following means:

1. Ship's Repair Facility located in Yokosuka with a detachment in Sasebo provides organic depot-level repairs for ships forwarded deployed to Japan.
2. Two submarine tenders that can deploy in theater and provide limited depot-level capability for ships and submarines.
3. Emergent in-theater depot ship repairs can be executed at multiple overseas private shipyards, NATO allied shipyards, or by fly-away teams from public or private sector shipyards (located in CONUS or Hawaii), and the submarine tenders. These repairs are normally coordinated through permanently forward located maintenance support organizations such as Mid-Atlantic Regional Maintenance Center detachment, Naples, Mid-Atlantic Regional Maintenance Center detachment Bahrain, and Commander Naval Logistics Western Pacific in Singapore.
4. Emergent in-theater depot aircraft repairs are coordinated through the Naval Air Planning and Repair Activity (NAPRA) in Atsugi, Japan. NAPRA and all the Fleet Readiness Centers (FRCs) provide planning and estimating services, and fly-away teams for depot-level aircraft repair.

General MCNABB. No, the Air Force does not position traditional depots in the theater of operations. However, the Air Force does perform depot-level type overhaul and repairs to three categories of major end items in the theater of operations. These categories include deployable electrical generators which power bare base infrastructures, portable fighter aircraft arresting systems, and uparmored HMMWVs. These items are maintained under the War Reserve Materiel program administered by Air Forces Central.

90. Senator THUNE. General Cody, General Magnus, Admiral Walsh, and General McNabb, how does this positioning affect the readiness rates of units?

General CODY. This forward repair capability is essential to sustaining the near-term equipment readiness rates of deployed units. Our forward repair capability in Afghanistan and Iraq is distributed to several regional locations to better support readiness, shorten maintenance turnaround times, and reduce risks associated with transporting all maintenance items to a centralized Logistics Support Area. Army Fleet Readiness for all essential systems meeting or exceeding the Army's goals is the direct results of maintenance planning and adequate supplemental funding.

General MAGNUS. Marine Forces in theater have a high sustained rate of readiness across all classes of equipment. Positioning ready for issue equipment forward maintains this high readiness rate. The Forward In Stores program provides an in-theater exchange for combat damaged equipment. The damaged item is simply turned in and the unit is issued a ready replacement. The PEI Rotation program promotes higher readiness by exchanging high use equipment from theater with either new or rebuilt equipment.

Admiral WALSH. The Navy's positioning of depot capability enables the Navy to support CCDR requirements and the Maritime Strategy. This positioning specifically helps support forward deployed ships and aircraft in the Fleets.

General McNabb. Performing depot-level type overhaul and repairs to these major end items in the theater of operations enables the Air Force to return these vital items to the warfighter much faster and much more economically.

TRAINING FOR MINE RESISTANT AMBUSH PROTECTED VEHICLES

91. Senator Thune. General Cody, a Defense News article on March 31, 2008, on the procurement of MRAP vehicles reported that the Army is considering raising the ceiling on purchases from 10,000 to 12,000 vehicles. The report indicates that the increase responds to requests by leadership in Iraq in the wake of a surge of attacks using explosively formed penetrators, a deadly form of an IED. In the same report, an Army spokesman states that MRAP officials are crafting a long-term plan to be presented to you in the next 2 weeks to propose where the MRAP fits into the future Army. I realize that this vehicle has been introduced into the Army inventory only recently, and that every vehicle is being shipped forward to protect combat forces as soon as it is produced. When are Army personnel trained on the safe use and capabilities of the vehicle?

General Cody. Currently we have a three-phased process to train soldiers on the operation and maintenance of MRAP vehicles:

a. 40-hour Operators New Equipment Training (NET) and 40-hour Field Level Maintenance (FLM) NET as we field vehicles in theater, consisting of all driver and FLM tasks required for operators and unit maintainers. This training is conducted at seven Regional Support Areas (RSAs) in Iraq and at Bagram Air Base in Afghanistan.

b. When a unit deploys to the theater and assumes operational control over battle space where MRAPs have already been fielded, operators and maintainers receive the same 40 hour training in Kuwait prior to forward movement into theater.

c. MRAP University at Red River Army Depot "trains the trainers" of deploying units, both maintainers and operators. The Army has provided 25 vehicles to MRAP University to train deploying support personnel and rotating units (8 BAE-TVS/Caiman, 8 BAE/RG33, and 12 IMG/MaxxPro).

92. Senator Thune. General Cody and General Magnus, is there a plan at some point to incorporate the vehicle into home station and maneuver training for units back in the States getting ready to deploy?

General Cody. Training, while essential, cannot be at expense of protecting soldiers. The longer-term MRAP training requirement plan allots 604 MRAPs to support CONUS/outside CONUS training of incoming units. These vehicles are fully funded as part of our approved MRAP fielding strategy. Once the theater demand for MRAPs is met, vehicles will be fielded to the training base. The timing of this is dependent on theater demand, but we currently project that we will begin fielding MRAP to the training base in late 2008.

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General Magnus. Yes, the Marine Corps already incorporates MRAP vehicle training into pre-deployment training. To date, there are 29 MRAP vehicles at various places throughout the Marine Corps. In the coming months, 336 MRAP vehicles will be fielded for CONUS training.

93. Senator Thune. General Magnus, does the Marine Corps have a long-term plan to incorporate the MRAP into its equipment inventory and training activities?

General Magnus. Yes, we do have a long-term plan to incorporate the MRAP vehicles into our equipment inventory. Thus far, we have identified an enduring re-

quirement for use of some of the 2,225 MRAP vehicles by Explosive Ordnance Disposal and combat engineers units responsible for route clearance-type missions. We are considering several options for the remaining vehicles such as placing them forward in stores, embarked aboard Maritime Prepositioning Ships, or a mix of both options. The DOD Combat Tactical Wheeled Vehicle strategy, to be completed this summer, will provide additional details.

94. Senator THUNE. General Magnus, when are marines trained on the safe use and capabilities of the vehicle?

General MAGNUS. Home station training and Mojave Viper training specifically address the capabilities and limitations of the MRAP vehicles. Student MRAP operators are thoroughly familiarized on safe vehicle operation procedures throughout all phases of pre-deployment training.

Based on the compelling need for vehicles in theater there are approximately 29 MRAP vehicles currently available for home station or Mojave Viper training. In the coming months, 336 MRAPs will be provided for training at various places throughout the Marine Corps. Additional licensing and in depth training continue to take place when units arrive in theater.

AIR FORCE FLYING HOURS

95. Senator THUNE. General McNabb, in fiscal year 2008, the Air Force took a 10 percent reduction in funding for its flying hour program. At the time, the Chief of Staff of the Air Force, General Moseley, stated his concerns over the risk that level of funding represented to readiness. The committee is encouraged in the fiscal year 2009 budget request that the Air Force has reportedly "bought back" some of that risk, restoring $340 million to its primary combat forces flying hour program. How do you assess the risk associated with the amount of funding contained in the current flying hour program for fiscal year 2008 and fiscal year 2009, respectively?

General MCNABB. To clarify, the $340 million flying hour program (FHP) growth referenced in the question for record pertains to Subactivity Group (SAG) 11A, Primary Combat Aircraft. The increase results from an action Congress took during the fiscal year 2008 President's budget. In fiscal year 2008, Congress reduced the peacetime flying hour program $400 million and provided a corresponding fiscal year 2008 "global war on terror Bridge Appropriation," providing $400 million to offset the impact of the peacetime mark.

In terms of risk assessment, there is a reduction of approximately 11,000 flying hours from fiscal year 2008 to fiscal year 2009 within SAG 11A, Primary Combat Aircraft. To clarify, the SAG 11A reduction is part of a total reduction across all sub-activity groups of 26,968 flying hours. However, it should be noted that this reduction is primarily driven by pilot production decreases and force structure changes and drives no additional risk to operational readiness.

The Air Force fully funded the fiscal year 2008 and fiscal year 2009 FHP at the fuel rates in effect at the time the President's budgets were produced. However, rapidly increasing fuel prices continue to place significant pressures on our operating accounts. As oil market prices climb unabatedly after submission of the President's budget, we continue to need your support in the execution year to mitigate its operational impact.

96. Senator THUNE. General McNabb, do you feel the fiscal year 2009 budget contains the right balance between recapitalizing the fleet and maintaining aviator proficiency?

General MCNABB. In the fiscal year 2009 budget, the Air Force fully funded the flying hour requirement necessary to keep our crews proficient, but Air Force Total Obligation Authority (TOA) remains short of the required resources necessary to fully recapitalize our aging fleet.

97. Senator THUNE. General McNabb, in your opening statement, you stress at the outset the total force concept of integrating the Active, Guard, and Reserve Forces into one cohesive fighting unit. If the total force is seamless, why did the corporate Air Force only buy back active flying hour program risk and not also that of the Guard and Reserves?

General MCNABB. In the Air Force fiscal year 2009 President's budget submission, the Active Air Force O&M flying hour program decreases between fiscal year 2008 and fiscal year 2009 by 26,968 FHs (2.5 percent reduction). This reduction is primarily driven by pilot production decreases and force structure changes.

In the Air Force fiscal year 2009 President's budget submission, the Air Force President's budget justification narrative displayed the fiscal year 2008 flying hour program funding that includes a congressional global war on terror peacetime flying hour reduction of $400 million. However, the fiscal year 2009 program funding did not include a reduction for a global war on terror adjustment since the program had not yet been marked by Congress. Because of the fiscal year 2008 congressional mark, the display of the flying hour program funding between fiscal year 2008 and fiscal year 2009 gave the impression that the Active Air Force had a significant program increase in fiscal year 2009.

98. Senator THUNE. General McNabb, are the approaches to funding aviator proficiency and readiness so different that more risk can be assumed in the Guard and Reserves?

General MCNABB. The Air Force Planning, Programming, and Execution process is our single approach to funding all activities. The Air Force continues to search for solutions for funding aviator proficiency and readiness across the full spectrum of missions as we seek to achieve total force victory in the global war on terror. The Air Force strives to optimize expenditures across the total force. To that end, the Air Force has instituted an annual capabilities review and risk assessment to meld requirements for several mission areas into an integrated program objective memorandum recommendation. As a result, the Air Force optimizes its limited resources across the total force.

NUCLEAR SURETY AND THE NUCLEAR SHIPMENT INCIDENTS

99. Senator THUNE. General McNabb, in former Air Force Chief of Staff General Larry Welch's report on the inadvertent shipment of nuclear weapons incident, he mentions several reports over the past decade that called for a refocus on the nuclear mission. Despite the numerous studies, few, if any, inspections showed any concerns. If the state of the nuclear mission force were in decline for the past 2 decades, yet current inspection processes failed to demonstrate that decline, is not that an indictment of the current inspection regime?

General MCNABB. I don't believe that to be true. Nuclear Surety Inspections (NSIs) assess a specific unit's compliance with nuclear surety standards, and the unit's ability to produce reliable nuclear weapons in a safe and secure manner. The focus of NSIs is not on the overall nuclear mission force, nor do they assess Air Force cultural change. I would submit though, that despite the end of the Cold War, and the change from a nuclear-centered Air Force to a conventionally-centered Air Force, our inspection system has been a primary contributor toward keeping airmen focused on nuclear surety and nuclear operations. Our nuclear-capable units are inspected on an 18-month cycle, which is more frequent than our conventional operations. NSIs have identified deficiencies in the past and led to changes in policy and procedures to enhance safety and security. While no inspection regime can prevent all potential outcomes, there is room for continuously improving our processes and we, as a Service, are undertaking those changes now.

100. Senator THUNE. General McNabb, General Welch stated, "The process and systemic problems that allowed such an incident have developed over more than a decade and have the potential for much more serious consequences." However, both installations involved were certified through the current inspection processes as being capable of fulfilling their stated mission without reservation. Given the lack of ability of the inspection processes to uncover the systemic problems, how can we have confidence in the readiness inspection processes?

General MCNABB. We have complete confidence in our readiness inspection processes. We believe our nuclear surety and nuclear operational readiness inspections have been very valuable in assessing compliance with all nuclear surety standards as well as in evaluating our capability to meet our nuclear wartime operational mission requirements (i.e., operational employment of nuclear weapons). Our inspection programs not only assess what is required by DOD but inspect a number of additional areas that the Air Force has identified as being important to nuclear surety. As a result of the incident at Minot, we have identified one additional area that we believe is important to validate nuclear surety and we've initiated that change. Over the years our inspection system has identified deficiencies and analyzed trends and briefed these to the Air Force's most senior leadership within the nuclear community, the Air Force Nuclear General Officer Steering Group (AFNGOSG), as well as the MAJCOM Inspectors General responsible for conducting the inspections. We will

continue to evaluate our nuclear inspection processes as we believe they are an extremely important part of maintaining nuclear surety and readiness.

101. Senator THUNE. General McNabb, you mention in your statement about multiple levels of review currently underway on nuclear surety. Why did it take a major incident to shed light on all those past studies?

General MCNABB. The Air Force nuclear focus shifted with the post-Cold War draw-down of nuclear units and weapons. During the past 17 years, the Air Force has supported non-nuclear deployments in support of global commitments and has engaged in continuous combat supporting conventional demands such as the global war on terrorism. All of this, while simultaneously operating, maintaining, and sustaining 450 Minuteman III intercontinental ballistic missiles available at a moments notice to protect the Nation. Additionally, since September 1, 2007, the Air Force has moved or assisted in the movement of over 750 nuclear weapons without a single incident. The Air Force and commanders understand there are inherent risks which we cannot totally eliminate; however, we take actions to access and reduce those risks. Although this incident has challenged the Service, the Air Force remains absolutely committed to the nuclear mission, is considering all of the recommendations from recent reviews, and recognizes nuclear stewardship is a sacred trust with the Nation.

102. Senator THUNE. General McNabb, what specifically are we doing to ensure our inspection regimes catch degradation in readiness before we have an incident such as happened at Minot Air Force Base?

General MCNABB. The Air Force is continuing to conduct NSIs in accordance with DOD directives. Through NSIs, the Air Force MAJCOM Inspector General (IG) teams evaluate a unit's ability to manage their nuclear resources and comply with all nuclear surety standards. NSIs are conducted at intervals not to exceed 18 months. In addition to evaluating the 10 nuclear surety functions required by DOD directives, the Air Force MAJCOM IG teams evaluate four additional areas that the Air Force believes are critical to nuclear surety. Based on a recommendation from the Commander Directed Investigation (CDI), the Air Force is also in the process of adding the requirement to inspect Munitions Control and Plans and Scheduling during each NSI. We are also exploring the option to conduct NSIs on limited or no-notice basis within the 18-month inspection requirement.

CYBERSPACE READINESS

103. Senator THUNE. General McNabb, I'm interested in the Air Force stand-up of Cyber Command in October 2007 to provide combat-ready forces trained and equipped to conduct operations in cyberspace. In your written statement, you state that "the Air Force will continue to develop and implement plans for maturing cyber operations as one of its core competencies." Has the Air Force developed a METL for these forces? If so, can you provide a description of it? If so, has the Air Force developed minimum readiness standards to determine mission capability and effectiveness?

General MCNABB. The Air Force has units and airmen who have clearly been executing military operations in cyberspace for some time. We have METLs for individual missions such as electronic attack, network attack and defense, and space control negation. Today, those METLs and our related measurement of readiness are codified as portions of different mission areas such as information operations and space control.

There are minimum readiness standards for individual units' ability to execute their missions in cyberspace. A unit's minimum readiness standard is described in its Description of Capability (DOC) Statement. What will be new with AFCYBER Command is the consolidation of those forces into one command whose prime focus will be on our readiness to fight in the cyberspace domain. As those forces are consolidated into a focused command and synergies are realized, the Air Force's definition and measurement of overall readiness to fight in cyberspace will be refined. We will in fact transition to measuring the whole rather than a sum of the parts.

104. Senator THUNE. General McNabb, how will the Air Force assess the readiness of its cyber forces?

General MCNABB. The Air Force will continue to assess of our forces' readiness to execute operations in cyberspace through the SORTS. When AFCYBER Command is operational, it will become the single command responsible for assessing

and addressing those units' readiness to accomplish the missions assigned in their DOC Statements.

ARMY IS OUT OF BALANCE AND "THIN RED LINES"

105. Senator THUNE. General Cody, General Casey has said: "While the Army remains the best led, best trained, and best equipped Army in the world, it is out of balance." In a speech before the Brookings Institution in December 2007 he said he had a discussion with General Meyer, a former Army Chief of Staff, who told Congress in 1980 that he led "a hollow Army." About that discussion with General Meyer he said: "One of the things he left with me is there's a thin red line out there that you don't know when you cross it until after you've crossed it." I have to believe that sometimes these "thin red lines" take years to materialize, but often the indicators of problems to come emerge sooner. Would you agree with General Meyer that there are thin red lines?

General CODY. While the concept of a thin red line may exist, the cumulative effects of the last 6-plus years at war have left our Army out of balance, but not hollow. The Army continues to exceed recruiting and retention goals. The impacts on soldiers and units of increasing time deployed and decreasing time between deployments are visible in several different areas: training, readiness, and other indicators. With Congress' continued support, we can mitigate these effects.

106. Senator THUNE. General Cody, what indicators about the health of the Army today worry you the most and what are the thin red lines you are watching for now?

General CODY. The cumulative effects of the last 6-plus years at war have left our Army out of balance. Current operational requirements for forces and limited periods between deployments necessitate a focus on counterinsurgency to the detriment of preparing for the full range of military missions. The Army is consumed with meeting the demands of the current fight and is unable to rapidly provide full-spectrum ready forces.

Other indicators are worrisome: the competitive recruiting environment with a declining number of qualified potential recruits, the increase in the number of soldiers with PTSD, and an increasing number of suicides. Additionally, many soldiers have not attended Professional Military Education commensurate with their rank.

However, we assess that we will continue to recruit and retain enough soldiers to preserve the All-Volunteer Force. We are also continually improving our medical and mental health programs designed to identify and treat soldiers suffering from the impacts of multiple combat deployments. In this era of persistent conflict, the Nation deserves a fully prepared and resourced force. With your support we will continue to rebuild readiness, achieve balance, and restore strategic depth for future challenges.

107. Senator THUNE. General Cody, in your opinion, what readiness indicators are most critical in determining whether the stress of current operations on the force has become too much?

General CODY. The most basic indicator is the health of the All-Volunteer Force. Specifically, our ability to retain the quality and quantity of soldiers we need to man our units. Our ability to do this is a reflection of our soldiers' and their family's attitude towards the Army. So far, the response has been outstanding. We are meeting or exceeding our retention goals consistently. The tremendous support for reenlistment bonuses we have received from Congress has enabled the Army to provide incentives. However, it is the commitment of the soldier and his or her family to selfless service that motivates them to reenlist.

In terms of the readiness of the Army to respond to contingencies, the best indicator is the readiness rate for our nondeployed forces. Low personnel and equipment readiness are the most significant indicators of a unit's readiness and stress on the force. Those forces that are not deployed are the primary forces available to respond to other contingencies. The low readiness level of those forces is the most visible example of stress on the force—notwithstanding that upon notification of deployment to OIF or OEF; they are issued theater-specific resources to perform their assigned mission.

Currently, the Army is implementing ARFORGEN. ARFORGEN is a cyclic training and readiness process that synchronizes strategic planning, prioritizing, and resourcing to generate trained and ready modular expeditionary forces tailored to joint mission requirements. This process is designed to build unit readiness by allocating resources in reference to a deployment timeline and by providing predictable

periods of availability and deployment for soldiers, families, and employers (in the case of Reserve component soldiers).

In an unstressed environment, some of the nondeployed force would be expected to be at the lowest level of readiness during a reset and train period while others would be at the highest level of readiness as they cycle through the ARFORGEN process to support employment for other contingency operations. Unfortunately, the current operational demand associated with OIF, OEF, multinational force observers, Kosovo force observers, forward stationing, Homeland defense, and other requirements has not diminished to levels that support the desired reset, training, and ready periods prior to deployment. Because of this, we have concentrated our readiness in the deployed and deploying units to support the CCDRs.

108. Senator THUNE. General Cody, do you believe the Army is adequately acquiring resources to stave off the thin red lines? If not, where are the gaps?

General CODY. Thanks to the support and assistance that Congress has already provided to the Army, it has enabled us to address critical resource requirements during existing persistent conflict. The support and assistance to cover costs of reset, modernize equipment, and maintain quality of life for our soldiers are the key to keep our Army running. Our operational demand continues and it is not decreasing. We need timely resources to continue the training, equipping, and stationing for our soldiers to properly conduct operations in time of war and to meet current demand.

109. Senator THUNE. General Cody, assuming the current tempo of operations, how does the Army get itself back in balance to meet the requirements of the Commander in Chief?

General CODY. We have a plan that will, with congressional help, restore balance to our force. We assess that we will continue to recruit and retain enough soldiers to meet our end strength requirements. We are also continually improving our programs designed to identify and treat soldiers suffering from the impacts of combat deployments. We have identified four imperatives that we must accomplish to put ourselves back in balance: sustain, prepare, reset, and transform. To support these imperatives, the Army has taken steps to reduce "boots on the ground" time at the conclusion of the surge and increase dwell time as the Army grows. The Army will continue to evaluate requirements, manage resources, and communicate resourcing needs with Congress to ensure we can continue to field fully prepared and resourced forces wherever required.

GROWING THE ARMY: THE RATE OF PROGRESS AND THE AFFECT ON READINESS

110. Senator THUNE. General Cody, last October, Secretary Gates approved the Army's plan to accelerate attainment of its Active Duty end strength of 547,000 by 2010 instead of 2012, as originally planned. Secretary Gates conditioned his approval on reduced use of Stop Loss and maintaining of the quality of recruits. In the proposed budget for fiscal year 2009, the Army would be authorized, if it is approved, to 532,400 soldiers by October 2009. Why is growing the Army critical to future readiness?

General CODY. The current operational demand for Army forces exceeds the sustainable supply—and as a result, the Army is out of balance. Growing the Army, along with ongoing rebalance and transformation efforts, will begin the process of restoring the Army's balance and build strategic depth in order to meet CCDR requirements. This increase in capabilities will enable implementation of the supply-based ARFORGEN process and the structured progression of increased unit readiness over time. Accelerating Active Duty end strength will help provide trained, ready, and cohesive units prepared for current and future operational deployments in support of CCDR requirements.

111. Senator THUNE. General Cody, assuming the current tempo of deployments and operations, when will the growth in the Army get us to a 24-month dwell time that you mentioned in earlier testimony?

General CODY. Even with the approved growth, the Army cannot achieve 24-month dwell time at the current tempo of deployments and operations. The interim Army deployment policy allows for deployments of not more than 15 months with at least 12 months of dwell before deploying again. The most significant impetus for this deployment policy was the continued high demand for forces in theater, particularly with the increase of forces in OIF necessary to support increased security operations. The President recently announced that Army units would return to 12-

month deployments starting with units that deploy on August 1, 2008, allowing all Army units to return to a deployment to dwell ratio of 1:1 (12 months deployed, 12 months home). The continued goal of the Army is a sustainable unit deployment to dwell ratio of 1:3 in a steady state security environment (for example, 9 months deployed, 27 months home), or 1:2 in a sustainable surge environment (for example, 12 months deployed, 24 months home).

112. Senator THUNE. General Cody, how much funding for personal and unit equipment does it take to fully outfit a modular BCT?

General CODY. Costs to stand up an Army BCT average from approximately $950 million for an Infantry BCT to approximately $2.7 billion for a Heavy BCT. The average cost to build a new Striker BCT is approximately $2.3 billion. These estimates only include manpower and equipment costs; additive infrastructure costs would depend on suitability of any existing facilities and future stationing decisions.

113. Senator THUNE. General Cody, do you have any concerns about the quality of the recruits? Are we recruiting individuals we would not otherwise recruit?

General CODY. I have no concerns about the quality of the young men and women who volunteer to serve our Nation through military service in the Army. Every soldier who enlists in the Army is fully qualified for their military occupational specialty. Recruit quality is a metric consisting of more than a high school diploma or a standardized test score, it is a holistic view of every young man and woman volunteering to serve their country. Once a recruit enters Active Duty, they benefit from an excellent training and education system designed to strengthen soldiers physically, mentally, and emotionally. The performance of young soldiers in combat and reports from their leaders in the field attest to the fact that the quality of the young men and women serving in America's Army remains of the highest caliber.

114. Senator THUNE. General Cody, what is the rate of completion for first term enlistees? Is it acceptable? Is this an area of concern?

General CODY. The current first term attrition rate is 12.9 percent. The first term attrition rate has been below the Army's historic average of 15 percent since June 2005. We continue to monitor attrition and are concerned when we see increases above the historical average.

[Whereupon, at 4:43 p.m., the subcommittee adjourned.]

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