

**MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES APPROPRIATIONS
FOR 2010**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES APPROPRIATIONS

CHET EDWARDS, Texas, *Chairman*

SAM FARR, California

JOHN T. SALAZAR, Colorado

NORMAN D. DICKS, Washington

PATRICK J. KENNEDY, Rhode Island

SANFORD D. BISHOP, Jr., Georgia

MARION BERRY, Arkansas

STEVE ISRAEL, New York

ZACH WAMP, Tennessee

ANDER CRENSHAW, Florida

C. W. BILL YOUNG, Florida

JOHN CARTER, Texas

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

CAROL MURPHY, TIM PETERSON, WALTER HEARNE, DONNA SHAHBAZ, and MARY C. ARNOLD,
Subcommittee Staff

PART 7



Part 7—MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

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MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

WEDNESDAY, FEBRUARY 4, 2009.

UNITED STATES ARMY

WITNESS

KENNETH O. PRESTON, SERGEANT MAJOR OF THE ARMY

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the committee to order. I want to welcome everyone here, the witnesses, the members of the committee, and all the others for your attendance here today at our first subcommittee meeting of the 111th Congress.

Our ranking member, Congressman Wamp, is back with us. I want to thank you personally, Mr. Wamp, for your tremendous leadership and a lot of the very positive accomplishments of this subcommittee last year. And as I recall, our last bill passed by—that was about 424–4 or something close to that. So I really appreciate the bipartisan manner in which this committee has been dedicated to supporting our veterans and our troops and their families.

I would like to just start out with a few organizational comments and points before we get into the witnesses' testimony.

I would like to say at the very beginning here that I think we are literally blessed to have one of the finest staffs of any committee or subcommittee in the House. They work on a bipartisan basis. They know their business. And I think they are the real reason why we have had such great successes in this committee in the last few years, as well as previous years.

We have Carol Murphy as the clerk, she will be back as the clerk for this subcommittee. We also have Mary Arnold.

And if you could all raise your hand when I introduce you. Tim Peterson, Donna Shahbaz, Walter Hearne, all on the majority side. And on the minority side, we have Martin Delgado, Liz Dawson, and Kelly Shea.

And while I introduced them as majority and minority side, this committee will continue its tradition of working on a bipartisan and nonpartisan basis on behalf of our veterans and our troops and their families.

I would like to just very briefly, for the record, since this is the first meeting of the subcommittee for the year, review some of our efforts and achievements from last year.

For the Veterans Administration, we followed up on the largest single-year increase for veterans with an additional \$4.5 billion increase. We provided funds to hire an additional 2,000 claims processors to reduce the serious V.A. backlog claims.

We increased veterans' funding by \$16.3 billion during the 110th Congress, an unprecedented increase and something that I believe the troops and our veterans earned—these were dollars and programs that they earned through their service to the country.

On the military construction side, we provided over \$25 billion in new funding for 2009. We were also able to make progress on a couple of areas where we identified a great need.

Between the 2008 and the 2009 supplemental bills, we were able to secure nearly \$975 million for new military hospital construction, an initiative of this subcommittee and something I think has been long overdue.

And we secured \$200 million in additional money for new training barracks, something that hasn't been the highest of priorities coming out of budgets from OMB.

While our new recruits aren't expecting to be trained and live in Hilton Hotels, we ought to have them living in the kind of housing conditions that show respect from our country for their choice to sign up and serve our country.

So I am very proud of our bipartisan effort to make new inroads in improving our training barracks. Not many lobbyists out there are lobbying for 18-, 19-, 20-year-old recruits to the military forces, but this subcommittee intends to continue being a lobbyist for them in partnership with you, who has been such an eloquent voice on their behalf.

Before I proceed, I would like to recognize again Mr. Wamp, who had such a tremendous impact on the success that I have mentioned.

The time is yours.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, Mr. Chairman, thank you. Good morning.

I think it is really appropriate to start here with the top enlisted leaders of our combined Armed Forces. Probably the only better way we could do this is if we had your family members up here—heart is where this committee's work is. Quality of life is really everything for us.

And it is still a tough world to serve in out there, and we know that, and we want to make sure we do everything we can here at this table—I want to thank the chairman, because I think he is exactly right. We have a lot to be grateful for, first and foremost, your service and all the men and women that you represent. This subcommittee has, in a bipartisan way, really kicked it in and stepped it up.

And I tell people that at home and everywhere I go how committed, in a bipartisan way, we are to your families and to those men and women who volunteer to serve at a very difficult time. And I think we have made progress, but I think we can still make progress.

A little housekeeping here. I have Major Juan Alvarez that is now on my staff, and Erin Fogleman. I have been through a little transition.

But I want to tell you something that maybe sounds a little strange to say, but I am now up to seven on our side in the seniority of the ranking members. And unlike the Democrats, who base their seniority on the particular subcommittee that they choose, we can move.

We had three retirements ahead of me on our side, and I could have gone to a number of other committees. I said, "I want to stay right here, because this is the most important work that I can be engaged in." And I am actually doing two jobs right now. I am running for governor of our state and serving here in Congress.

But as long as I am here, it is absolutely the highest privilege of my professional life to serve those that serve our country in uniform, our Armed Forces in a volunteer capacity, with two wars in Iraq and Afghanistan, and trouble in 25 countries. It is a volatile time. It is a tough time. But there is no greater service to our country than the people that you represent.

And I especially appreciate you four men, because just about every one of you has some real, direct connection to the state of Tennessee. So I just want to thank you for that. [Laughter.]

And I know the chairman is going to find all those nexus to Texas, but it is undeniable how much they know about where I live. And I, too, have been out there.

I was with President Bush in November on the ground at Fort Campbell, listening to our soldiers, many of whom are single. We have housing needs for those single troops that are serving us. We have a host of needs, still, in the area of childcare centers. And I know that the chairman is trying any vehicle passing through town here to help us. And that is important, as well.

But we are so very grateful. And it is such a privilege. Our numbers shrank over here. We had four members of the subcommittee besides me. Now we have three. And Mr. Carter will be here, but the same team, which is a strong Republican team over here is committed to our men and women in uniform.

We stand ready over the next 2 years to do everything we can to help our chairman and to help the majority and the President of the United States honor your sacrifice and service. I am really looking forward to it. We will do all that we can at a time of great challenge and difficulty, both on the budget front and around the world, to honor what you're doing—and I just want you to know that going in.

It is going to be a great year. And thank you for your presence here today. I hope that you will tell us what we need to hear and not what we want to hear as we go through this process. I know you are in charge of doing that to the generals, and I hope you will be the same way with us this morning.

Thank you, Mr. Chairman.

Mr. EDWARDS. Great. Thank you, Zach.

And let me just say, as a Texan, having studied the Alamo, even we Texans are appreciative of Tennesseans—as long as I am chairman of this committee and as long as Chairman Young chooses to be on this subcommittee, it is going to be my tradition to recognize

him for an opening statement, as well, because he has done as much or more than any single member of Congress to support our troops and our veterans.

And the former chairman of the full Appropriations Committee, former chairman of the Defense Appropriations Committee, now the partner.

And, Chairman Young, we are honored to have you again in this Congress on our subcommittee. And I would like to recognize you for any opening comments you would care to make.

Mr. YOUNG. Well, Mr. Chairman, thank you very much. And I fought hard to stay on this subcommittee when we were having to downsize somewhat. But when it comes to the well-being of the men and women who serve in our military, there are no Republicans and no Democrats, especially on this committee, the chairman has conducted this subcommittee in just a tremendous bipartisan way, in the best interests of our country. And Mr. Wamp has done the same.

And we are here—I know you hear this as a joke on occasion—but we are here to help, actually. I am not sure whether you have seen your specific budget for your service or not, but I don't think we have, have we, Mr. Chairman?

Mr. EDWARDS. No.

Mr. YOUNG. We haven't gotten the budget yet. But we know that—regardless of what the budget is, there are needs that our men and women need. And we are counting on you to tell us what those needs are, because I can guarantee you that this subcommittee, the members of this subcommittee are going to do whatever we can possibly do to meet the needs to improve the quality of life and to take care of some of those little problems that are out there that sometimes we don't hear about.

So I am going to ask, Mr. Chairman, that, as they go through their testimony, just pretend like we have a magic wand up here and tell us some of the things that we might not have read or we might not have heard about. Tell us some of the things that we need to be doing in the interests of our military personnel.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Young.

Let me welcome two new members to our subcommittee, Congressman John Salazar and Congressman Steve Israel. We are thrilled to have both of you here.

And let me just give you a brief background. Congressman Salazar was first elected in 2004. He is a new member of the Appropriations Committee, but he is not new to defense issues. He served in the United States Army, a distinguished career there from 1973 to 1976. He also reflects his values by having served on the Veterans Affairs Committee. He was born and raised on a farm, still an active farmer, and a Blue Dog Democrat.

John, we are very thrilled to have you. Would you care to make any statement in your first subcommittee hearing?

Mr. SALAZAR. Well, I thank you, Mr. Chairman.

First of all, it is really an honor to be able to serve on this subcommittee. It was one of my first choices. And I want to thank you for the opportunity.

As many of you know, the Salazar family has had a long history of serving this country. My father was a World War II veteran, asked that he be buried in his staff sergeant World War II uniform, and he was. And many times—we don't ask much of our country, but we ask what we can do for our country.

Thank you for your service.

And thank you, Mr. Chairman. This is truly an honor for me to be able to serve on this committee.

Mr. EDWARDS. Thank you, John. We are honored that you are on this subcommittee.

Steve Israel is a member of Congress from the great state of New York. He was first elected in 2000, became a member of the Appropriations Committee in 2007. He is also not new to defense issues on several points.

He previously served on the House Armed Services Committee, founded the bipartisan House Center Aisle Caucus, and very importantly, has been chairman of the House Democratic Caucus Task Force on Defense and the Military. He is particularly known for his leadership on professional military education issues, in addition to other areas of interest to him.

Welcome to the committee, Steve.

Mr. ISRAEL. Thank you, Mr. Chairman.

Mr. EDWARDS. And I would like to recognize you for any comments you would care to make.

Mr. ISRAEL. Thank you, Mr. Chairman and colleagues. I truly am honored to be on this subcommittee.

If there was only one regret in coming to the Appropriations Committee, it was that I had to leave the Armed Services Committee. And I told the speaker, my heart remains with the Armed Services Committee. My wallet is with the Appropriations Committee. [Laughter.]

And I have always had a longstanding interest, working with Chairman Skelton, on the issue of professional military education and how we are equipping our forces with the software that they need to become effective and remain effective warriors. I look forward to continuing to work with you—thank you all.

Mr. EDWARDS. Thank you, Steve. Welcome back.

And welcome back—welcome, as a new member of the subcommittee. And welcome back, also, to all the returning members today. It is an honor. I think this is a great, great subcommittee.

Let me make a fairly brief opening statement. This is our first hearing of the year. I think it is a reflection on our respect for your leadership and the difference that you have made from your previous year's testimony.

We felt, as Mr. Young alluded, we felt it wasn't even important to wait until we have an official administration budget request, that whatever the needs are that are out there that you have identified—our troops and their families need to be heard now, as we begin our—our budgeting process.

Members, today's hearing is on the quality of life for enlisted soldiers, sailors, Marines, airmen, and their families. The four witnesses at the table are the senior enlisted members of their respective branches. Members should know—and this is amazing—that

these four witnesses represent roughly 124 years of distinguished military service and experience.

This hearing is a great opportunity to identify areas where we can do more to serve those who serve us. And as I mentioned to some of you I met with yesterday, literally, if you ever wonder all the trouble you go to testify on Capitol Hill, does it make a difference?

Literally, the comments you made about the need for child development centers over the last several years is the reason why we have added several hundred million dollars to those programs, and particularly the point being that we have a lot of single moms and dads, while their spouses are serving in Iraq and Afghanistan on a first, second, or third tour that deserve and need that daycare.

So you have made a difference. And we know you will continue to.

Our witnesses today are, first, Sergeant Major of the Army Kenneth Preston. He is no stranger this subcommittee.

Welcome back, Sergeant Major.

He was sworn in to his present position on January 15th of 2004 with over 33 years of service in the United States Army. He was command sergeant major for Combined Task Force 7 in Baghdad prior to becoming sergeant major in the Army.

And I anticipate Sergeant Major Preston will introduce him formally, but I also wanted to pay special tribute to Command Sergeant Major John Gipe of the National Guard and also Command Sergeant Major Leon Caffie of the Army Reserve.

Thank you. Thank you both for your leadership and for being here today, as well.

Sergeant major of the Marine Corps is Carlton W. Kent. Sergeant Major Kent is a returning witness and became sergeant major of the Marine Corps on April 25th of 2007. He also has 33 years of military service.

And we thank you for those distinguished years of service, Sergeant Major. He served as sergeant major of the Marine Forces, Europe, and the 1st Marine Expeditionary Force at Camp Pendleton prior to his current position.

Master Chief Petty Officer of the Navy Rick D. West, Master Chief West is a first-time witness here. And this is a friendly committee. [Laughter.]

Mr. Young meant it when he said we are here to help. We are not like some of these committees trying to make points with cameras or reporters. We are here to hear from you, and we do welcome you to our subcommittee.

Master Chief West has about 28 years of service in the Navy, entered the Navy straight from high school in 1981. And he is a submariner. His assignments include service on the staff of the commander, Submarine Force of the U.S. Pacific Fleet, and chief of the boat aboard the USS Portsmouth.

Most recently, he served as fleet master chief of the U.S. fleet forces—and I will let Master Chief West introduce him formally, but I want to note that Force Master Chief Ronney Bright from the Navy Reserve is also with us. Wright. I am sorry, Wright. He is a bright Wright. [Laughter.]

Thank you for that. Well, welcome. It is good to have you here, also.

Chief Master Sergeant of the Air Force Rodney J. McKinley. Chief McKinley is a returning witness, as well.

Chief, welcome. Welcome back to our subcommittee in your present position since 2006, June 30th. He has served in the Air Force for 30 years, beginning in 1974 with a 5-year break. He served as Command Chief Master Sergeant at the wing, Numbered Air Force, and major command levels and deployed to southwest Asia in support of OEF and OIF.

Thank you again for all being here. And if you can just be patient for 1 or 2 more minutes, I would like to just lay out a couple of ground rules as we have agreed to them for this new Congress for our subcommittee.

First, I will do everything I can to begin the committee hearings on time. I respect your schedules. We are not going to have you sitting here for 20 minutes waiting for a 10 o'clock hearing to begin at 10:30.

For the members present in the room, when I gavel at the beginning of the hearing to open the hearing, I will recognize the members for questions in order of seniority, alternating between the majority and minority.

For those who arrive after the hearing has started, I will recognize those members solely in order of arrival, not in order of seniority. And then the order will continue through all rounds of questioning.

I will do my best to try to enforce the 5-minute rule on questions and answers. We will do this out of the hope that in this subcommittee, unlike the Armed Services Committee, Steve, we will have opportunities to have multiple rounds of questioning. And that might work better if we tried to not have our members make a 5-minute statement and ask 20 questions in the last 15 seconds of that.

So what I am going to do is I will gavel once when there is a minute left. I will gavel twice, and I would ask the witnesses to finish your sentence when I have gaveled follow-up questions for the members.

With that, we would like by tradition to begin with Sergeant Major Preston.

STATEMENT OF SERGEANT MAJOR KENNETH O. PRESTON

Sergeant Major PRESTON. Mr. Chairman, thanks very much.

Congressman Wamp, Congressman Young, all the committee members, thanks very much. It is a great honor to be here and to testify again before this distinguished committee. I represent all the men and women of America's Army.

I will start out by saying that your support this past year and your continued support today has had a tremendous impact on our soldiers and our families. On behalf of all them, I want to thank you for all your work and effort.

I also want to recognize Command Sergeant Major John Gipe, who is the command sergeant major for the Army National Guard. He is the senior enlisted adviser for Lieutenant General Vaughn for the Army National Guard.

And then Command Sergeant Major Leon Caffie, who is the command sergeant major for the Army Reserve. He works as the senior enlisted adviser for Lieutenant General Jack Stultz. These gentlemen represent 518,000 citizen-soldiers that serve every day.

Today, the Army has more than 245,000 soldiers forward-deployed to 80 countries around the world. We have more than 139,600 soldiers currently deployed in support of Operation Iraqi Freedom and Operation Enduring Freedom.

General Casey, early in his tenure as our Army chief of staff, searched for a way to describe the state of the Army. And he uses the term "out of balance," not broken or hollow, but the era of persistent global conflict has strained our Army resources, our soldiers, our Army families, and our equipment, to a point where we are consumed by the demands of the current fight.

The Army has four strategic imperatives to restore this balance. We must Sustain our all-volunteer force, our soldiers, our Army civilians, and their families. We must Prepare our forces for success in the current conflict. We must Reset our soldiers and their equipment returning from the deployment. And we must Transform to meet the demands of the future and provide our soldiers, our Army civilians, and their families with the predictability and stability that they need.

With your support, we intend to restore this balance to the Army. Our recruiting and retention programs are a success. Last year, we recruited over 169,000 young men and women, all great soldiers. We re-enlisted 120,000 soldiers to retain in our units. This past July, we celebrated the 35th anniversary of the all-volunteer force.

And your support is directly attributed to our success, and it is greatly appreciated.

We are seeing indicators of stress on the force as we enter the eighth year of the global war on terror. The Army had an increase in suicide rates for the fourth consecutive year. There were 128 suicides last year, with 15 additional cases still pending determination. The total number of suicides is potentially 143. We continue to look for initiatives to increase resources and enhance our efforts to identify, intervene and prevent suicidal behavior.

The plan for this year is the implementation of a comprehensive soldier fitness program. The vision of this program is an Army whose resilience and total fitness enables soldiers to thrive in an era of high op-tempo and persistent conflict.

Child care is a top quality of life issue. Our goal is to achieve the OFC standard of providing 80 percent childcare and 35 percent of the youth program demand by the end of fiscal year 2009. We currently can provide about 72,500 childcare spaces in support of our anticipated need of about 87,500 by fiscal year 2013.

Our residential communities initiative is a successful tool in our efforts to eliminate inadequate family housing. At the end of this year, we will complete privatization on 44 of 45 installations, with over 89,000 homes. By 2011, we will complete privatization of about 98 percent of our stateside family housing inventory.

Our permanent-party soldier barracks goal is about 170,000 adequate soldier spaces funded by the end of fiscal year 2013. Allowing

2 years for construction, we will not complete the barracks building plan until fiscal year 2015 for our permanent-party soldiers.

We have a plan to maintain safe living conditions in our old Korean War-era barracks until enough new facilities are built to house our permanent-party soldiers.

Our training barracks goal to support soldiers attending initial entry and professional development schools across the Army is 115,413 adequate soldier spaces funded by the end of fiscal year 2013. Allowing 2 years for construction, we will not complete the barracks building plan until fiscal year 2017.

And, of course, when you look at some of our facilities that are out there, you know, the soldiers attending the Noncommissioned Officer Academy at Fort Bragg, North Carolina, live in World War II wooden barracks.

We completed standing up and manning 36 warrior transition units and nine community-based warrior transition units to support 12,000 soldiers. These facilities have a singular focus on warrior healing and support to families.

We hired 191 of the needed 254 new behavioral health providers this past year, which adds about 16,000 additional appointments a month. Shortages of medical providers in military treatment facilities is one of the top five issues identified by soldiers and families in our most recent Army family action plan conference last week.

I want to thank the committee for the increased focus on our aging health care facilities over this last year. Our medical facilities are well maintained and operated, but many are more than 50 years old and not configured, nor constructed to provide the range of treatments available in modern medical facilities.

I am proud that this year we will—2009 as the year of the non-commissioned officer. During this year, we will accelerate previously approved strategic noncommissioned officer development initiatives that enhance training, education, capability, and utilization of our noncommissioned officers.

Mr. Chairman, committee members, thank you, and I look forward to your questions.

[Prepared testimony of Sergeant Major Kenneth O. Preston follows:]

RECORD VERSION

STATEMENT BY

KENNETH O. PRESTON
SERGEANT MAJOR OF THE ARMY

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY QUALITY OF LIFE AND VETERANS
AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 111TH CONGRESS

ON THE QUALITY OF LIFE
IN THE UNITED STATES ARMY

FEBRUARY 4, 2009

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

STATEMENT BY
KENNETH O. PRESTON
SERGEANT MAJOR OF THE ARMY

Mr. Chairman and committee members, I want to thank you for this opportunity to sit before you today and represent the 1.1 million men and women of America's Army.

Your support in the past year and your continued support today have had a tremendous impact on our Army's ability to prevail in the Nation's war against terrorism. Your support allows us to ensure our Soldiers are fully prepared for their missions and to support their Family members who wait patiently for their Soldiers to come home.

First, I would like to introduce the Soldiers seated behind me, the Command Sergeant Major for the Army National Guard (ARNG), Command Sergeant Major John Gipe, who serves as the Senior Enlisted Advisor for LTG Clyde Vaughn; and the Command Sergeant Major for the Army Reserve, Command Sergeant Major Leon Caffie, who serves as the Senior Enlisted Advisor for LTG Jack Stultz. They represent more than 543,000 citizen-Soldiers who play a vital role in defending our Nation. These two men bring a "warrior focus" to their positions to ensure our Army National Guard and Army Reserve Soldiers are trained and ready to deploy. They also represent the Army's 2008 Soldier and NCO of the Year winners. The Army's Soldier of the Year is SGT David Obray, from Fairmont, Minnesota, is a Construction Equipment Repair Specialist assigned to the 492d Engineer Company, 414th Engineer Command, Army Reserve. The Army's NCO of the Year, SSG Michael Noyce – Merino, from Melrose, Montana, is an Infantryman assigned to Bravo Company, 1st Battalion, 163rd Cavalry Regiment, Montana National Guard. We are all very proud of these two Soldiers, their accomplishments and the role models they provide to all 1.1 million Soldiers serving our Nation.

Since 9/11, we have activated nearly 239,730 Reserve and 342,089 National Guard Soldiers in support of the Global War on Terror. Together they have been, and are, heavily engaged in both the Iraq and Afghanistan theaters of operation, and supporting Homeland Security with missions ranging from missile defense, to supporting the US Border Patrol, and providing disaster relief.

Together with their active duty counterparts, the Guard and Reserve form a unified and dynamic team that brings unmatched skills enhancing our capability to fight and win. In fiscal year 2008 (FY08), our Reserve and National Guard partners provided nearly 95,094 Soldiers to the Nations defense.

Today, the American Soldier is busier than ever. We currently have more than 245,000 Soldiers forward deployed to 80 countries around the world. We have over 136,000 deployed to Kuwait, Iraq, Afghanistan and the Horn of Africa in Brigade Combat Teams (BCTs), multi-functional brigades, functional brigades and other force enabling units. Additionally, 258,000 Army Civilians are performing critical missions in support of the Army. More than 4,100 of our Civilians and more than 33,000 U.S. contractors are forward-deployed, performing vital missions abroad. In addition, there are 46,056 of our National Guard and 18,418 Reserve Soldiers mobilized today, serving all around the world and assisting with Homeland Security. These Soldiers provide the US border patrol with surveillance capabilities in Operation Jump Start in four states along the U.S - Mexico border. Soldiers deployed to the Horn of Africa are training the Djiboutian and other armies, while denying terrorists a sanctuary in which to run their terrorist camps. Soldiers in Iraq and Afghanistan take the fight to the enemy every day while recruiting, training, and equipping their armies and police forces to provide a safe and secure environment for their citizens.

During the past year, I traveled nearly 300,000 miles to visit, speak, and listen to Soldiers and their Families all over the world. I have seen daily the tremendous work and sacrifices of the American Soldier, their Families and our Army Civilians. The culture of innovation fostered by our young men and women in Iraq and Afghanistan continues to show the American spirit of ingenuity, even under the most challenging of environments.

GEN Casey, early in his tenure as our Army Chief of Staff, searched for a way to describe the state of our Army. He uses the term "out of balance." We are not broken or hollow, but this era of persistent conflict has strained our Army resources; Soldiers, Families, and equipment, to a point where we are consumed by the demands of the current conflict. We define persistent conflict as protracted confrontations among state, non-state, and individual actors that are increasingly willing to use violence to achieve their political and ideological ends. Globalization and emerging technologies will further exacerbate rather than ameliorate the tendency towards persistent conflict. While we have as a Nation the best military components of landpower in the world between the Army, the Marine Corps and the Special Operations Forces, we are not sufficient for victory by ourselves. We must integrate our capabilities with the efforts of the interagency, our allies, and our indigenous partners to exploit these collective capabilities across the full spectrum of operations. This year, we defined in our doctrinal Operations Manual, FM 3-0, that full spectrum operations are the simultaneous combination of offensive, defensive, and stability or civil support operations across the spectrum of conflict to achieve decisive results. We published FM 7-0, Training for Full Spectrum Operations this past year. One of the fundamentals in this manual is the elevation of stability operations to a level and focus consistent with offense and defense operations.

The Army has four strategic imperatives to restore balance and posture ourselves for the 21st century. These four imperatives; Sustain, Prepare, Reset, and Transform provide Army leaders, the Army staff, and the enabling and support network outside the Army an understanding of those needs to restore balance and posture ourselves for the 21st century. We must Sustain the Army's Soldiers, Families, and Civilians; continue to Prepare forces for success in the current conflict; Reset returning units to rebuild the readiness consumed in operations to prepare for future deployments and future contingencies; and Transform to meet the demands of the 21st century. With your support, we intend to restore balance to the Army, sustain our force and build both capability and capacity for future challenges.

Sustain

Recognizing the commitment and increasing sacrifices that our Families are making every day, on April 17, 2008, we launched the Army Community Covenant. The Army Community Covenant is a partnership with civic leaders at both local and state levels with our installation leaders. Local communities and installations signed more than 80 Community Covenants over the past year at all installations around the world. The Covenant recognizes the commitment Soldiers and their Families are making every day, and the strength of the Community comes from the support of Employers, Educators, Civic and Business leaders, and their Citizens, partnering with our installation leaders to enhance quality of life.

The Soldier Family Action Plan and Army Family Covenant build on our investments in Soldiers and Families. The Army Family Covenant continues to provide Soldiers and Families with a quality of life that is commensurate with their quality of service they provide to the Nation. The Army Family Covenant conveys our commitment in seven general areas: standardizing Family programs; increasing access and quality of health

care; improving Soldier and Family housing; ensuring excellence in our schools, youth services, and child care facilities; expanding education and employment opportunities for Family Members; improving Soldier quality of life in recreation, travel, and the Better Opportunities for Single Soldiers program; and improving relationships with local communities and marketplaces. In FY08, the Army committed \$1.4 billion to our existing Family Programs creating an immediate, positive impact on our Families.

Thirty-six states now provide in-state tuition rates to military Families. We hired more than 1,000 new Family Readiness Support Assistants to provide additional support to Family Readiness Groups in deployable units across the Army. We supported 249 enduring Army National Guard Family Assistance Centers to assist Soldiers and Families in accessing support services regardless of their geographic locations.

We created 36 Warrior Transition Units to support more than 11,000 wounded, ill, or injured Soldiers, with a singular focus on warrior healing and support to their Army Families. We established 9 community-based health care organizations to help our wounded, ill, and injured Soldiers focus on their treatment, rehabilitation, and transition. We enhanced care for mild Traumatic Brain Injury (mTBI) and Post Traumatic Stress Disorder (PTSD) and conducted a TBI/PTSD chain teaching program for all Soldiers and Families. The chain teaching program focused on educating Soldiers and leaders about the symptoms of TBI/PTSD and to work towards eliminating the stigma associated with asking for help.

We implemented the Intervene, Act, Motivate (I. A.M. Strong) Campaign with a goal of eliminating sexual harassment and sexual assault. In FY09, we committed \$1.5 billion for all Family Programs at our installations. The increase in Family Programs supports our commitment to the Army Family and Community Covenants to enhance quality of life programs in support of Soldiers and Families during this era of persistent conflict.

Military families routinely move from installation to installation both here in the U.S. and overseas. These frequent moves pose unique challenges to the Families of school aged children. These challenges include the transfer of records and credit, course sequencing, graduation requirements, redundant or missed entrance exams, and kindergarten and first grade entrance age variations. The average military child averages two moves during their high school years and can experience six to nine different school systems in their lives from kindergarten through 12th grade. The Under Secretary of Defense for Personnel and Readiness, in cooperation with the Council of State Governments, drafted an interstate compact that addresses these issues.

The Compact is now active in 11 states. I ask your support and emphasis for this critical state legislation as it deals directly with our school-aged children, removes barriers to educational success imposed on the children of all Military Families, and allows for a more uniformed treatment of Military children transferring between school districts and states.

Army Child and Youth Service (CYS) Programs are an immeasurable force multiplier. CYS is mission essential for our Soldiers and Families in helping to reduce the conflict between their responsibilities as parents and their mission as Soldiers. Several factors contribute significantly to the necessity of child care and youth supervision for our Families. Military Families are generally younger than the average American family and are often separated from their own extended family support system. Forty-eight percent of Soldiers who deploy have children under the age of two. Soldiers' duties require child care and youth supervision options up to 10 to 14 hours a day including early mornings, evenings, and weekends. Remote duty stations and overseas locations often lack adequate care options, when one spouse deploys we create a geographical single parent. Last year, Child, Youth and School Services expanded deployment cycle support by increasing operating hours for Child and

Youth Service Programs and increased respite care from 5 to 16 hours per child per month. Child Development Centers offer more hourly and respite child care services to help parents and guardians find the time to address personal needs such as medical appointments or to have a break from the stress of being a geographical single parent during the deployment cycle. Families of deployed Soldiers have the opportunity to access and receive respite child care at no cost. CYS eliminated registration fees and reduced other program fees to ease the financial burden of Families. CYS increased support for Warriors in Transition such as no-cost hourly child care to Families and caregivers during medical appointments. To help meet the increasing demand for available spaces, the Army added 72 centers in FY08.

Since Army Child and Youth Programs are critical to the Army's All Volunteer Force, we plan to construct 8 permanent Child Development Centers in FY09. The Army Chief of Staff directed that Army Child Care Programs reach an end state of providing 80 percent of the demand by the end of FY09 (from an original target date of FY13). Soldiers consistently rate these two programs as important to their Family's quality of life and heavily weight these programs to their decision to remain with the Army Team. Army Child and Youth Programs send a clear message that the Army cares about Families, wants to minimize Soldier and spouse lost duty time, wants to influence Soldier and spouse decisions to stay with the Army team, to allow Soldiers and spouses to concentrate on their jobs, and provide positive growth and development opportunities for children.

Military One-Source continues to be a multi-component approach for community support and services to meet the diverse needs of Soldiers and Families. The Army further developed Army One Source (AOS) to provide Soldiers and their Families the service specific care they require to sustain themselves. AOS will integrate Family Programs and services for

all Active, Guard, and Reserve Soldiers, and Families. AOS provides Soldiers and their Families single portal access for all programs and services. AOS provides 24-hours a day, 7-days per week toll-free information, referral telephone line and internet based services. Over the next year, we will release the eArmy Family Messaging System, a key component of AOS. The eArmy Family Messaging System is a state of the art, multi-media tool for deployed commanders to improve communication with Army Soldiers and Family members at home by mail and Short Message Service (SMS) text messages. AOS provides 14 baseline services at the installations' Army Community Services office, National Guard Family Assistance Centers and Reserve Readiness Centers. In FY08, AOS received more than 20 million visitors per month. To date, there are more than 115,000 registered users Army wide.

Our Installations are the Army home to our American Soldiers. The quality of life for all our Soldiers and Families is an inseparable element of our readiness posture. To improve quality of life, we focused our initiatives and our resources on the areas most important to our Soldiers and Families.

Forty-five percent of our current force is single. For these Soldiers, we are in the late stages of our ambitious barracks modernization program. At the end of FY09, 50,769 out of 170,000 (33 percent) of our barracks will meet a 1+1 or equivalent standard greatly enhancing their living standards. Experience has shown us that high-quality, safe and modern barracks significantly increase Soldiers' morale and quality of life and supports our retention needs. With our FY09 through FY13 appropriation request, we will reach our target goal of 147,700 Soldiers living in modernized barracks. We are presently conducting a pilot program for privatized housing for single Soldiers at five locations. Forts Irwin, Drum, Bragg, Stewart, and Bliss do not have affordable or available housing off the installation to support single NCOs and officers who

receive a housing allowance. These locations are ideal to conduct a pilot program and test the privatized barracks concept with a private partner.

One of today's challenges is keeping our training barracks safe while meeting the needs of our Soldiers in Initial Entry Training (IET) on their journey to become permanent party Soldiers. Today, there are four Army Training Centers with IET barracks. In FY08, Army funded \$1.37 billion the Training Barracks Upgrade Program (T-BUP) to improve training barracks for Active, Guard, and Reserve Soldiers. In FY09, the Army funded \$748.1 million in the SRM and MILCON dollars to construct, renovate, and modernize our training barracks. At the end of FY09, the Army will have 50,329 of 121,413 of our training barracks spaces adequately funded for modernization. Unfortunately, some Soldiers still reside in WWII-era barracks. We must also consider the permanent increase to the Army's end strength over the next several years.

I ask for your continued support in making certain we can complete our barracks modernization program. This program will ensure all of our single Soldiers have a living standard we can be proud of.

One of the Army's key strategies to improve Family housing is the application and use of privatized housing where practical. The Residential Communities Initiative (RCI) is providing quality, modern state of art housing in communities that our Soldiers and their Families can proudly call home. RCI became a critical component in our effort to eliminate inadequate Family housing and has made a significant positive impact in improving our Soldiers' and Families' quality of life. At the end of FY08, we privatized 83,080 homes at 38 installations. By the end of FY09, we project that privatized housing through RCI will include over 89,000 homes at 45 installations, or 98% of our inventory. Our RCI program began in 1999, and is on a glide path to successful completion. Following this year's privatization schedule, we plan to complete privatization with Fort Richardson in March 2010. Our housing strategy is working!

Recruiting and Retention

The Army is a people-centric organization; therefore Soldiers are the centerpiece of our formations. We cannot fight and win without well-trained, motivated, and dedicated Soldiers.

In FY08, we recruited 169,859 young men and women across all three components – Active, Guard and Reserve. The active Army recruited over 80,000, the National Guard 62,000 and the Reserve over 26,000 Soldiers. This incredible accomplishment, while fighting the Global War on Terror, is directly attributed to the hard work of our recruiters, the support of our Army leaders, elected officials, and the support of the Nation.

With your support, we designed and implemented programs that assist our recruiting efforts. The Sergeant Major of the Army Recruiting Team (SMART) program received 54,716 referrals, which resulted in 10,761 new enlisted Soldiers. The Active First Program helps recruit Soldiers for the active Army via the National Guard.

Under this program, the Guard recruits Soldiers who will commit to 30, 36, or 48 months' active duty in service needed military occupational specialties (MOSs). These Soldiers then continue their service in the Army National Guard (ARNG). The program applies to new recruits with no prior military service filling shortage or critical MOSs. Bonuses are paid when a Soldier reaches his/her first duty station after completing Initial Entry Training. After active duty, a Soldier has two options: re-enlist in the active Army or transition back to the ARNG. The Active First Program began on October 4, 2007, and produced 1,604 enlistments in FY08 and 303 enlistments this year. Early indications reflect we are on track to meet or exceed our recruiting goals for FY09.

Army retention programs are also a success story as the Army continues to retain Soldiers at tremendously high levels. Since 2002, our retention rates remain high and we have met our retention goals each year since 1998. In 2008, we exceeded our retentions goals in the active

component by 14 percent and 11 percent in the Army Reserve. The National Guard intentionally finished the year at 93 percent to maintain their authorized end strength cap. The first 3 months of FY09 have been the most successful retention period in Army Retention history. Retention success is directly attributed to our Army leaders throughout our units and organizations and the command climate they create, coupled with a satisfaction of job placement and unit missions around the world, and the quality of life provided for the Soldiers and their Families, as good or better than they could provide for themselves working in the civilian sector.

We have recently seen deployed units or units currently deployed to Iraq and Afghanistan with reenlistment rates at 110-120% of their yearly goals. To date, the 4th Infantry Division completed 96% of their entire FY09 mission while deployed in Iraq already this year. In another example, 1,215 troops reenlisted in Baghdad on Independence Day this past year, resulting in the largest reenlistment ceremony since the all-volunteer force began in 1973. We must continue to retain our best and most experienced Soldiers to sustain our Army and win the Global War on Terror. Commanders and Senior Leaders will continue to focus on retaining our very best Soldiers. We will closely monitor our selective reenlistment bonus programs and our Critical Skills Retention Bonus program. We appreciate your continued support to our recruiting and retention efforts as they allow us to sustain this quality all volunteer force.

Prepare

We must prepare our force by readying Soldiers, units and equipment to succeed in the current strategic and operational environments, especially in Afghanistan and Iraq. We continue to adapt institutional, collective, and individual training to enable Soldiers to succeed in combat and prevail against highly adaptive and intelligent adversaries. Ensuring Soldiers have the best available equipment to protect themselves and maintain technological advantages over our

adversaries is our focused commitment. We improved training facilities progressively over the last several years at home station and at our combat training centers. We increased realism and incorporated challenging irregular warfare scenarios.

Army Mobile Training Teams can, for some MOS technical courses, provide training at their home duty station. This initiative, when applicable, works to provide needed professional development while keeping the Soldiers home at night with their Families. Our professional development for Soldiers continues to improve cultural and foreign language skills. We initiated a Comprehensive Soldier Fitness Program to strengthen the fitness and resiliency of our Soldiers to include their physical, emotional, and spiritual health. The strategy will enhance resilience, or the ability to recover from an adverse event or experience, including combat and life experience.

We have seen an increase in the suicide rate for the fourth consecutive year. Over the past two years, we increased our efforts, enhanced resources and initiatives to mitigate the cause of suicidal behavior. We will conduct a stand-down within a 30-day window from February 15 to March 15 to identify Soldiers at risk for suicide. The stand-down includes training for peer-level recognition of behaviors that may lead to suicidal behavior, and intervention at the lowest level. A chain teaching program will follow the stand-down from March 15 to June 15 to ensure we touch every Soldier and leader in the Active, Guard and Reserve. The Army's BATTLEMIND training prepares Soldiers and their Families for the stressors of deployment and combat while assisting with the detection of possible mental health issues before and after deployment. BATTLEMIND training prepares Soldiers and their leaders for reintegration to home following a combat deployment. We are teaching life-long skills to Soldiers, Leaders and Families.

"Strong Bonds" is a specialized training program for single Soldiers, couples, and Families to assist them with their communications to improve

relationships and build skills that enhance relationships and strengthen resiliency. On October 23, 2008, the Army and the National Institute of Mental Health (NIMH) signed a five year memorandum of agreement to conduct research to help reduce the suicide rates. It will be the largest single study on suicide that NIMH has ever undertaken.

Our Soldiers are better equipped today as individuals, teams and squads than they have been in our 233 history. This past year, we invested heavily to ensure all Soldiers receive the latest force protection equipment and high-quality gear. The Rapid Fielding Initiative (RFI) program accelerates the fielding of commercial, off-the-shelf technologies to quickly deliver essential equipment to Soldiers before they deploy. RFI leverages current development programs, lessons learned from operations in Iraq and Afghanistan, and commercial, off-the-shelf technology to give Soldiers increased survivability, lethality, and mobility.

To maintain currency and relevance, the RFI list of equipment issued to Soldiers is updated regularly by the Training and Doctrine Command. This past year, we added the mountaineering boot to better support Soldiers operating in the mountains, a moisture wicking sports bra, and the Army Combat Shirt (ACS) designed for wear under the body armor.

Current individual protective equipment now includes the Improved Outer Tactical Vest (IOTV) and Enhanced Small Arms Protective Inserts (ESAPI), and the Fire Resistant Army Combat Uniform, (FR ACU). The IOTV is more than three pounds lighter than its predecessor, designed in 11 sizes, is designed to fit Soldiers better by utilizing multiple adjustment points that improve weight distribution, has a mesh lining for better ventilation, provides an increased area of protection coverage, and features a quick release handle to allow Soldiers to instantly remove the vest in emergency situations. IOTV provides improved protection against multiple small arms. We are currently at 100% in fielding the IOTV and ESAPI to all Soldiers in all theaters of operations. In September 2008, we

established a Non-Destructive Test Evaluation (NDTE) Plate Inspection Facility in Kuwait.

The NDTE is a reception area that provides an X-rays inspection of all ESAPI when Soldiers return from theater to ensure the integrity of the plate has not been compromised. This year, we will establish a NDTE facility in Afghanistan and position five NDTE facilities stateside. The Army Combat Helmet (ACH) with Pad System provides increased ballistic and concussive protection. The seven pad suspension system, with four-point harness, improves the center of balance, provides better comfort, improves situational awareness, and enables Soldiers to aim and fire weapons from the prone firing position without interference from the IOTV.

Everyday, Soldiers are patrolling the roads in armored wheeled vehicles in Baghdad, Bagram, and all points between. The Army leadership continues to work initiatives to support fielding of Mine Resistant Ambush Protected (MRAP) vehicles, add-on armor kits to improve the current fleet of vehicles, aircraft survivability equipment, electronic countermeasures and combating improvised explosive devices (IEDs). Currently, we have 11,998 MRAPs in theater and they are saving Soldier's lives. In addition, we have over 57,000 armored, light medium and heavy tactical wheeled vehicles in theater supporting operations.

The Joint Improvised Explosive Device Defeat Organization (JIEDDO) has been instrumental in identifying the tactics, techniques, and procedures, what we call TTPs, of how the enemy employs IEDs and how we counter that threat. IEDs are the number one terrorist weapon used worldwide. Our Soldiers are learning the enemy's TTPs for using IEDs at our Combat Training Centers around the world before deploying to combat.

Our training focus and our in theater strategy is focused on defeating the entire IED system – from individual force protection, to finding the IEDs before they explode, to identifying the network of bomb suppliers and makers, and the insurgents that emplace the devices. Since 2005, we

have had increasing success in countering IEDs by attacking their network, defeating devices, and training our force. Continued support by Congress will ensure that Soldiers, regardless of component, deploy with superior equipment and capabilities.

The Rapid Equipping Force (REF) partners with industry, academia, and military leaders in supporting our Soldiers' equipping needs. They provide commercial, off-the-shelf and government, off-the-shelf solutions to meet commanders' needs in Theater.

Reset

Eight years of combat operations is taking a toll on our people and equipment. The pace and tempo of combat operations over a calendar year in Iraq and Afghanistan exceed the planned annual tempo of our combat ground and aircraft equipment. Resetting this equipment every couple of years is critical to our Nation's readiness and requires timely and adequate funding while we are in a state of persistent conflict with Soldiers deployed. Our ability to continue our Reset programs will determine our readiness and versatility for future contingencies. This year, we reset nearly 125,000 pieces of equipment and intend to sustain this pace for as long as troop deployment levels remain consistent. The maintenance activities and capacity of our Army depots increased to their highest levels in the past 35 years. The Army Material Command has done a magnificent job resetting all types of equipment with increased speed, quantity, and quality of material delivered back to the field.

We recognized this past year that we needed standardized reset process. In FY08, we initiated a six-month reset model program for 13 units: eight Active and five Reserve Component units. These units have no readiness requirements or Army-directed training for 6 months in Active duty units and 12 months in Reserve Component units. This 6-month period allows units to focus on Soldier and Family integration, professional and personal education, property accountability, and equipment

maintenance. The reset program increases reintegration time for our Soldiers and Families.

Transform

For the past five years, we worked to transform our Army from a division-centric, Cold War-focused Army to a more modular force that is made up of Brigade Combat Teams (BCTs). In FY08, we completed the conversion of 46 brigades to a modular structure. We are presently about 84% through the largest organizational change of the Army since WWII. As we expand the number of units, our deployable force pool increases. Having a larger pool of deployable units allows us to increase Soldiers' time at home between deployments, and gives us more predictability for Soldiers and their Families. This predictability and stability helps sustain our All Volunteer Force. In conjunction with our modular transformation, we are rebalancing our units to prepare the Army for full spectrum operations. We are 60 percent complete in our efforts to rebalance job skills required to meet the challenges of our new unit modular units and the 21st century.

Future Combat Systems (FCS) is the cornerstone of Army modernization. FCS accelerates the delivery of advanced technologies to Soldiers through a process known as spin-outs. This aggressive fielding schedule, coupled with a tailored test and evaluation strategy, ensures Soldiers receive reliable, proven equipment. As these systems complete their testing, we field this equipment to the Soldiers on the ground. Several prototype systems are in use in combat and they are saving lives. We unveiled the FCS Non-Line-of-Sight Cannon (NLOS-C) on September 23 this past year. The NLOS-C was the first prototype of the common-chassis manned ground vehicle that will become the basis for future BCTs.

In January 2007, Congress authorized a 74,200 increase in the Army end strength; 65,000 in the Active; 8,200 in the Guard; and 1,000 in the Reserve, with a manning goal of 2012 for the Active and 2013 for the Guard and Reserve. In September 2007, the Army accelerated Active and Guard manning levels to 2010. This brings the end strength to 547,000 in the Active, 358,200 in the Guard, and 206,000 in the Reserve. We expect to meet or exceed our accelerated growth objectives in 2009.

The Way Ahead

In closing, I want to stress the amazing work being done by our Soldiers and Army Civilians around the globe. They represent what is best of our Nation and work to build lasting relationships wherever they deploy. We have come to know this generation of heroes as the "Next Greatest Generation." Like their predecessors of an earlier global conflict, the impact of their service will be felt for many years to come. Every generation has its heroes, and this one is no different.

Throughout this last year, many of you have traveled to Iraq and Afghanistan and seen the many great things our Soldiers accomplish every day. You know our young men and women are working to ensure the security and stability of Nations abroad and ultimately ours.

We announced 2009 as the Year of the NCO. During this year, we will accelerate previously approved strategic NCO development initiatives that enhance training, education, capability, and utilization of our NCO Corps. We will showcase the NCO story for the Army and the American people to honor the sacrifices and celebrate the contributions of the NCO Corps, past and present.

Our NCOs lead the way in education, in training, in discipline. They share their strength of character with every Soldier they lead, every officer they serve, and every civilian they support.

Thank you again for your continued support of our Soldiers and their Families. We have made great strides by your commitment to improve

their quality of life. We still have challenges but with your help, I am positive we can continue to take care of our Army family.

I appreciate this opportunity to speak before you today and represent "America's Army" and all it stands for. Thank you.

Mr. EDWARDS. Sergeant Major Preston, thank you very much.
Sergeant Major Kent.

WEDNESDAY, FEBRUARY 4, 2009.

UNITED STATES MARINE CORPS

WITNESS

CARLTON W. KENT, SERGEANT MAJOR OF THE MARINE CORPS

STATEMENT OF SERGEANT MAJOR CARLTON W. KENT

Sergeant Major KENT. Thank you, Chairman Edwards, Ranking Member Wamp, and all of the subcommittee members for an opportunity to testify on all important issues that are affecting our Marines and their families today.

The well-being of Marines and families is the most important priority for our corps. Your Marines are serving at every U.S. embassy throughout the world. They are engaged on several fronts. They are serving aboard the U.S. ships with our brothers and sisters in the Navy, and they are waiting on the call to go in harm's way.

Marines are very proud to serve their country and their Corps. I am pleased to report that the Marine Corps is making positive changes for Marines and their families that will benefit them for generations to come.

We are making strides—quality of life of our families. We like to thank you all, you know, for what you have done for our BEQs, for our housing, and, I mean, across the whole spectrum. And we see that in our Corps.

As a matter of fact, I have a quick story that I told Congressman Edwards yesterday. I was standing talking to a young corporal on a visit recently. And I said, "Are you planning on staying in the Marine Corps?" The young corporal was getting ready to answer it. Then his wife jumped right in. She said, "Yes, he is staying in the Marine Corps, because I like the housing, I like the commissary, I like childcare, I like everything that comes with the Corps."

So it is the families just keeping these Marines around. So thank you very much, you know, for what you do for our Corps. And, again, I am available to answer any questions.

[Prepared statement of Sergeant Major Carlton W. Kent follows:]

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

**STATEMENT OF
SERGEANT MAJOR CARLTON W. KENT
SERGEANT MAJOR OF THE MARINE CORPS
HEADQUARTERS, UNITED STATES MARINE CORPS**

BEFORE THE

**HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES**

ON

FEBRUARY 4, 2009



SERGEANT MAJOR OF THE MARINE CORPS

Carlton W. Kent



Sgt. Maj. Kent completed recruit training at Marine Corps Recruit Depot, Parris Island, S.C., in March 1976 and was assigned to the 1st Marine Brigade. In May 1978, Sgt. Maj. Kent was transferred to Marine Security Guard Battalion where he served as a Marine Security Guard. He served at American Embassy, Kinshasa, Zaire and Panama. In June 1981, Sgt. Maj. Kent transferred to Fort Benning for Airborne School and Parachute Riggers School at Fort Lee, Va. In June of 1982 he was assigned as 2nd Air Delivery Platoon Commander, and parachute rigger billets in various commands aboard Camp Lejeune, N.C.

In February 1983, Sgt. Maj. Kent was transferred to Marine Corps Recruit Depot, San Diego, Calif., for duty as a drill instructor, senior drill instructor and battalion drill master with First Battalion. In January 1985, he was meritoriously promoted to Gunnery Sergeant.

In May 1985, Sgt. Maj. Kent transferred to 3rd Air Delivery Platoon as Platoon Sergeant. In June 1986 he transferred to Engineer Company, BSSG-1 1st Marine Brigade, Hawaii, as Company Gunnery Sergeant. In March 1988, Sgt. Maj. Kent was assigned to Noncommissioned Officers School, 1st Marine Brigade as the NCOIC.

In February 1989, Sgt. Maj. Kent transferred to Marine Corps Recruit Depot, Parris Island, S.C., as a student at Drill Instructor School. After completion of Drill Instructor School, Sgt. Maj. Kent was assigned to Naval Aviation Officers Candidate School in Pensacola, Fla., as a Drill Instructor, Chief Drill Instructor, and First Sergeant. In February 1990, Sgt. Maj. Kent was promoted to First Sergeant and assigned as First Sergeant, MATSG, Pensacola, Fla.

In June 1992, he transferred to 4th Marine Regiment for duty. In June 1993, he transferred to the Army Sergeants Major Academy, Fort Bliss, Texas. After graduation, in February 1994 he was transferred and assigned as First Sergeant, Battery L, 3rd Battalion, 12th Marine Regiment. In December 1994, he assumed the duties as Sergeant Major, 3rd Battalion, 12th Marine Regiment. In August 1997, Sgt. Maj. Kent was transferred to the Marine Corps Recruit Depot, San Diego, Calif., where he was assigned duties as Sergeant Major 2nd Recruit Training Battalion and in September 1999 as Sergeant Major Recruit Training Regiment.

In May 2001, he was transferred to Marine Forces Europe/FMF Europe, Stuttgart, Germany, where he was assigned the duties as the Sergeant Major of Marine Forces Europe. In April 2004, he was transferred to I Marine Expeditionary Force, Camp Pendleton, Calif., to serve as the Sergeant Major of the I Marine Expeditionary Force. Sgt. Maj. Kent assumed his current post as the 16th Sergeant Major of the Marine Corps on 25 April 2007.

Mr. Chairman, Congressman Wamp, and Distinguished Members of the Subcommittee, thank you for this opportunity to proudly report on the state of your Marine Corps and the well-being of our Marines and their families. To echo the Commandant, our most sacred resource remains the individual Marine, and as we fulfill the assigned missions, we must always keep their well-being in the forefront. Our success as an institution during the Long War is inextricably linked to enabling the readiness of our Marines and their families through our investments in Quality of Life programs. Marines and their families know that their sacrifices are making a difference, that they are part of something much larger than themselves, and that their Nation stands behind them. We are grateful for the undying support of the Congress and American people to address these needs.

As of 1 December, there are over 25,000 Marines forward deployed in support of Operation IRAQI FREEDOM (OIF) and Operation ENDURING FREEDOM (OEF). The vast majority of these Marines are in Iraq; however, we are in the process of drawing down those numbers while increasing the number of Marines in Afghanistan. Nearly 2,600 Marines are deployed to various regions throughout Afghanistan — either as part of Special Purpose Marine Air Ground Task Force (SPMAGTF) – Afghanistan or as members of Embedded Training Teams or Individual Augments. Just over 2,800 Marines are engaged in other OEF missions outside Afghanistan.

We also remain very conscious of the need for deployed forces elsewhere. Today, there are roughly 4,900 Marines deployed in the U.S. Pacific Command's Area of Responsibility, including 13th Marine Expeditionary Unit (MEU), 31st MEU, and a 65-man detachment in the Philippines. More than 300 Marines are deployed in support of Combined Joint Task Force – Horn of Africa in Djibouti. We expect to meet over 140 requests to conduct Theater Security Cooperation activities in this fiscal year.

Grow the Force

The Marine Corps grew by over 12,000 Marines in Fiscal Year 2008 and is on pace to reach an active duty end strength of 202,000 by the end of Fiscal Year 2009 – two years ahead of schedule. This historic growth can be attributed to three factors: quality recruiting, record retention levels, and reduced attrition. We are currently ahead of Fiscal

Year 2008 in first term enlistments and are on track with our career reenlistments; our recruiting standards remain high, as nearly 98% of our new recruits in the first quarter of Fiscal Year 2009 are high school graduates. We established the most aggressive retention goals in our history, and our achievement was exceptional. More than 1 in 3 first-term Marines and more than 3 in 4 careerists chose to reenlist in Fiscal Year 2008. Attrition levels are projected to remain at or below Fiscal Year 2008 rates.

Transitioning Marine and Family Support Programs

Today's Marines and families carry on the long legacy of selfless service to our Nation, and the Marine Corps continues its commitment to care for our Marines and their families. Over the past year, the Marine Corps initiated a multi-year strategy to transition family support programs to a wartime footing. To achieve this, we conducted a series of assessments for the purpose of documenting service levels and evaluating the current state and efficiency of Corps-wide Marine and family support programs and services. We heard the concerns of our Marines and their families, and implemented key reforms at every level of command and aboard each installation. Central to our transformation efforts, we have expanded the depth and breadth of our family readiness training programs and established full-time Family Readiness Officer billets in more than 400 units, who serve as the focal point for the families of our deployed Marines.

As we continue implementing this transition, every program must contribute to the success of the Marine Corps; we can measure the effectiveness of programs through outcomes such as increased recruiting and retention, and evidence such as measurements of satisfaction in our Quality of Life Survey.

The Marine Corps Family Team Building Program (MCFTB) provides a strong support arm to Unit Family Readiness and provides high quality training that supports the lifecycle of the Marine and family through mission, career and life events. We have expanded and enhanced pre, during, and post-deployment training to address the increased demands and potential impact of multiple, sustained deployments on Marines and their families. We have developed an inventory of Lifeskills training courses that specifically address challenges of military life, but also personal and family life. Acknowledging the role extended family members play in fostering personal and family

readiness, we have expanded our family readiness support to include parents of single Marines. Finally, our MCFTB staff provides Unit Command Teams training on the roles, responsibilities and supporting tools that are available to foster personal and family readiness.

We have completed assessments at our remote and isolated commands and initiated substantial improvements to infrastructure and quality of life programming. We have also solidified support to families through the establishment of a School Liaison capability and enhancements to our Exceptional Family Member Program, which I will discuss in more detail.

We learned that effective communications with family members is of paramount importance, and for our families with deployed Marines, a critical quality of life requirement. We have addressed this issue in a number of ways. To enhance our morale and recreation capability on installations, as well as to better connect Marines and their families, the Marine Corps is installing wireless networks and access points at over 230 facilities across the Marine Corps. Full implementation is anticipated by August 2009. We are also testing a Morale-Portable Satellite Communication Suite (M-PSC) that provides an internet and web-cam capability to Forward Operating Bases (FOBs) in Afghanistan where traditional "Internet Cafés" are unavailable. This not only provides Marines with an opportunity to connect to families, but also provides a recreation outlet at these austere and remote locations. Two systems were delivered to our forces in Afghanistan in December 2008, and initial capability tests under these austere, combat conditions in the FOBs have been extremely positive.

These initiatives and others not only demonstrate the commitment of the Marine Corps to our Marines and their families, but also underscore the significance of Marine and family support to mission readiness. We have advanced the implementation of these initiatives through the use of much appreciated supplemental funding in Fiscal Year's 2008 and 2009. Beginning in FY10, the Marine Corps intends to sustain funding for these critical program enhancements in our baseline budget, not through supplementals.

Exceptional Family Member Program

Last year, we reported on our mission to establish a continuum of care for our Exceptional Family Members. Recommendations from a rigorous internal functionality assessment have been implemented and we are actively helping nearly 6,200 families gain access to medical, educational, and financial services that may be limited or restricted at certain duty stations. The program is now fully staffed at both the installation and headquarters level. A new Case Management System is on-line and allows the exchange of necessary information and provides a robust reporting capability to the Program Managers. A Respite Care Program funded by the Marine Corps provides up to 40 hours of care per month to all enrolled families, and can be used in conjunction with the TRICARE Extended Care Health Option (ECHO) benefit. We are obtaining the help of the Bureau of Medicine and Surgery and TRICARE to resolve access and availability to health care concerns at several bases, and legal counsel is now on staff to advise our exceptional family members on state and Federal entitlements and processes. Since expansion of the program, our EFMP families have frequently extended their appreciation for the support provided by our Case Managers, who have helped them navigate the paths and nodes to obtain services.

Gaining access to services can be most challenging to families who have members diagnosed with Autism Spectrum Disorder. We sincerely appreciate the increased reimbursement rate for Applied Behavioral Analysis therapy that Congress approved for Fiscal Year 2009. More families will now be able to exercise their option to use the TRICARE Extended Care Health Option program. However, the highly specialized services these families require are not always available. We are additionally evaluating how the Marine Corps can partner with other organizations to increase the availability of these specialized services in geographic areas where resources are currently lacking.

School Liaison Program

The education of over 52,000 school-age children of Marine parents directly contributes to the overall state of family readiness within our Corps. We recognize that our children, who are often as mobile as their military parents, face additional challenges associated with frequent moves between schools and educational systems of differing quality and standards. To address these challenges, we established School Liaison billets

at each of the installations to help parents and commanders interact with local schools and districts. The School Liaisons advocate for our school age children, and form partnerships with schools and other agencies, in an effort to improve access and availability to quality education and mitigate education transition issues. School Liaisons are actively involved in efforts to assist school districts in applying for available competitive and noncompetitive grants focusing on issues arising with military school age children. Complementing these efforts, the Marine Corps is working with the Department of Defense to develop an "Interstate Compact on Educational Opportunity for Military Children" with states to enable reciprocal acceptance of entrance, subject, testing, and graduation requirements.

Child Development Program and Meeting Potential Need

To ensure Children, Youth and Teen Programs continue to transition to meet the needs of our families, a Functionality Assessment was conducted in June 2008 to identify program improvements, such as the development of staffing models to improve service delivery, as well as recommendations to explore and re-define services to meet the unique and changing needs of Marines and their families living both on and off our installations. In addition, the Marine Corps has expanded partnerships to provide long and short-term support for geographically dispersed Marines. We are now providing 16 hours of reimbursed respite care per month for families with a deployed Marine. We are using multiple strategies to increase our care capacity, including expanded hours to address increased operational tempo, as well as through partnerships with Resource and Referral agencies, off-base family child care, and Child Development Home spaces. We are currently providing 11,757 child care spaces and meeting 63.6% of the calculated total need. It is important to note that the Marine Corps has initiated rigorous data collection and analysis improvements. As a result, it will be necessary to correct the 2007 annual summary due to identified reporting errors. Our reported rate of 71% of calculated total need last year is more accurately stated as 59.1%. We are not satisfied with our progress to date, and have plans for 10 Child Development Center Military Construction projects. Two have been approved in 2008, and one has been approved in 2009. These approved projects will provide an additional 915 spaces. We also are considering additional

modular Child Development Centers, subject to more detailed planning and availability of funds. Continued Congressional support will help us provide these needed facilities. As the needs of our families change, our program is committed to grow and adapt to meet these developments.

Combat Operational Stress Control (COSC)

Marine Corps commanders are fully engaged in promoting the psychological health of our Marines, Sailors, and family members. To enable leaders, individuals, and families to prepare for and manage the stress of operational deployment cycles, the Combat and Operational Stress Control Program encompasses a set of policies, training, and tools to recognize stress reactions early and manage them more effectively within operational units. Marine leaders are trained by mental health professionals, with assistance from chaplains in the operating forces, to detect stress problems in warfighters as early as possible, and are provided the resources to effectively manage these stress problems in theater or at home base. This training is also being incorporated in formal Professional Military Education schools for both officers and senior non-commissioned officers, such as the Expeditionary Warfare School and the Staff Non-commissioned Officer Advanced Course. Additionally, through enhanced training tools such as hyper-realistic combat training in environments engineered to simulate the sights, sounds, and smells of combat, Marines and Sailors are taught to be tough and resilient. We have staffed full-time COSC training coordinator positions at each of our Marine Expeditionary Force headquarters. To assist with prevention, rapid identification, and effective treatment of combat operational stress, we are expanding our program of embedding mental health professionals in operational units — the Operational Stress Control and Readiness (OSCAR) Program — to directly support all active and reserve ground combat elements and eventually all deployed elements of the Marine Air-Ground Task Force. This year we begin to formalize the OSCAR program by making mental health professionals organic to the Divisions and Marine Forces Reserve. By FY11, full OSCAR teams will be fielded to the Infantry Regiment level.

Post Traumatic Stress Disorder (PTSD)

The science of diagnosing and treating Post-Traumatic Stress Disorder continues to evolve. Research studies are underway to identify risk and protective factors to prevent Post-Traumatic Stress Disorder (PTSD) and other stress-related illnesses such as anxiety disorder or depression. Better screening and referral of at-risk Marines is underway via the OSCAR program and standardized pre- and post-deployment health assessments. This will improve access to care and reduce stigma associated with PTSD. The Departments of Veterans Affairs and Defense have collaboratively established comprehensive guidelines for managing post-traumatic stress, which are available to all services.

Traumatic Brain Injury (TBI)

We continue to see TBI as a significant challenge, one we are meeting in coordination with the Department of Defense and Veteran's Brain Injury Center (DVBIC). Many new cases represent older injuries that are just now being diagnosed and our expectation is that, with the institution of the Automated Neuropsychological Assessment Metrics (ANAM) for all Marines, we will discover mild Traumatic Brain Injuries more promptly post-deployment.

While the Marine Corps is providing leadership and resources to deal with this problem, we cannot solve all the issues on our own. The Marine Corps continues to work closely with the newly established Defense Center of Excellence for Psychological Health and Traumatic Brain Injury to advance our understanding of PTSD and TBI, and to improve the care of all Marines. We are gratified by your continued support in this arena through funding of several research initiatives that explore ways to better treat our injured Marines.

Suicide Prevention

The loss of any Marine is a tragedy both for the family and for our Corps. We are actively engaged in prevention and early identification of problems that may increase the risk of suicide. Leaders at all levels are concerned about the increase in the number of suicides, up from 25 in 2006, 33 in 2007, to 41 confirmed or presumed incidents in 2008. Understanding that there is no single suicide prevention solution, we are committed to

having an effect on the individual Marine through leadership and proactive command involvement at all levels.

In November, the Marine Corps Executive Safety Board, chaired by the Assistant Commandant of the Marine Corps, reviewed the suicide awareness and prevention program and directed the development of a high-impact leadership training program, targeted at non-commissioned officers, to provide them tools to identify and assist Marines at-risk for suicide

The Marine Corps will continue to aggressively pursue suicide prevention initiatives, to include reevaluating existing programs designed to reduce the stressors most correlated with suicidal behavior, developing and distributing new prevention programs, and refreshing and expanding training materials .

Personal Financial Management

In difficult economic times, our Marines and their families face challenges that are no different than the American population in general, such as taking on too much debt, expenses of a new child and increased housing costs. Our Marines also confront challenges because of their service: unexpected or short notice deployments and extended separations which can compound existing financial difficulties. During the July timeframe, we conducted a Financial Quick Poll to help determine the level of financial stress on active duty Marines and their families as a result of the downturn in the economy. Of the over 9,000 Active Duty Marines that responded to the survey, 15% of enlisted Marines and 5% of officers classified themselves as being in financial distress. Respondents reported that the most frequent financial problems experienced within the past year were increases in utility, rent and insurance costs, and taking on excessive debt. In order to address the payday lender problem, we worked with the Navy-Marine Corps Relief Society to establish a quick assist loan program that offers a \$300 interest free loan for emergency basic living expense needs. We also conducted a functionality assessment of our Personal and Financial Management Program in October 2008, and found deficiencies and opportunities for improvement. Anticipating that economic impacts may have become more pronounced, we will continue to monitor the Corps' financial health and the success of our efforts to improve the program with another survey in 2009.

Wounded Warrior Regiment.

Our Nation has a reasonable expectation that Marines will receive the care and support they need and deserve, whether this support is provided by the Marine Corps, the Department of Veterans Affairs, Veterans Service Organizations, or the many local and state governmental and non-governmental agencies.

Taking care of Marines has always been a command responsibility where personal relationships matter, not merely a process or a program in which our wounded, ill, and injured Marines are simply enrolled. The Wounded Warrior Regiment is focused on all aspects of non-medical care management for each Marine and Sailor throughout the recovery process. It starts with our Patient Affairs Teams (PATs) assisting with Invitational Travel Orders for the family to travel to the bedside of their wounded, ill, or injured Marine. It includes direct support in the form of lodging, transportation, and incidental needs to that family while they are at their Marine's bedside. It continues with assistance in pay and entitlements, filing life insurance benefits, navigation of the Medical and Physical Evaluation Boards, facilitating the donations of benevolent organizations, mentoring, and employment counseling and placement.

The highly effective "Sergeant Merlin German Wounded Warrior Call Center," established in December 2007, is available 24/7 for Marines and Marine Veterans, and enables the Marine Corps to reach out to the 9,000 Marines who have separated from active duty since 2001 with wounds or injuries sustained in the Long War. In its first year, our Call Center contacted about 80 % of these Marine Veterans and handled more than 35,000 calls, helping wounded, ill, and injured Marines. Our trained staff is primarily former and retired Marines or family members of Marines, who share a common bond with those they serve. The Call Center also gives the Marine Corps the capability and flexibility to make outreach calls targeting specific populations at higher risk for problems or requiring specific information. We are using this capability to advise wounded, ill, and injured Marines of the enhanced benefits and application procedures for the new Servicemembers' Traumatic Group Life Insurance policy. Our commitment to gaining and maintaining contact with all our wounded, ill, and injured Marines, including

those that have returned to full duty, has prompted us to increase our capability by adding Call Centers at Camp Lejeune, NC and Camp Pendleton, CA.

The Marine Corps appreciates the Subcommittee's attention to the critical needs facing both Veterans and Service members returning from OIF and OEF. The Marine Corps' Wounded Warrior Regiment has made great strides in achieving a more thorough integration of our military, civilian, charitable, and Veterans Affairs programs to better meet the needs of our Marines, especially those that are injured, and our families. We are particularly dedicated to ensuring our Marines not only survive, but that they thrive – whether they return to duty or reintegrate to their communities. The network of support provided by the Wounded Warrior Regiment will continue to the Marine's hometown via our District Injured Support Cells. Manned by active duty Marines, these cells are established throughout the country to conduct face-to-face visits and telephone outreach to reserve and veteran, wounded, ill, and injured Marines.

Infrastructure

The Marine Corps continues to strive for a prolonged commitment to facilities and infrastructure that support operations and quality of life. The Fiscal Year 2009 program provided by Congress funded an unprecedented \$3.2 billion for construction and infrastructure support. This funding, including over \$230 million in the 2008 GWOT Supplemental, provided critical Military Construction and Facilities support for our active and reserve forces.

For many years, we funded only our most critical facility needs. As a result, our installations are in a poor position to properly house and operate with the additional forces required to meet our planned end strength increase. In Fiscal Years 2007, 2008, and 2009, the Marine Corps received over \$4.2 billion in new construction and planning and design alone. With this funding we accelerated non-unit specific facilities which benefit all those aboard the installation -- such as bachelor quarters, recruit quarters, family housing, ranges, operational facilities, and landfills. Because our manpower expansion is already well underway, we are in the process of completing temporary facility solutions that began in Fiscal Year 2007. The generous assistance from Congress has provided critical support that allows our installations to prepare to support our Grow

the Force plan and puts the Marine Corps on the right path to complete the remaining requirements on time.

The Marine Corps' has four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: Bachelor and Family Housing; Facility Sustainment, Restoration and Modernization; Military Construction; and Military Construction, Navy Reserve.

Bachelor Housing. Bachelor housing is the Commandant's top Military Construction priority. The Marine Corps currently maintains 89,925 bachelor enlisted housing spaces worldwide. In Fiscal Year 2009, Congress provided almost \$1.2 billion to support this program and we are working towards constructing over 12,000 new barracks spaces. This investment will provide much needed support toward meeting the additional future requirements brought on by our Grow the Force plan and our effort to have all single Marines adequately housed.

Barracks are a critical element in supporting our warfighters. The Bachelor Enlisted Quarters initiative focuses on our enlisted troops and their quality of life within our barracks. The Marine Corps is the youngest, most junior, and least married of the four military Services. Providing appropriate and comfortable living spaces that positively impact the morale and development of these young men and women just makes sense. We are also committed to funding whole room barracks furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs.

The Marine Corps' goal is to provide a 2+0 room standard that allows two junior enlisted Marines (E1-E3) to share a room and bath. We believe that assigning two junior Marines to a room is the correct balance between the privacy desired by the Marines and the Marine Corps' goals of providing companionship, camaraderie, and unit cohesion. This balance provides the atmosphere we believe is necessary to motivate, train and develop Marines, while fostering unit integrity. Noncommissioned officers (E4 and E5) are provided a private room with bath in a 2+0 room. With your continued support, the Marine Corps is on track to obtain our goal to achieve the 2+0 standard for all of our Marines by 2014.

Family Housing. With over 190,000 family members, Marine Corps families are an integral component of readiness. We must always remember that Marines and their families serve out of a sense of duty and loyalty to our country and as they do so, they face the difficulties of the military lifestyle -- frequent relocations often far from extended family and frequent deployments that separate families for months at a time. We have a responsibility to provide adequate family housing to our families.

We continue to increase both the quantity and quality of our family housing inventory through public private ventures (PPVs) and military construction where necessary. In addition to PPV initiatives for family housing, continued support for full funding of the Basic Allowance for Housing (BAH) allows more families to access quality affordable housing in the local community. This is important since more than two-thirds of service members do not live on a military installation. However, many families continue to prefer to live in military or PPV housing for a number of reasons, including economics, safety, schools, and community support. PPV, combined with traditional military construction, will continue to build and improve the homes necessary to supplement local community housing.

We have nearly 23,000 owned, leased, or PPV family housing units worldwide. Thanks to your support, new military housing came on-line last year at Marine Corps Logistics Base Barstow, California and we commenced our first in a series planned renovations of our housing in Iwakuni, Japan. In 2001 the Marine Corps had close to 17,700 inadequate housing units, with the majority of those units requiring significant revitalization or replacement. Based on contracts in place by the end of Fiscal Year 2007, the Marine Corps will have successfully met the Department of Defense goal to eliminate inadequate housing by 2007 and will complete the build-out by 2014.

The funding provided by Congress in Fiscal Year 2009 provided almost \$300 million for public private venture (PPV) seed money, operations, maintenance, sustainment and restoration for family housing. This request included \$251 million for PPV seed money, \$9 million for traditional military construction and \$37 million for family housing operations. Your support for this request allowed us to continue to address the requirement for additional family housing resulting from Grow the Force increases and sustaining and modernizing our remaining government-owned housing.

This PPV seed money will permit construction of almost 400 deficit-reduction units and a DoD Dependent school at Marine Corps Base Camp Lejeune, North Carolina, construction or purchase of approximately 950 units at Marine Corps Base Camp Pendleton and Marine Corps Air Ground Combat Center in California, and over 500 units at Marine Corps Base Hawaii. This PPV program continues to allow the Marine Corps to leverage private sector funds. In addition to government financing, the private sector contributes development capital for PPV projects in Fiscal Year 2009. We will use traditional military construction to sustain and restore townhouse units for enlisted Marines at Marine Corps Air Station Iwakuni, Japan.

Public Private Ventures. We have privatized ninety-six percent of our world-wide inventories to date and continue to see success from our PPV projects across Marine Corps installations in Arizona, California, Georgia, Hawaii, Massachusetts, Missouri, New York, North and South Carolina, and Virginia. PPVs have not only improved the homes in which our families live, they are also providing community support facilities such as community centers, playgrounds and greenscapes that help create neighborhoods and a sense of community.

With nearly our entire domestic inventory privatized, we will continue to build on our prior successes and use PPVs to help us address most of our remaining housing requirement.

Overseas we are engaged with the Government of Japan in developing a Special Purpose Entity (SPE) for Family Housing on Guam. Similar in concept to our domestic PPVs, this SPE will supply the housing for the families of Marines relocating to the Guam from Okinawa, Japan.

Facility Sustainment, Restoration, and Modernization. Facility sustainment funding is critical to keeping our buildings ready to support the mission and provide an acceptable quality of life. In the past, our infrastructure could not be replaced at an appropriate rate, causing portions of it to deteriorate. As a consequence, the Marine Corps has had to use an increasing percentage of its facility sustainment funds to bind together old, inadequate buildings throughout the course of their service life, rather than maintaining newer, more economical structures resulting in significant numbers of facility sustainment projects being deferred due to a lack of funds. This directly impacted

the living and working conditions in barracks, mess halls, and other facilities, in highly visible and negative ways. In addition, we suffered a "quiet crisis" with respect to less obvious repairs to steam plants, airfields, sewer lines, and roads. These requirements are no longer being ignored.

A few years ago, the Office of the Secretary of Defense (OSD) developed a model to determine the amount of funding we need to sustain our facilities. This model continues to be refined and strengthened. Since inception of the model, and because of the funding standards put in place by OSD, we have done very well in programming and execution of sustainment. In fact, in Fiscal years 2006, 2007, and 2008 our sustainment rate is over 100%. In 2009, our sustainment rate drops to 90%. However, thanks to Congressional support of Restoration and Modernization to repair our facilities in order to support additional Marines arriving as a result of Grow the Force living and working conditions will improve for all our Marines.

Military Construction. For the third year in a row, the Fiscal Year 2009 funding provided by Congress represented a significant increase from historical funding levels. In 2009 over \$2 billion in funding will provide facilities that address long-standing requirements at our bases and stations and support the increased end strength across the Marine Corps. It is always a pleasure to visit our installations and hear young Marines talk about the work they perform in these new facilities.

Over \$1.3 billion in our 2009 Military Construction program will support our Grow the Force plan. The remaining \$700 million in Fiscal Year 2009 provides for longstanding improvements required at our installations and for planning support for the Defense Policy Review Initiative recommendation to move approximately 8,000 Marines from Japan to Guam. The addition of a recruit barracks at San Diego Recruit Depot and a lifelong learning center at 29 Palms will enhance the quality of life of our enlisted Marines.

Your generous support in the 2008 GWOT supplemental provided additional recruit barracks at Parris Island Recruit Depot and a child development center at Camp Lejeune. These projects will allow us to increase our throughput and provide family support for our Marines.

Marine Corps Exclusive, Military Construction, Navy Reserve. The Marine Forces Reserve is an integral and vital portion of our Marine Corps total force. Marine Forces Reserve is comprised of almost 39,600 Select Marine Corps Reserve personnel at 185 sites, dispersed throughout 48 states, Washington D.C., and Puerto Rico. As these numbers suggest, maintenance of adequate Marine Corps Reserve facilities presents a considerable challenge. The Military Construction, Navy Reserve program for exclusive Marine Corps construction must effectively target limited funding to address at least \$140 million in deferred construction projects. Over 57 percent of the reserve centers our Marines train in are more than 30 years old and of these, 44 percent are more than 50 years old.

The equipment our Marines use today is bigger, heavier, wider, and longer, creating support requirements that these antiquated facilities cannot meet. The electrical demand on our facilities because of modern equipment has increased significantly. Appropriately constructed or modified maintenance facilities, as well as adequate electrical power and other support infrastructure upgrades, are necessary to maintain combat readiness. We still continue to use facilities built to accommodate manual typewriters, M151 jeeps, and M-48 tanks.

To help us address these challenges, the Fiscal Year 2009 budget approved by Congress for Military Construction, Navy Reserve contained almost \$23 million in appropriations for construction in planning and design. This program addresses two pressing requirements and will provide a new Reserve Training Center and a vehicle maintenance facility in Fresno, California; and a Reserve Training Center in Windy Hill, Georgia.

Obtaining Quality of Life Feedback

The Commandant and I travel extensively to meet with our Marines and their families wherever they may be, to hear their concerns. The Commandant regularly conducts town hall meetings at our installations, which provide the opportunity to address not only individual concerns and issues, but also helps program managers identify systemic issues. In late 2007, the Marine Corps conducted its fourth Quality of Life in the Marine Corps Study (prior studies were conducted in 1993, 1998, 2002). This is the first

study conducted since the start of OIF/OEF, and it measured Marines and their spouses' perceptions and satisfaction with the quality of life across a wide range of issues. As a statement of the morale and character of today's Marine, this most recent study found that despite the Global War on Terror and the high operational tempo, Marines and family members are generally satisfied with their mission and the support provided by the Marine Corps. In fact, the most critical findings from the study were that Marines with a deployment history in support of GWOT actually have a slightly higher overall QOL score than their counterparts without a deployment history. We will continue to evaluate the findings from this important study in an effort to sustain the many QOL improvements and transformation efforts outlined in my statement.

Conclusion

On behalf of all Marines and their families, I thank you for your continued support to address the critical warfighting, infrastructure and family readiness requirements of the Marine Corps. During this period of a Long War and continued sacrifices by all those who serve our Nation so proudly, nothing is more important to the Commandant and me than maintaining the well-being of our Marines and their families. With the continued support of the Congress, I am confident we will succeed in that endeavor.

Mr. EDWARDS. Great. Thank you very much, Sergeant Major.
Master Chief West.

WEDNESDAY, FEBRUARY 4, 2009.

UNITED STATES NAVY

WITNESS

RICK D. WEST, MASTER CHIEF PETTY OFFICER OF THE NAVY

STATEMENT OF MASTER CHIEF PETTY OFFICER RICK D. WEST

Master Chief WEST. Yes, sir. Thank you very much.

Mr. Chairman, Congressman Wamp, distinguished members of the subcommittee, thank you for the opportunity to appear before you and represent our Sailors and their families in this forum.

On December 12th, the day I took the job, I told our young men and women that nothing would be more important to me than providing them the avenues to succeed as Sailors and as Americans. I view this time with you as an unparalleled opportunity to speak on behalf and uphold the promise that I made to them.

Joining me today is Force Master Chief Ronney Wright, who represents our Reserve Force, the finest group of citizen-sailors that this nation has ever seen.

Force Wright and I believe that three traditional pillars are critical to the success of our service: Strong decisive leadership, consistent and clear communications up, down and across the chain of command, and education to our fleet and their families regarding the quality of life and family support programs that are available to them.

Consistent support from Congress and a continued emphasis on these pillars will ensure all of our sailors are ready for any mission any time, anywhere. Your commitment to our Sailors and the unconditional support to the families both contribute equally to our Navy's success and our ability to protect America's strategic interests around the world.

Over the last few years, cooperation between this subcommittee and our Navy leadership has led to impressive progress in health care, childcare, family housing, and many other support programs. However, we will need your support as we focus on upgrading our existing barracks and providing more quarters to support our Sailors. Approximately 9,000 of my sailors today live on board ships.

Before I took this job, I had the privilege of leading Sailors as Master Chief in both the Pacific and the Atlantic fleets. I have met and talked with thousands of our great Sailors. They inspire me daily, and I am happy to report morale is high and retention is strong.

Our Navy mission is more diverse than ever before. I have seen Sailors operate on and below the oceans of the world, in the air, or boots on the ground with our expeditionary forces or as individual augmentees as we prosecute the global war on terror.

And I am continually amazed to see the caliber of these Sailors working side by side with our Marine Corps brothers and alongside our Army and Air Force counterparts.

They may not have joined with that job in mind, but every day they are redefining their role as a United States Sailor. Your Sailors stand ready.

But sadly to say, some of these Sailors never return to their families. They present us with a serious national responsibility. As a Navy and through your leadership, we are continually improving the support and care that we provide our wounded warriors. Our commitment to the heroes and their families will never waver.

But today I come before you not only as the nation's senior enlisted Sailor, but also as a Navy dad. I saw my eldest son graduate from Navy boot camp, and a few months later, I attended his graduation from Navy dive school.

In the near future, his younger brother plans to follow. I am proud to tell you that these young men elected to follow in my footsteps out of patriotism and sense of selfless service to our nation, but I will also tell you another fact is they have chosen to join our Navy. The reason they joined our Navy is the lifelong exposure that they have had to the Navy way of life and to the military quality of life that this subcommittee is chartered with.

And they have seen my wife, Bobbi, a former Navy Seabee, who doesn't have to worry too much about my safety, but now she understands firsthand what so many of our American parents have discovered, that a child in harm's way is a kind of stress you can never prepare yourself for.

Mr. Chairman, committee members, it is not lost on me that you and I share very similar responsibilities. I know that your dedication to our military is stronger than ever before, and that your loyalty to our families is limitless. You have my most profound respect for that and for your continued dedication to each of them.

I look forward to working with and alongside each of you today and in the future. Thank you for the opportunity to address you today, and I look forward to your questions. Hooah.

[Prepared statement of Master Chief Petty Officer Rick West follows:]

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RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS (MILCON)**

**STATEMENT OF
MASTER CHIEF PETTY OFFICER OF THE NAVY
(SUBMARINE WARFARE/SURFACE WARFARE)
RICK WEST
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION**

February 4, 2009

Mr. Chairman and members of the Committee, it is an honor to represent before you the brave men and women of the United States Navy. On 12 December 2008, I was selected as the 12th Master Chief Petty Officer of the Navy (MCPON). I was previously assigned as the 14th Fleet Master Chief for Commander, U.S. Fleet Forces Command and also served as the Pacific Fleet, Fleet Master Chief.

With the knowledge I have acquired in this short period as MCPON and my years of experience as Fleet Master Chief, I am prepared to provide you an overview on the Quality of Life programs supporting our Sailors and their families.

Introduction

The United States Navy has risen to meet the challenges of this critical time in our nation's history. Our men and women are highly motivated and carry with them the quiet confidence found in a well-led and well-trained Navy. Sailors are deployed all around the world, standing shoulder-to-shoulder with Marines, Soldiers, and Airman accomplishing missions that just a few years ago would have seemed out of the question.

On behalf of over 399,000 Active and Reserve men and women who make up our all-volunteer Navy, I would like to thank Congress for your commitment and longstanding support of the United States Sailor and our families. Our men and women deeply appreciate the new authorities included in the National Defense Authorization Act for Fiscal Year 2009 that enhance the quality of life for our Sailors and their families.

Between our Navy's traditional maritime requirements and the many non-traditional missions we have adopted in support of the War on Terror, the strain on our Sailors and their

families is greater than ever seen before. Nevertheless, our personnel know their mission and the value of serving our nation on and below the sea, in the air and on the battleground.

Over the past year, I have visited with Sailors and Navy families stationed both within the continental United States and abroad. The issue foremost in their minds as I visited with them is the high OPTEMPO and the stress associated with it on both our Sailors and their family members. Thanks to the attention and support of this Committee and our military leadership, our Sailors and their families take great comfort in knowing the strides we've made to significantly improve their quality of life in recent years to combat stress.

With a majority of our Sailors assigned to high cost living areas, we must continue to provide them with adequate pay. We must also continue to provide our Sailors and their family with quality health care, child care, education, and housing analogous to the sacrifices they make in service to our country. The value and importance of these pillars of support has allowed the Navy to not only attract, but retain our nation's best talent to sustain maritime dominance, meet emerging threats, and maintain our capability to provide humanitarian assistance and disaster relief.

A great number of our Sailors joined the Navy after September 11th, 2001. They enlisted into a military at war and they did so to help protect this nation from further attacks. They served this nation when we needed them to, and now many are recovering from injuries sustained in battle, both physical and psychological. Wounded service members and their families are being asked to adjust to a lifestyle none of them could have ever anticipated and it is our responsibility to remain committed to pressing forward on the quality of service we provide them now and in the future.

Safe Harbor and Healthcare

Navy Safe Harbor is the focal point for the non-medical care management of seriously wounded, ill, or injured Sailors and their families. Eligibility includes combat-related wounds or injuries and extends to those Sailors seriously injured in the line of duty or liberty accidents, or those who incur a serious illness, whether physical or psychological. The program provides a lifetime of care bringing resources together to assist and support Sailors through recovery and rehabilitation enabling them to return to duty or reintegrate into their local community.

Since January 2008, Navy Safe Harbor has doubled its staff to support over 5,000 military members and their families at 15 locations. Non-medical care management support is individually tailored to meet the unique needs of each Sailor and their family encompassing administrative matters, lodging/housing adaptation, child/youth programs, transportation needs, education/training benefits, respite care, Traumatic Brain Injury (TBI)/Post Traumatic Stress Disorder (PTSD) support services, and much more.

PTSD is often found to co-occur with a variety of mental health conditions which can seriously detract from operational readiness and a service-member's quality of life. The number of new PTSD cases continued to grow in FY-08. Currently the Pre- and Post-Deployment Health Assessments (PDHA) and Post Deployment Health Re-Assessment (PDHRA) are the primary screens for PTSD symptoms in Sailors re-deploying from Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF).

Our Warrior Transition Program (WTP), located in Kuwait and established by the Expeditionary Combat Readiness Center (ECRC) in November 2006, provides a venue for Individual Augmentee (IA) Sailors to decompress and transition from the stresses of a war zone to life back in CONUS in a non-threatening environment. The Global War on Terrorism Support

Assignments (GSA)/IA Sailors going through WTP-Kuwait are now completing the PDHA prior to re-deploying to the continental United States (CONUS) resulting in increased PDHA completion rates. Individual Augmentee Manpower Management (IAMM) and RC GWOT augmentees are completing their PDHAs at Navy Mobilization Processing Sites (NMPSs) upon re-deployment from theater or shortly thereafter at their parent commands.

To reduce the stigma associated with seeking psychological services and improve overall resilience in our Sailors and their families, the Navy implemented an Operational Stress Control (OSC) program in 2008. OSC, supported by Navy Medicine, is organized under a single Navy-wide umbrella that ensures various Navy policies and initiatives are coordinated. It assists leaders in recognizing the early signs and symptoms of stress-related injuries and illnesses.

Preliminary OSC Awareness Training has been provided to over 1,400 non-mental health care-givers and 700 senior Navy leaders to date. Additionally, basic OSC Awareness Training focusing on signs, symptoms, and mitigation strategies has been provided to over 4,000 Sailors.

By the end of FY-09, a formal OSC curriculum will be developed and delivered at key nodes of training throughout the career of the Sailor, from accessions to Flag Officers. This is being established at Deployment Health Centers (DHCs) co-located with NMPS-related Medical Treatment Facilities (MTFs) to serve GWOT deployers as part of their pre-deployment preparations.

Understanding mental health needs of returning service members and providing necessary support to their families are two issues being better addressed by recent policy and program initiatives such as an expanded PDHA and PDHRA program, the establishment of DHCs at 17 MTFs, aggressive case management services, a Navy-wide OSC program and an expansion of the USMC Wounded Warrior Regiment and Navy Safe Harbor programs. Navy

line leadership and Navy Medicine remain devoted to providing superior care for all beneficiaries, both in deployed settings as well as at our medical treatment facilities.

Childcare

The Child Development and Youth Programs help families balance the competing demands of mission readiness and family responsibilities. The Navy provides high quality child care, youth development, and school transition services for over 89,000 children ranging from four weeks to 18 years of age. Currently, the Navy operates 103 Child Development and Youth Programs, 128 Child Development Centers, 3,000 Child Development Homes and 86 School Age Care Programs at the present time.

The Department of Defense (DoD) goal is to achieve capacity for 80% of the potential need which is sufficient capacity to place children from waiting lists within one to three months after care is requested. Our current capacity meets 72% of the potential need with a corresponding three to six month placement. However, placement wait times in fleet concentration areas are usually longer.

The availability of child care remains a top issue among our dual-income families and single parents. The Navy's expansion plan to attain the DoD goal includes adding approximately 7,000 new child care spaces and 25,000 additional hours of respite child care and youth services for families of deployed Sailors.

On a Separate, yet related note, the Navy has recently expanded its School Liaison Officer program to reach most major installations within the coming year. This highly successful program is designed to help Navy families address dependent education issues arising from frequent moves and deployments.

Homeport Ashore/Navy Bachelor and Family Housing

The Homeport Ashore (HPA) initiative was created to improve the quality of life of fleet Sailors by moving junior single Sailors off ships and into barracks ashore while in homeport. Our ability to place junior single shipboard Sailors into adequate enlisted quarters is consistent with the Navy's Quality of Life goals

While the DoD standard for single Sailor accommodations is 90-square-feet per person, the Navy is currently doubling room occupancy in an effort to provide shore accommodations for Homeport Ashore sailors. In many instances, this required reducing bedroom space to a minimum of 55-square-feet per Sailor. Even with HPA as a Navy priority initiative, we will still have approximately 2,100 Sailors living aboard ships by FY10 in our Fleet concentration areas like San Diego and Norfolk.

The Bachelor Housing (BH) program serves more than 100,000 personnel of which 40,000 are permanent party single Sailors. The Navy has 1,850 BH facilities and many of these facilities have critical capacity, condition, and configuration deficiencies. Over 200 of our BH facilities are over 50 years old and 70% of permanent party barracks are rated as partial or non mission capable.

Recently, the Navy awarded two BH Public Private Venture (PPV) pilot projects, providing 4,250 new spaces for E1-E6 Sailors. The first project in Hampton Roads Virginia, provided 2,367 spaces targeted at E1-E4<4. The second project, Pacific Beacon in San Diego, is a first of its kind PPV bachelor housing facility that provides an alternative for our senior Sailors to living out on the economy. Additionally, four new Military Construction (MILCON) market-style BH projects will be completed this fiscal year. A forthcoming Bachelor Housing Master

Plan will further articulate BH solutions for the Navy by codifying common BH standards, including plans to renovate or replace existing infrastructure to meet those standards. It is essential that we provide living accommodation for our Sailors commensurate with their counterparts in other branches of the DoD.

The Navy successfully eliminated in FY-08 inadequate family housing through a combination of privatization and MILCON projects. A total of 18 privatization projects have been awarded to provide for an end state of 40,355 homes. These projects account for 95% of our CONUS family housing. We continue to require investment in non-privatized CONUS and OCONUS Family Housing Construction and Maintenance to properly meet the Navy's family housing requirements.

I cannot stress enough the importance of providing our Sailors and their families the opportunity for suitable, affordable, and safe housing. This critical Quality of Life issue is a major factor that assures our Sailors their families have a safe, stable and adequate living environment while they are deployed around the world.

Sailors in Action

Within a week of assuming the duties and responsibilities as the Master Chief Petty Officer of the Navy, I had the opportunity to travel with Admiral Roughead, Chief of Naval Operations, to Afghanistan, Bahrain, the USS SAN ANTONIO, USS RAMAGE, and the USS CARTER HALL. During our visits, I had many opportunities to converse with our Sailors and I could not be prouder of the commitment, dedication and motivation our Sailors express. They recognize the significance of our mission and are answering the call to stand the watch to protect our Freedom and way of life.

Maintaining a global Navy presence and engagement is critical to the success of the larger DOD effort in the Global War on Terrorism (GWOT). The Navy has flexed to continue to provide forces expertly trained in littoral combat, ground combat support and combat service support for OEF/OIF.

Navy Augmentation forces remain vital in meeting the GWOT manning requirements. As of 15 January 2009, Navy has mobilized over 53,000 Sailors filling traditional and non-traditional requirements in support of GWOT with 4,800 RC personnel currently activated for GWOT and 5,700 AC currently on IA assignments around the world in support of the War on Terrorism.

Today, in the FIFTH Fleet AOR we have more Sailors ashore with boots on ground than we have at sea. Many of our Sailors are carrying out non-traditional duties, such as providing security on the Iraqi oil platforms and in the waterways, conducting customs inspections, civil affairs and detention operations. Sailors are making critical contributions to maritime security operations and the war on terror.

The Navy is optimizing the integration of AC/RC resources using flexible tour lengths, providing enroute training and allowing for flexibility of orders to meet emergent demands. We continue to seek innovative ways to effectively utilize the RC for evolving GWOT missions.

We are committed to ensuring that our Augmentee Sailors maintain competitive status for professional development; receive world class continuum of care; and have access to a network of family support throughout their IA assignments. The 2008 institution of GWOT Support Assignments (GSA) allows Sailors to negotiate with detailers for PCS IA as early as nine months prior to detaching. The purpose of GSA assignments is to greatly stabilize the sourcing of IA requirements and provide enhanced predictability for prospective augmentees and their detailer

in managing Sailor's careers. Additionally, the GSA process energizes Navy families providing them with adequate time that significantly improves their readiness and preparation for the extended absence of the service member. We will continue to monitor the impact of GSA assignments.

Family readiness means Navy families are prepared for the absence of their loved ones. Through Fleet and Family Support Centers the Navy offers quality services to assist in preparing Sailors and their families to anticipate, understand and cope with the unusual demands associated with Navy lifestyle and OPTEMPO.

We are an ANY MISSION, ANY TIME, ANY WHERE force ready to respond as needed by our great Nation.

Recruiting

In an all volunteer force and in the increasingly competitive 21st century marketplace, the U.S. Navy's support programs and policies are critical elements for successful recruiting and retention. In FY-08, we attained 100.2% of the Active Component (AC) recruiting goal and 100.1% of our Reserve Component (RC) recruiting goal.

We are stabilizing the total force at approximately 329,000 AC Sailors and 67,000 RC Sailors to support a Navy of 313 ships and 3,800 aircraft and meet core and new capability operational support missions throughout the world. Retaining the best and brightest Sailors is accomplished by offering rewarding opportunities for professional growth, development, and leadership. Navy's goal is to maintain a balanced diverse force, in which seniority, experience, and skill sets are matched to requirements.

Reserve Force

The Navy Reserve Force continues to fulfill critical roles in the Navy's Total Force mission and GWOT requirements. There are currently over 67,700 RC Sailors supporting the fleet. There have been nearly 52,000 contingency activation events since 9/11, and over 5,000 are currently mobilized. The Selected Reserve is our primary source of immediate mobilization manpower and Operational Support as part of the Total Force. However, volunteers from the Individual Ready Reserve (IRR) have also been used, and continue to be used to meet the GWOT requirements. At present, Navy does not foresee a need for involuntary recall of IRR members to meet projected RC GWOT requirements, but remains ready to use these manpower resources if needed.

At the end of FY-07, successful recruiting and retention strategies were set in motion and carried on through FY-08. We exceeded our recruiting goal and expect this positive momentum to continue in FY-09. The accession and retention bonuses for RC Sailors remained at approximately \$108-million in 2008, continuing Navy's ability to recruit and retain the right person for the right job.

One of our biggest challenges is the wide dispersion of RC families throughout the United States and territories. To extend services offered by Navy Fleet and Family Support Centers to those families lacking convenient access, the Navy Reserve hired a full-time Family Support Program Manager on the Commander, Navy Reserve Forces Command headquarters staff, and a full-time Family Support Program Coordinator at each of the five Regions across the country.

Additionally, Navy Reserve Ombudsmen are a critical link between the Sailor's command and their families. These trained volunteers provide essential information and referral

services on various topics and most importantly act as a command representative during the entire deployment cycle.

With the integration of the Active and Reserve Components complete, the work and operational support our RC Sailors provide the Fleet has never been more relevant. The Navy Active and Reserve components are ready and make a most effective "Total Force" team as we face the challenges that lie ahead.

Conclusion

For our men and women to be able to better perform their mission, we must continue to provide an environment that enhances quality of life for our Sailors and their families in a manner that is constant and predictable. Resources like our MWR facilities and world class healthcare, child care facilities, housing, and education benefits will ensure we retain our best personnel while maintaining the mission readiness our country requires. Additionally, through the proactive detailing afforded by our Individual Augmentation process, many of our Sailors now have the ability to better predict their time at home and their deployment schedules. This allows for a more stable home environment further enhancing our Sailors' ability to spend quality time at home.

Never before has our Force been asked to sacrifice so much. However, your continued support to the Navy's Quality of Service and personnel programs for our Sailors and Families, have enabled our Sailors to be more informed or more ready to meet the Nations needs.

I look forward to our continued relationship as we move our Navy and our Military into meeting the mission requirements of the future.

Mr. EDWARDS. Thank you. Master Chief West, thank you for your eloquent first statement before our subcommittee.

Master Chief WEST. Thank you very much.

Mr. EDWARDS. And thanks on behalf of all of us for your entire family's service to our country.

Master Chief WEST. Thank you very much.

Mr. EDWARDS. Chief McKinley, welcome back to our subcommittee. I would like to recognize you now for your opening statement.

WEDNESDAY, FEBRUARY 4, 2009.

UNITED STATES AIR FORCE

WITNESS

RODNEY J. MCKINLEY, CHIEF MASTER SERGEANT OF THE AIR FORCE

STATEMENT OF CHIEF MASTER SERGEANT RODNEY J. MCKINLEY

Chief Master Sergeant MCKINLEY. Thank you very much.

Mr. Chairman, Congressman Wamp, Congressman Young, members of the committee, thank you for this opportunity to speak with you today about issues important to America's Airmen and our Air Force.

I am honored to be here alongside my fellow warriors as we collaborate on quality-of-life issues impacting all of our service members and their families. I want to take this opportunity to thank the members of this committee and the entire House of Representatives for your incredible support.

Your Air Force appreciates greatly the expansion of pay, health care, and retirement benefits for service members and veterans and visits by the House members to our personnel in the field and to our wounded warriors.

Thank you also, Mr. Chairman and committee members, for recommending additional Air Force infrastructure funding in the House Appropriations Committee's economic stimulus package. Quality facilities and services directly impact our mission and retention efforts, so we especially appreciate this recommendation to invest in our future.

Mr. Chairman, we also thank you for your continued sponsorship of the Military Child College Affordability Act in which states offer resident rate college tuition to our military families.

Recently, our Air Force has had some challenges in our nuclear enterprise. We learned we needed to improve in many areas. But under the leadership of our Secretary and Chief of Staff, we have met those challenges head-on to ensure we have the right focus.

We have stood up the Air Force Global Strike Command Provisional to handle our nuclear missions. We now have the right organizational emphasis as we steward this very important national resource.

America's Airmen continue to deliver outstanding capabilities to the battlefield. In the war on terrorism, more than 208,000 total force Airmen are engaged in the joint and coalition fight. We are

supporting daily operations in the air, on the ground, in space, and in cyberspace.

We are filling joint expeditionary taskings, formerly known as in-lieu-of taskings, where our deployed Airmen work alongside Soldiers, Sailors, Marines, and Coast Guardsmen on missions in Iraq, Afghanistan, and around the globe.

We are focused on cyberspace, unmanned aerial systems, and the United States African Command. Security of cyberspace is of great importance not only to our Air Force, but also to our joint partners in our nation. Security of the nation's net-centric information architecture requires more than Department of Defense (DoD) emphasis, so we have committed to working transparently with our inter-agency partners, as well.

Our unmanned aircraft systems (UAS) are directly supporting warfighters on the ground. Air Force Predators, Reapers, and Global Hawks are finding, fixing, tracking, and attacking our enemies. The intelligence, reconnaissance, and surveillance capabilities these systems provide are critical to battlefield operations.

We have increased from 12 UAS combat air patrols in 2007 to 33 today. To further support United States African Command, we have a new numbered Air Force, 17th Air Force. We are gearing up to support the extensive airlift requirements of that new command, as well as humanitarian assistance, security operation, improved aero-safety and security, and assisting our African partners with their efforts in these areas.

We are constantly expanding care for our wounded warriors. Our warrior and survivor care program cares for Airmen and their families through treatment, recovery, and into the post-separation period.

We are also working with our joint partners on special monthly compensation, which will assist the families that have catastrophically wounded service members toward maintaining financial balance with their loved ones during recovery. This compensation is intended to help family caregivers in meeting recurring monthly expenses, such as rent, credit card, and car payments while they are at the bedside.

Our recruiting efforts continue to be successful, despite the decreasing eligibility pool due to increases in the nationwide school dropout rate, a more obese youth population, and other reasons. We met our 2008 recruiting goals and met recruiting goals in all three areas of our total force: Active Duty, Air Force Reserve, and Air National Guard.

We have experienced a few decreases in our retention numbers. In fiscal year 2008, overall Active-Duty Air Force retention rates finished slightly below annual goals, while Guard and Reserve officer enlistment rates met or exceeded their retention goals.

Although overall Active-Duty retention is trending slightly upward for this fiscal year, 2009, some of our critical and stressed specialties continue to experience significant shortfalls.

We continue to use selective re-enlistment bonuses and quality of service initiatives to resolve these shortages. We appreciate continued congressional support for these incentive efforts.

Childcare continues to be important to our Airmen and our families. With the current economic situation, many of our spouses

must work to supplement the family income. We have made good progress in providing affordable childcare, and we will continue these efforts. Right now, we have need for about 1,900 childcare spaces and would like to cut that to zero.

Thank you all again for your continued support for our Airmen. On behalf of America's Airmen, thank you for this opportunity to testify before you today. I look forward to your questions.

[Prepared statement of Chief Master Sergeant Rodney J. McKinley follows:]

**DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

SUBJECT: QUALITY OF LIFE IN THE MILITARY

**STATEMENT OF: CMSAF RODNEY J. MCKINLEY
CHIEF MASTER SERGEANT OF THE AIR FORCE**

February 4, 2009

**NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**



BIOGRAPHY

UNITED STATES AIR FORCE

CHIEF MASTER SERGEANT OF THE AIR FORCE RODNEY J. MCKINLEY

Chief Master Sergeant of the Air Force Rodney J. McKinley represents the highest enlisted level of leadership, and as such, provides direction for the enlisted corps and represents their interests, as appropriate, to the American public, and to those in all levels of government. He serves as the personal adviser to the Chief of Staff and the Secretary of the Air Force on all issues regarding the welfare, readiness, morale, and proper utilization and progress of the enlisted force. Chief McKinley is the 15th chief master sergeant appointed to the highest noncommissioned officer position.



Chief McKinley grew up in Mount Orab, Ohio. He originally entered the Air Force in 1974, took a break in service in 1977, and re-entered the Air Force in 1982. His background includes various duties in medical and aircraft maintenance, and as a first sergeant and command chief master sergeant at wing, numbered air force and major command levels. His assignments include bases in North Carolina, South Carolina, Oklahoma, Virginia, Alaska and Hawaii. The chief also served overseas in the Philippines, Italy and Germany, and deployed to Southwest Asia in support of operations Enduring Freedom and Iraqi Freedom. Before assuming his current position, he served as Command Chief Master Sergeant, Pacific Air Forces, Hickam Air Force Base, Hawaii. He was appointed to the position of Chief Master Sergeant of the Air Force on June 30, 2006.

EDUCATION

1984 Tactical Air Command NCO Leadership School, Myrtle Beach AFB, S.C.
 1986 Associate of Arts degree, Saint Leo College, Fla.
 1986 Associate degree in aircraft maintenance technology, Community College of the Air Force
 1986 Bachelor's degree in human resource management, Saint Leo College, Fla.
 1987 Tactical Air Command NCO Academy, Tyndall AFB, Fla.
 1991 U.S. Air Force First Sergeant Academy, Keesler AFB, Miss.
 1997 U.S. Air Force Senior NCO Academy, Maxwell Air Force Base, Ala.
 1998 Associate degree in personnel management, Community College of the Air Force
 1999 Master's degree in human relations, University of Oklahoma
 2004 USAF Senior Leadership Course, Center for Creative Leadership, San Diego, Calif.
 2004 USAF Senior Leadership Course, Gettysburg College, Pa.
 2006 Keystone, U.S. Joint Forces Command, Suffolk, Va.
 2007 Air Force Enterprise Management Seminar, University of North Carolina at Chapel Hill

ASSIGNMENTS

1. July 1974 - August 1974, student, basic military training, Lackland AFB, Texas
 2. August 1974 - November 1974, medical service specialist technical training, Sheppard AFB, Texas

3. November 1974 - August 1977, emergency room technician, Seymour Johnson AFB, N.C.
4. August 1977 - April 1982, separated from the Air Force
5. April 1982 - June 1982, aircraft maintenance technology technical training, Sheppard AFB, Texas
6. June 1982 - June 1987, phase dock inspector, maintenance instructor, quality assurance inspector, noncommissioned officer in charge of aircraft weight and balance and functional check flights, 354th Tactical Fighter Wing, Myrtle Beach AFB, S.C.
7. June 1987 - June 1991, dedicated crew chief, quality assurance inspector, noncommissioned officer in charge aircraft weight and balance and functional check flights, chief inspector of quality assurance, 3rd Tactical Fighter Wing, Clark Air Base, Philippines
8. June 1991 - June 1992, First Sergeant, 354th Communications and Services squadrons, Myrtle Beach AFB, S.C.
9. June 1992 - January 1994, First Sergeant, 401st Munitions Support Squadron, Ghedi AB, Italy
10. January 1994 - July 2000, First Sergeant, 3rd Combat Communications Support Squadron, 965th Airborne Air Control Squadron, 552nd Equipment Maintenance Squadron, and 552nd Aircraft Generation Squadron, Tinker AFB, Okla.
11. July 2000 - July 2001, First Sergeant, 723rd Air Mobility Squadron, Ramstein AB, Germany
12. August 2001 - September 2002, Command Chief Master Sergeant, 86th Airlift Wing, Ramstein AB, Germany
13. September 2002 - June 2004, Command Chief Master Sergeant, 1st Fighter Wing, Langley AFB, Va. (February 2003 - June 2003, Command Chief Master Sergeant, 379th Air Expeditionary Wing, Southwest Asia)
14. June 2004 - March 2005, Command Chief Master Sergeant, 11th Air Force, Elmendorf AFB, Alaska
15. March 2005 - June 2006, Command Chief Master Sergeant, Pacific Air Forces, Hickam AFB, Hawaii
16. June 2006 - present, Chief Master Sergeant of the Air Force, the Pentagon, Washington, D.C.

MAJOR AWARDS AND DECORATIONS

Legion of Merit
 Bronze Star Medal
 Meritorious Service Medal with silver and two bronze oak leaf clusters
 Air Force Commendation Medal with two oak leaf clusters
 Air Force Achievement Medal
 Air Force Outstanding Unit Award with "V" device and silver and three bronze oak leaf clusters

OTHER ACHIEVEMENTS

1984 John Levitow and Esprit de Corps winner, NCO Leadership School
 1985 Maintenance Professional of the Year for Quality Assurance, 354th Tactical Fighter Wing
 1990 Maintenance Professional of the Year, 3rd Tactical Fighter Wing
 1994 First Sergeant of the Year, 3rd Combat Communications Group
 1994 First Sergeant of the Year, 12th Air Force
 1996 First Sergeant of the Year, 552nd Air Control Wing
 1996 First Sergeant of the Year, Tinker AFB, Okla.

EFFECTIVE DATES OF PROMOTION

Chief Master Sergeant of the Air Force June 30, 2006

(Current as of January 2008)

INTRODUCTION

Mr Chairman, Mr Wamp, Members of the Committee, thank you for this opportunity to address issues important to America's Airmen and our United States Air Force. It is an honor and distinct privilege for me to testify here today and represent some of America's finest men and women. We are more than 663,000 strong -- with more than 501,000 uniformed Airmen and nearly 162,000 Air Force civilians. I assure you, your Airmen take tremendous pride in serving this great Nation and America can continue to take equally great pride in the work of their Air Force. Airmen prove this daily in the skies, in space, in cyberspace, on the ground, and anywhere freedom and the American way of life are threatened.

The incredible support of this Committee and the Congress has been vital to our successes over the past year. We appreciate greatly the expansion of servicemember and veteran's pay, health care and retirement benefits, and the visits by House members to our servicemembers in the field and to our wounded warriors in health care facilities.

Our Airmen are tremendously dedicated to our Nation and our Air Force. They make many sacrifices, both personal and professional. We owe it to them and their families that they remain safe, healthy, well compensated, and are well educated. We must also ensure that they are properly organized, trained, and equipped to face the threats and challenges ahead. It's my honor and distinct privilege to share with you today some of our future initiatives; initiatives that will continue to ensure America has the Air Force it needs and it deserves.

REINVIGORATE THE NUCLEAR ENTERPRISE

Your United States Air Force has experienced challenges in 2008. We recognized we lost focus in our nuclear enterprise over a period of years, but I can tell you today we have since regained the proper attention on all of our assigned missions. The focused leadership of the Secretary of the Air Force, the Honorable Michael B. Donley, and the Air Force Chief of Staff, General Norton A. Schwartz, have forged a new path and our future is very bright. These leaders are working hard to provide continued stability and direction for the Air Force.

We are getting back to the basics and the nuclear enterprise is priority one. To ensure our success in this area, we've taken a number of actionable steps, including the recent provisional stand-up of Air Force Global Strike Command, a major command that will combine and enhance the stewardship of our nuclear-capable bomber and Intercontinental Ballistic Missile missions. By organizing in this manner, we position the enterprise for strict accountability and compliance, and have strengthened the responsibility and decision-making chain.

Our Air Force leadership and Airmen will continue to tackle future challenges. In this effort we know every Airman must do their part. Our core values – Integrity First, Service before Self, and Excellence in all We Do – are now and will continue to be the foundation of all our actions. We will ensure discipline and adhere to standards irrespective if our Air Force specialty is in health care, force protection, food preparation, aircraft maintenance, aircrew, or any other job set before us. Our Nation depends on each and every one of our professionals to perform with excellence 24/7. Through superior performance and reliability, we will accomplish our missions. We are the world's greatest Air Force and will continue to be so.

AIRMEN IN THE JOINT AND COALITION FIGHT

More than 208,000 Total Force Airmen are engaged in and supporting Global War on Terror operations daily and 32,000 are engaged in additional operations. Another 127,766 provide strategic mobility, space and missile capabilities, command and control, intelligence, surveillance, and reconnaissance to joint warfighters. In all, 41 percent of our Active-Duty Force is fulfilling joint field commander requirements everyday.

Your Air Force contributes greatly to joint and coalition force combat capabilities. On any given day, over 34,000 Total Force Airmen are deployed to over 150 locations worldwide. More than 29,000 Airmen are deployed in the U. S. Central Command Area of Responsibility, with nearly 4,100 filling joint expeditionary taskings. In these missions, Airmen stand shoulder-to-shoulder with their fellow Soldiers, Sailors, and Marines in roles such as detainee operations, convoy operations and protection, explosive ordnance disposal, police training teams, military transition teams, civil engineering, security, communications, fuels, medical services, logistics,

intelligence, and base operating support as a member of the joint team, serving in whatever way called upon to accomplish the mission for America. Together with our Sister Services, we are training and augmenting both Iraqi and Afghan security forces, rebuilding critical infrastructure, and providing medical services to these war-torn countries.

Our Unmanned Aircraft System (UAS) platforms are directly supporting joint and coalition warfighters on the ground. Air Force Predators, Reapers and Global Hawk UAS aircraft are finding, fixing, tracking, and attacking our enemies. The intelligence, reconnaissance, and surveillance capabilities these systems provide are key to battlefield operations. In our Predator operations alone, we have increased from 12 combat air patrols in 2007 to 31 today to meet combatant commander requirements. By increasing our UAS inventory, initiating new training programs to increase the number of UAS operators and growing the number of combat air patrols to 50 by fiscal year 2011, we are ensuring the long range effectiveness of these systems in preserving and protecting joint and coalition interests around the globe.

Your Air Force also provides a unique and vital capability to the joint fight – aeromedical evacuation. Since 2001, this medical transportation system treated and transferred more than 55,000 patients from the battlefield to U.S. medical facilities. Aeromedical evacuations, coupled with en route care, have achieved a died-of-wounds rate of less than 10 percent, the best survival rate in the history of warfare.

END STRENGTH

To assist us in meeting joint and coalition fight mission requirements, as well as homeland defense and on-going global operations in air, space, and cyberspace, we are increasing Air Force end strength to 332,700. This move allows us to put more Airmen back into stressed career fields like aircraft maintenance and security forces, while meeting the manpower needs of the nuclear enterprise and our emerging missions in cyberspace and with United States African Command.

EMERGING MISSIONS

Security of cyberspace is of grave importance not only to our Air Force, but also to our Nation. We fully realize ensuring the security of the Nation's net-centric information architecture requires more than Department of Defense emphasis; we are committed to working transparently with our interagency partners.

To improve Air Force efforts, we plan to stand-up the 24th Air Force under Air Force Space Command. Organizing the cyberspace mission under Space Command makes sense because of the synergies between the space domain and cyberspace. A physical location for the cyberspace numbered Air Force has not been determined, but we are pressing forward with all cyberspace initiatives, such as command and control, resourcing and training of cyberspace warriors. These actions and partnerships will enable us to conduct the full range of military operations throughout cyberspace.

The Air Force is also dedicated to the success of U.S. Africa Command and its mission. Through our new numbered Air Force, 17th Air Force, we are preparing to support the airlift requirements of the new command, as well as humanitarian assistance, security cooperation, improved air safety and security, and assisting our African partners with their efforts in these areas. Again, your support of America's Airmen as we find new and innovative ways of accomplishing this mission is key.

INNOVATION

Today's Airmen and Air Force civilians, are striving to make our Air Force even better. Through an initiative called Air Force Smart Operations for the 21st Century (AFSO21), the Secretary has placed us on a path to even higher levels of excellence in mission performance in support of national security across the globe. Our goal is nothing less than the Air Force-wide delivery of ever-improving warfighting capabilities and resource productivity fully aligned and consistent with Department of Defense strategic priorities.

Just as the Air Force presence is a global one, so are the many examples of AFSO21 efforts. In Germany, a Kaiserslautern Military Community team set out to reduce vehicle

registration customer wait times from 38 minutes to 9 minutes – and saved 23,200 hours for 48,000 customers per year. In another area, AFSO21 analysis is leading to changes in the First Term Airmen's Course. By standardizing the curriculum across the Air Force for the approximately 30,000 Airmen attending this training per year, we've turned 1.4 million hours back to commanders and supervisors – getting our work done with fewer existing resources. Our Secretary and Chief of Staff have called on Airmen to have a renewed sense of stewardship in all they do, and these efforts illustrate how Airmen are again answering the call.

RECRUITING AND RETENTION

We are working hard to maintain our force capabilities. By shaping our force to mission requirements we will have the right number of Airmen with the right skills. We are firmly committed to securing the best equipment, training and education for our Airmen.

Our Total Force Airmen are the most valuable assets we have in fighting the Global War on Terror and ensuring air, space, and cyberspace dominance. Thus, we continue to recruit, train, equip, and retain the Airmen of tomorrow. As our Airmen become more expeditionary, more capable, and lethal, so does our Air Force.

Our goal continues to be to recruit the best and brightest our Nation has to offer and we are succeeding. Despite recruiting challenges such as increases in the high school drop-out rate, disqualification factors and an increasingly obese youth population, we still recruit some of the most talented young men and women in America. Just this year, we had a recruit take on the challenge of dropping 160 pounds to join the Air Force – a true illustration of the desirability of an Air Force career. These are highly-qualified recruits, with 98.9 percent earning a high school degree and most with some college completed. We are on track to meet recruiting goals for our Active Duty, Air Force Reserve and Air National Guard. Currently in this fiscal year, 9,935 of America's young men and women destined for Air Force duty have completed or currently attend Air Force Basic Military Training. Additionally, there are 8,566 recruits "contracted" to attend Air Force Basic Military Training.

In fiscal year 2008, overall active duty Air Force retention rates finished below annual goals, while Guard and Reserve officer and enlisted rates met or exceeded all aggregate retention goals. Although overall active duty retention is trending slightly upward for fiscal year 2009, some of our critical and stressed specialties continue to experience significant shortfalls.

We continue to use reenlistment bonuses and quality of life initiatives to resolve these shortages. We appreciate continued Congressional support for these incentive efforts.

DEVELOPING AIRMEN

We continue to develop our Airmen. Our expeditionary Air Force needs all their diverse cultural, language, political, and technical skills available to *fly, fight* and *win* the current war, while also preparing for future conflicts and missions. Our overall goal is to continue providing combat-ready, expeditionary forces to combatant commanders now and in the future.

The first step for the Air Force is to transform each and every Airman to be relevant in light of the changing security environment and be ready to deploy and engage with expeditionary combat skills. We are strengthening all levels of training and education to sharpen our expeditionary skills.

To this end, we extended enlisted Basic Military Training from 6.5 weeks to 8.5 weeks. The added time is being used to enhance the expeditionary capabilities of our new Airmen and increase their warrior skills. A whole new portion was added, the Basic Expeditionary Skills Training course, which involves four days in a simulated deployed area. The first extended basic training class graduated January 2, 2009, and by all accounts is a great success.

QUALITY OF SERVICE

Air Force leaders know the quality of service we provide for our Airmen and their families is a distinct determining factor in how long many of our warriors will serve. In the tough recruiting and retention environment we find ourselves, it is imperative we maintain high standards in quality of service areas and guard against any erosion of benefits.

Military life presents unique challenges. Our Airmen trust the Air Force is doing everything possible to care for their families while they are away on expeditionary deployments,

temporary duty absences away from home station, and extended duty hours to meet our current high operations tempo.

Whether working on the installation or deployed fighting the Global War on Terror, our Airmen deserve buildings and facilities of a high standard commensurate with the outstanding service they provide their country. Since 2000, with the very generous support of the Congress, the Air Force funded 159 military construction projects for child development centers, fitness centers, and dormitories totaling \$3 billion.

We thank this Committee and the Congress for their historical support of funding for quality of life initiatives. Steady gains in these areas over the years have enabled us to retain skilled Airmen and develop them into the specialists and leaders we need for the future.

ASSISTANCE TO SEVERELY INJURED SERVICEMEMBERS

We are constantly expanding the boundaries of caring for our wounded warriors. After all, these brave men and women stood up in service to their country, and now we have a responsibility to stand up and ensure they get the care they deserve. Advancements in medical care now save more lives than in past wars, yet the extent of some of the injuries is grievous. These warriors wonder about their future and what it holds for them and their families. This is where the Air Force Warrior and Survivor Care Program steps in. This program follows our Airmen and their families through treatment, recovery, and if needed, into the post-separation period. For Airmen who move to civilian status, the program continues for as long as the families needs, and assists with extended transition assistance, employment applications, civilian job searches, financial planning and assistance, relocation and integration back into civilian communities.

To further assist our wounded warriors return to the civilian workforce, our top leaders recently reaffirmed our Air Force commitment to Service-Disabled Veteran-Owned Small Businesses. These veterans bring an understanding of our operations and missions to their support of our operations. It is important we leverage their capabilities in meeting the Air Force mission and priorities. Our Small Business Program teams at Headquarters Air Force, major

commands and wings are working aggressively with local requirements officials to advance the opportunities for these Service-disabled veterans to continue their service to our Nation.

Our Air Force will continue to work with our joint partners, the Department of Veterans Affairs and the Military Severely Injured Center, to make sure we are doing everything possible to care for these heroes and their families – it is our solemn obligation.

POST-TRAUMATIC STRESS (PTS) AND TRAUMATIC BRAIN INJURY (TBI)

The Air Force continues to maintain a vigilant and proactive posture to mitigate the physical and psychological effects of deployments, especially with respect to PTS and TBI. Airmen learn about PTS, TBI, and other deployment-related health issues via Landing Gear, an education program used before, during and after deployments. Airmen are screened for TBI, PTS, and other mental health issues at the end of a deployment and 90 to 180 days after returning from deployment. Ready access to high-quality treatment for PTS has been enhanced through the hiring of additional mental health providers and ongoing intensive training in PTS treatment techniques.

SEXUAL ASSAULT PREVENTION

The Air Force is committed to eliminating sexual assault in the Air Force and providing a safe environment for all Airmen. Our Air Force Sexual Assault Prevention and Response Program maintains a full-time sexual assault prevention and response capability at all main installations and at primary locations in the deployed areas of operations. The Air Force program continues to mature in providing services to victims of sexual assault, and is progressively shifting to a prevention-based approach, promoting a culture of Airmen watching out for other Airmen.

The Air Force has invested heavily in bystander intervention training modules that provide specific skills for each Airman to react appropriately in situations which may potentially lead to sexual assaults. We have zero tolerance for sexual assault and we will take all actions necessary to prevent the occurrence of sexual assaults, while taking aggressive action against perpetrators of these crimes.

CHILD CARE

Child care continues to be important to our Airmen and their families. Our Airmen work long hours, holidays, and weekends – and our child care programs are challenged to accommodate a variety of schedules in a variety of locations across the country and overseas. Our military families are varied as well with military married to military, single-parent families, and military married to civilians. With the current economic situation, many spouses of military members have to work to supplement the family income. We assist these Airmen and their families by providing child care for the longer hours, holidays, and weekends they work through the Air Force Family Child Care Program at no additional cost. Quality child care facilities are a key component in assuring Airmen their family is being cared for while they defend our country. Since 2000, the Air Force has funded 22 child development center military construction projects worth \$163 million.

Our child care programs also include Reservists and Air National Guardsmen by providing child care during scheduled drill weekends. So while we face funding challenges in meeting every child care requirement we are striving to provide quality child care options to all our Airmen.

AIRMEN EDUCATION OPPORTUNITIES

Today's Airmen are smart, well-trained, and efficient – they are the most educated enlisted force in the world. More than 269,940 Airmen have earned a fully accredited Associate Degree, corresponding to their career field, through the Community College of the Air Force (CCAF).

Currently, 71 percent of our enlisted Airmen have one to three years of college, 18 percent have Associate Degrees and 5 percent have a Bachelor's Degree. When you look at our senior noncommissioned officers, 51 percent have an Associate Degree, 18 percent have Bachelor's Degree and 4 percent have a Master's Degree.

We are working to make it easier for our deployed Airmen to continue their education. In March, we are scheduled to roll out the General Education Mobile program. This program will

offer the five general education courses required for a CCAF degree through distance learning courses. This program is intended to attract those students who are struggling to get their general education credits filled because of numerous reasons, primarily the Air Force's high operations tempo. Distance learning will allow some of our more heavily deployed career fields to continue their education while deployed. In many cases, the students must be at home station to finish these classes as they are not offered through distance learning at some deployed locations.

Many of our Airmen are also leveraging their CCAF credits through the new Associate to Baccalaureate Cooperative Program. This program has grown since last year from 24 to 35 civilian higher-education institutions and offers 150 Bachelor's Degree programs. These institutions take all of an Airman's CCAF credits and apply them toward a Bachelor's Degree.

Our Airmen are greatly interested in education and are also concerned about basic and higher-education opportunities for their families as well.

SCHOOL TRANSITIONS FOR MILITARY CHILDREN

Military life, frequent moves and extended separation during deployments present a host of challenges for our families. Nearly half of all servicemembers are married and have children. Consequently, military families often weigh assignment decisions based on the quality of education from the local school systems for their children.

A number of states, working with the Department of Defense, are establishing an interstate compact to address solutions on the state, local, and school district levels. These compacts are working to solve issues dealing with class placement, records transfer, graduation requirements, immunizations, exit testing and allowing late entry to extra-curricular activities and sports teams. We are interested in seeing more States sign on to this interstate compact so children in military families are not penalized in school for their families' service to the Nation.

IN-STATE TUITION

With the passage last February of Federal legislation mandating all States offer in-state tuition to the children of servicemembers, no matter where the servicemember is stationed, the

U.S. House of Representatives has helped us move down the path toward extending educational opportunities to our college-age children. Currently, 49 States offer in-state tuition to dependents when a servicemember is assigned within that State. Thirty-six States offer in-state tuition to military dependents, no matter where the servicemember is stationed -- up from 33 States in 2008. We look forward to seeing all the States meet the legislation's goal of offering the full in-state tuition benefits to all dependents by July.

SPOUSE EMPLOYMENT

Military families often require two incomes to sustain their households, similar to American families as a whole. Frequent moves often inhibit military spouses' ability to start and sustain a career. Differing licensing requirements can limit advancement or deter re-entry into the workforce at a new location. Because of these factors, military spouses frequently suffer long periods of unemployment and, therefore, loss of income.

The Department of Defense has identified where there are licensing barriers and is developing policy recommendations for licensing/credentialing requirements across states. The Department of Defense is promoting portable careers in fields like information technology, health services, and financial services to military spouses and is working with many States to develop policies that promote timely transfer of employment, eliminate cross-state certification barriers, and adopt high quality alternative certifications.

UNEMPLOYMENT COMPENSATION

I believe spousal income is often a critical supplement to a military family and toward helping them maintain a reasonable standard of living. As a Nation, we should be in the business of strengthening our military families -- not forcing separations. When States support unemployment compensation, they also allow spouses to take reasonable time to find suitable employment at the new location and give them the time and resources necessary to obtain any new licensing or credential requirements. Currently, 24 States provide unemployment compensation to spouses who leave because of a military move, and we are looking forward to the day when all States properly compensate military spouses.

HOUSING

The Air Force is committed to ensuring our Airmen and their families have quality housing in which to live and raise families. We believe our people deserve well-built and well-maintained housing. Through military construction and housing privatization, we are providing quality homes for our families. We will continue to privatize housing at continental U.S. bases, including Alaska, Hawaii and Guam. We will also renovate overseas housing as its inventory ages and requires sustainment and modernization.

Investment in dormitories continues to provide superior housing to our unaccompanied Airmen. In addition to repairing structural inadequacies in dormitories, our focus remains on ensuring we provide a structured environment where commanders and first sergeants serve as mentors in the care and development of our first-class Airmen. The dormitories are not just a place to sleep; they are a place for young Airmen to adjust to military life. We are also modernizing inadequate technical training dormitories that house enlisted Airmen.

MILITARY CONSTRUCTION (MILCON)

For the past several years, the Air Force has taken risk in infrastructure in order to invest in modernization efforts. Though we intend to continue modernizing our force, we also expect to support our Airmen by renovating and replacing aging facilities in the coming years. We have prioritized our program to cover our most critical MILCON requirements. Again, the continued support of this Committee and the Congress has been vital to the success of these MILCON programs and is much appreciated.

JOINT BASING

Joint basing is an opportunity to improve efficiency in common delivery of installation support services. It allows consideration of best business practices to ensure we enhance joint war-fighting capabilities while eliminating unnecessary duplication. These actions will save scarce funds and result in more efficient installations from which all Services will project combat power for our Nation.

To work this end, the Air Force has worked with our Sister Services to establish the highest common output level standards for installation support functions. By implementing these standards at each joint base, our Airmen, Soldiers, Sailors, Marines, their families, and Department of Defense civilians receive the efficient, consistent and high quality services they deserve. In addition, joint base organizations will be designed to provide focused installation support to mission commanders. This allows us to build closer relationships and forge stronger Service ties making joint bases successful and desirable assignments. We will not only train as we fight, we will live as we fight.

SUMMARY

Mr Chairman, I am proud to be an American Airmen. My pride comes from the efforts, actions, and contributions of our Airmen around the world. The majority of our Airmen serving today joined our Air Force after the tragic events of September 11, 2001 and they have answered our Nation's call. They are incredible ambassadors for our way of life and our Nation.

I am also very proud of our Air Force families. These families make many sacrifices for our Nation. Our spouses and children watch as their loved ones are sent into harms way, yet they dry their eyes and pick up the extra work load on the home front. These families miss their Airman on birthdays, anniversaries, holidays, little league baseball games, and even simply time around a bowl of popcorn and a movie. Through all this, our families go above and beyond to provide the inspiration, comfort, and support needed for our Airmen to complete the mission. And when the day or the deployment is done, it's our Air Force families who welcome their hero home.

We need to continue taking care of these Air Force families because one of the worst situations that can happen for our Airmen is that when they arrive at the end of their Air Force career, their family is no longer beside them. I have been present at too many retirements where this is the case. We as a Nation need to do everything we can to care for the families who care for our Airmen.

Thank you all again for your continued support of our Airmen and the United States Air Force.

Mr. EDWARDS. Chief Master Sergeant McKinley, thank you for your testimony. And thank you all for beginning this year's subcommittee hearings in a very positive way.

Mr. WAMP, I want to personally thank you for choosing to remain as ranking member of this subcommittee. I think that is a reflection upon your values and commitment to this committee's work. And I would like to recognize you to begin this year's meetings.

Mr. WAMP. Thank you for your courtesy and your leadership, Mr. Chairman. You are a class act.

This is an impressive lot here. I have to tell you, it is emotional and kind of charges you up about the men and women that you represent just to hear your passion and your commitment to them.

SUICIDE RATES

I would like to start on the troop side. This suicide rate issue is the canary in the mine, in a sense. I know this is the toughest place to start, but it speaks to the overall health and wellness of our men and women.

Is it just more the tempo, the deployment stress? Is it battle and the asymmetrical nature of the battle? From each of your perspectives, representing those men and women who are at risk and that take us to this place of looking at 143 potential suicides, what are the primary factors? And is the family and our quality-of-life issues connected to it?

This tempo has to be driving a lot of stress, but tell me.

Sergeant Major PRESTON. Sir, I will start. As I look at it, I say it is the tempo. It is the pace, and it is the dynamics of all the things that are occurring in young people's lives.

We track all the statistics and the analysis behind, why a young person felt obligated to commit suicide and what pushed them over the edge. A lot of it is failed relationships.

As I travel around the Army, the biggest question that I get from young soldiers and families is, Sergeant Major, "when are we going to start to see something—12 months of dwell time between deployments?" It is those who are deployed, those that are coming back that ask this question.

But even those, when you look at the numbers a third of our suicides have never been deployed. It is those units that are left behind, they are also working very hard, as well.

And it is the pace. It is the tempo. It is society. It is packing up and moving from one location to another. It is selling their house, trying to get out of an upside-down mortgage. It is moving their children from one school to another school. And it is transferring the school credits from one school to another school.

It is all of those dynamics mixed in that add to the stress in a young person's life. You could look at from how many have been deployed or not deployed versus the majority of suicides are married, more than 50 percent of those who have deployed that commit the suicides have been back from a deployment well over a year.

So there are a lot of dynamics. And, of course, we look at every one of those cases very seriously. It is a tragedy. In each one of their families, it is a crisis because their families are directly affected.

And we are doing a number of things to get at, impacting that this year.

Mr. WAMP. Before we go down the table, Sergeant Major, you have the Guard and Reserve leadership behind you. Is there a differential between the Guard and Reserve and the active component in this suicide issue?

Sergeant Major PRESTON. The numbers that I gave you include the Guard and Reserve. This is all Guard and Reserve, as well as active-duty soldiers, that are serving on active duty. And that is how we capture those.

Mr. WAMP. Right. And, is there an abnormal ratio of active versus Guard and Reserve? Or is it just across the board?

Sergeant Major PRESTON. Across the board. In fact—

Mr. WAMP. It could indicate how much the tempo and the stress are is the primary factors, not necessarily the battle or the nature of the battle.

Sergeant Major KENT. We are concerned, also, sir. We went from 33 fiscal year 2007 to 41, so we increased by eight. What we are doing, we think that the small-unit leaders are the one closer to these young Marines. So we are educating our corporals and sergeants so they will know the symptoms and they know how to get help for these young warriors.

But we are concerned about it. And we are keeping an eye on it.

It is a combination of things. And that is why we want to grow the force fast, and we are, so we can get the Marines more dwell time back in the rear, you know, because right now they are 7 months deployed and they are 7 months back.

Mr. WAMP. Just to interrupt you, the Marine Corps is recruiting gangbusters. What do you attribute that to right now, sir?

Sergeant Major KENT. We are not recruiting gangbusters, sir. I would tend to say that we are not—excuse me, sir?

Mr. FARR. You can have all my gang members, if you—

[Laughter.]

RECRUITING

Sergeant Major KENT. Now, sir, let me tell you about the process of recruiting. Right now, we are at a 97.8 percent high school graduate average. The way the process works, if they need a waiver, you know, if they have a criminal record and they need a waiver, it just doesn't start at the recruiting station. It is forward all the way up to the commanding general of the recruiting command.

And let me give you an example of the waivers we grant. If you have a young person, 13 years old, go out and they see a tractor and they decide to jump in this tractor, and this tractor is worth \$20,000, and they get pulled over by the local authorities, when they are 18, although they were pulled over when they were 13, that is a felony.

But as they went from 13 to 18, they did great things and they graduated. They were a star in football. But it was a felony, and they need a waiver for that, you know, and that is the kind of people that we would be recruiting with a felony.

But as far as gangbangers, sir, you probably saw them maybe some slipped through the cracks.

Mr. WAMP. I just meant you are meeting your goals—that is what I am talking about.

Sergeant Major KENT. Oh, sorry, I misunderstood sir. I am just rattling on when you said “gang,” “gang”—okay, okay, sir, yes—

Mr. WAMP. But you are meeting your recruitment goals.

Sergeant Major KENT. Sorry about that, sir. I am just rattling on, sir.

Mr. WAMP. The Marine Corps is at a time of incredible stress. And these guys are looking, and they are talking to their peers that are already serving, and they know it is hard and tough.

Sergeant Major KENT. I misunderstood you, sir.

Mr. WAMP. I know.

Sergeant Major KENT. Yes, we are, sir.

Mr. WAMP. There is a lot of pride in being a Marine, and it is a good product to sell, right?

Sergeant Major KENT. Well, actually, sir, we are going to make our end-strength of 202,000 2 years early. We are going to hit it in 3 years, sir, which is amazing.

Mr. WAMP. Master Chief.

Master Chief WEST. Yes, sir. As far as suicides, we had a slight increase this year. When we dug into it, financial responsibility was an issue.

What I found out that was I guess an interesting stat was 39 percent of our suicides were facing disciplinary action already, so that gave us another indicator. That is 39 percent of them.

We had 39 this past year, all of them are serious, but we put things in place, such as the Operational Stress Control. We have really ramped up the financial counseling for these individuals and tried to ease some of the pressure from payday lenders.

Everything is serious with that, but overall our numbers are fairly steady, sir.

Mr. WAMP. Chief Master Sergeant.

Chief Master Sergeant MCKINLEY. Yes, sir, our Air Force leadership, is very concerned about this. For the last 10 years, our average is 9.7 per 100,000. But right now, it is up to 12.3. So that is a significant rise of us. And so we are very concerned.

If you peel all that back and look at the reasons why, a big percentage of that is these marriage issues, relationship issues that lead to suicides. I think the stresses that each one of us are talking about, not only with deployments, with mission, but also with the financial crisis going on in America that affects every person, not only civilians, but also gets into the military families.

And I think that adds to the stress that is out there, not only our military members, but to the spouses and to the children. And more stress on the family leads to things like this.

And so I think that is kind of like I said, our Air Force leadership is very concerned, very committed that we lower this. We want it to be zero. That is probably unrealistic, but we are going to do everything we can to combat this and take care of our members, sir.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Zach—

Mr. KENNEDY. I have trouble believing there is not a differential between the Guard and Reserve and the standing military in terms

of the percentage of suicides. At least with the standing military, you have embedded support systems, whereas with the Guard and Reserve you don't.

They are just dumped back after they come back from, a mission, and they don't have—they are spread out. They don't have their colleagues, their counterparts, their peers around them to give them the care, support and everything.

So does that just bear out in the statistics at all?

Sergeant Major PRESTON. In fact, the numbers—talk to that, but I think it was—

AUDIENCE. None so far this year. Our numbers were up last year, sir. They are up a little bit more for the first quarter of this year.

Mr. DICKS. Is this Guard or Reserve?

AUDIENCE. Guard, sir. There are other influences on the reserve components—active components—like the economy. So—overseas—lose their jobs. They lose their jobs while they are back home, things like that—active component doesn't see.

But, overall, there is not a huge difference between what we see and what they see. The rates are up, and we are addressing this.

Mr. EDWARDS. Sergeant Major, could I interrupt and ask the transcriber—can you hear the testimony from the first row?

TRANSCRIBER. Yes.

Mr. EDWARDS. You can pick that okay? If you can't, you let me know. Raise your hand or something.

Appreciate that.

GUARD AND RESERVE MORALE AND COHESION

Mr. KENNEDY. Sorry, Mr. Chairman—we have this whole issue of whether state commandants could call up their Guard and reservists so as to keep the morale and the cohesion of the unit together when they weren't off on duty so as to build that—morale, which was precluded under the previous law, so when—during their mission, they were precluded from calling up there.

Sergeant Major PRESTON. They are doing that when they come back from deployment. It is allowing the leadership to put eyes all on those soldiers who are deployed to make sure that they are doing okay and they are with their battle buddies again.

But, that is the commander on the ground. That is leadership making that—

Mr. EDWARDS. Let me just say, before I recognize Mr. Farr, Mr. Kennedy kind of foreshadowed what I would like to do.

I am going to wait for my question until the end of the first round, but I would like to say to Master Chief Wright and Sergeant Major Gipe, Sergeant Major Caffie, if you could be thinking, my question will be of each of the three of you is, are there are some particular quality-of-life issues that you would like to talk about that may not be unique to the Guard and Reserve, but they are a little bit different than those quality-of-life issues being faced by the active-duty servicemen and women?

Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. And thank you for your leadership and that of Congressman Zach Wamp in increasing last year's bill. It is the largest in history and I think it is having some beneficial effect.

You know, it is interesting, this committee not only deals with active-duty military, but we deal with the veterans. So if, indeed, problems are caused, we are going to end up picking up the pieces. And I think what we are trying to do is make sure that the entire experience in service of our country is so much better integrated, both in uniform and out of uniform, and I think even more work needs to be done to include our community support services.

I echo everybody's appreciation for your incredible years of service. And I thank everybody in uniform for their service. When you join, you build the esprit de corps.

We provide assistance to the families—community housing, childcare, recreational centers—I mean, you build a community of support that is second to none.

It seems to me where we fail in our society in general are our the mental health programs.

POST TRAUMATIC STRESS DISORDER

But we have still not made it very acceptable to get counseling. It seems to me there are two cases here of how we try to deal with what we think might be PTSD. How do we integrate in the counseling, quality counseling?

But at the same time, it seems to me what we are forgetting is that we need to engage the community, because you have this town-gown relationship, but not with the soldier in the mental health field.

That is a real struggle because when military personnel muster out they get sent back to their community. And they may be a heck of a long way from a veterans clinic or a veterans hospital. And there may be mental health services in that community, but nobody in the Veterans Administration or the military knows about that.

It seems to me we need a better integration in our town-gown relationship for mental health services. And I just wondered if you could list for us some of the needs you may have along these lines of counseling, and PTSD, and continuing support systems?

ACCESSIBILITY AND AVAILABILITY OF HEALTHCARE

Sergeant Major PRESTON. Sir, I will start. We have made a lot of progress in this area. And when you talk to soldiers, and especially their families, and their concerns and when you look at the medical health care professionals working on an installation, those medical professionals deploy along with units and organizations on that installation, as well.

So, their biggest complaint, when it comes to medical health care—and that is across the board for all services—is the accessibility and availability to be able to get an appointment. Very satisfied with the quality of care that is being provided, but it is just accessibility and availability.

Now, one of the things that, our medical command and specifically the Army surgeon general, Lieutenant General Schoemaker, has done is to expand that, as you were talking about, into the communities to partner more with off-the-installation medical facilities to be able to open up and provide more appointments.

But the challenges, too, specifically in the area of mental health care is—there is just not a lot out there in the community. We have been working to increase those numbers in our recruiting efforts, but, we still have a long ways to go.

Mr. FARR. Other services?

Sergeant Major KENT. Pretty much, yes, sir.

Mr. FARR. Are there any needs that aren't there and we need to put some more resources—

Master Chief WEST. Sir, from the Navy perspective, we have come a long way, similar to all the other services, through our Safe Harbor Program. It is phenomenal. Last week I looked at the Safe Harbor Program and how it integrated with the local, state community governments in the San Diego area.

Mr. EDWARDS. I know I am going to end up cutting off some good answers, but I think, as long as the committee supports this, we are going to stick to the 5-minute rule and then that will allow each member a second and third round. And if at any point the committee wants to talk about doing it differently, I will certainly respect that.

Thank you, Mr. Farr, and for your leadership on mental health issues, both for the active duty and—you have been a real leader on those issues, among others.

Our order will be Mr. Young, based on when they came in to the meeting after starting, Mr. Young, Mr. Crenshaw, then Mr. Bishop.

Mr. Young.

Mr. YOUNG. Mr. Chairman, thank you very much—conversation—

Mr. DICKS. I want to ask a question.

Mr. EDWARDS. Yes.

Mr. DICKS. We are going to not go back and forth?

Mr. EDWARDS. Well, what we had said for this first meeting—I was just talking to Walter about that, we are going to—after the meeting begins, Norm—

Mr. DICKS. You always go back and forth from one side to other.

Mr. EDWARDS. And I think we may go to that in a second meeting, but since I had announced before you came in—

Mr. DICKS. I didn't hear you announce that.

Mr. EDWARDS. Yes, what I announced might have been before you came in. After the meeting—

Mr. DICKS. Oh, I listened to what you said. That is not what you said.

Mr. EDWARDS. We will go by seniority first and then, after we go by seniority, we will go based on when members come in. I think what I may add to the second meeting is, once we get beyond seniority, it is based on who comes in, we will go back and forth, but I am going to stick with what our intention was today.

If I didn't make that clear, I apologize to you and the other members, as well.

Mr. Young.

MENTAL HEALTH COUNSELING

Mr. YOUNG. Mr. Chairman, thank you very much.

The conversations have evolved around an issue that is extremely important to our military, to our country. When our oldest

son was finished with his time in the military and his deployment to the Mideast, he said, “Dad—our troops need psychological help, and there is just not enough professional care available.”

So when he was discharged, he came and he has just—he is 2 months away from becoming a psychologist. And his intention is to re-enlist in the military to be available to help some of these kids, because he saw the troubles.

Now, my question then is, where are we, as it relates to the young troop that needs counseling, needs psychological help? Where are we on the availability of that type of help in your services?

Sergeant Major PRESTON. Sir, I will start. This past year, we hired 191 of the 254 mental health professionals that we had planned for, on our installations.

But the challenge, is finding medical professionals. There is a shortage of medical health care professionals across the nation. It is doctors and nurses, across the board. But, we are working very hard to recruit medical health care professionals to fill the vacancies that we have.

The other piece of that is tied in with the other types of counseling that is done within organizations. It is the chaplains and those types of community counselors to take care of our families that are either at home or through the Army OneSource or Military OneSource, to be able to provide an outreach for those soldiers like the Guard and Reserve that are serving in remote sites, as well as their families.

Sergeant Major KENT. We are actually doing okay right now, sir. We are actually putting specialists in units that are forward deploying right now. And we are doing good, but we still have a shortage of them. And we think that is the key, you know, to put somebody in there. When they forward deploy, they would have somebody for counseling.

Master Chief WEST. Yes, sir, we are also doing well overall. This is the first year in a while that we have met our medical recruiting. We did that through a very aggressive push, but it takes a while, as you know, to grow those specialists.

But we are out there. We are using all available assets. Our chaplains play a big part in that. And we include training in different areas of leadership so we can see that, along with those folks that are funneling in to go do those missions.

Mr. YOUNG. You are right about how long it takes to prepare them. I know how long it has taken our son to get this degree and to become a psychologist. So you are right about that.

Chief Master Sergeant MCKINLEY. Congressman Young, for the Air Force, we have 400 mental health professionals that are trained by national PTSD experts in advanced PTSD treatment techniques. So we have, you know, a good amount out there.

We also have a lot of other programs, like afterdeployment.org. We have Military OneSource. But I really think probably the best thing is that—out there—the people that they work with and being able to recognize when someone’s behavior has changed and be able to take that through the chain of command and get that person help.

Mr. YOUNG. Well, I am glad to hear that the services are aware of the problem and doing something about it. Well, I think we have a lot—we do have a lot more to do. And the availability of the professional counseling is really a major problem.

Mr. Chairman, the Intrepid Foundation—I think most of us know about the Intrepid foundation—has volunteered to raise money to build a facility in Bethesda to deal with post-traumatic stress issues. And the money is going to be—the money to build the building is going to come from private donations.

In fact, I am going to ask the—if I can be excused in about 10 minutes, because I am going to meet with Mr. Arnold Fisher, who is the head of the Intrepid foundation, to get the details on where they are on raising the money. And I believe he is about to report that all of the money that is necessary for the construction is now committed. When I get up and leave, that is where I am going. But we appreciate—this is not a pleasant subject, dealing with suicides and dealing with these stress issues, but it is real and we can't—I think even Congress has probably overlooked it for too long and hoped that it would go away. But it is not going to go away.

And I am surprised that Sergeant Major Preston—bit of that himself, because when my wife finds problems in the Army, he is one of the first ones she goes to, to say, "Hey, here is a problem. You fix it." So I am surprised he doesn't have a lot of grey hair. And Beverly gave that message to Sergeant Major Chen last night.

Mr. EDWARDS. Can you say it in a sentence?

Master Chief WEST. Yes, sir. I was just down at Balboa. And what I was really impressed with, there were Army, Marines and Sailors out there at the Balboa hospital. I could not be more impressed with the interaction with all those groups, doing the right thing.

Mr. EDWARDS. Good. Thank you.

Thank you, Mr. Young—

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. EDWARDS [continuing]. For your meeting with Mr. Fisher.

So we are clear, members, the order of questioning will be Mr. Crenshaw, Mr. Bishop, Mr. Dicks, Mr. Israel, and then Mr. Kennedy.

Mr. Crenshaw, welcome back to the subcommittee. Thank you for your past leadership. It is great to have you back.

Mr. CRENSHAW. Well, thank you, Mr. Chairman. And, you know, I have been on the Appropriations Committee for eight—this is my eighth year. And I have been on this Subcommittee for 8 years—Mr. Young put me on this Committee. It is the only real Subcommittee I have ever been asked to be on.

So I am glad to be back, Mr. Chairman, working with you.

Mr. EDWARDS. Good to have you.

Mr. CRENSHAW. Mr. Wamp, glad you are still the ranking member. As he said, the way the Republicans work, you get to be a ranking member based on your seniority on the Full Committee. The Democrats, have a pretty good way, because it is based on the seniority on your subcommittee.

And in that case, I would be more encouraging to Mr. Wamp to leave. But, unfortunately, I will be sitting here next year under a new guy—the ranking member.

But I want to welcome you all back. I have not met our Navy Master Chief Petty Officer of the Navy yet. I have two Navy bases and a Marine base in my district, so welcome. And great to see you all again.

HOMEOWNERS ASSISTANCE PROGRAM

I always think of this as a time where we just sit down and talk. Mr. Chairman, when I travel around to different naval and military installations around the world, I try to take some time and just quietly talk to the men and women and say, "Look, if you had a chance, just between you and me, what would you say to a Member of Congress, if you could talk about what you like and what you don't like?"

And you get mixed reactions sometimes. Sometimes they are very straightforward; sometimes they are a little nervous. But I look at this meeting as one of those meetings. It is not quite as private as those conversations that we have in South Korea or Iraq or wherever.

But I really appreciate you all's candor and straightforwardness when you come here and talk about the things that are important to you and the men and women you represent.

And so the big issue I wanted to talk about is—and I think it affects everybody in our country, and that has to do with this overall economic crisis. You all touched on it in your testimony about how that affects the quality of life.

But in particular, I was just thinking that, in terms of housing, because we have the three bases in our communities—and in most places, when people buy a house, they think that is a great investment and it is an important investment.

And if people are in the military, they decide to move, they can sell their house. In today's world, they find out their house probably is not worth as much as when they first bought it. And so folks in the private sector can say, "Maybe I won't move. Maybe I will just stay right here."

But as you know, the men and women you all represent get a new assignment, they have to leave a community. And I just wonder if—Florida and California and Texas, some places where the real estate market has been hit pretty hard, and they don't have a luxury of waiting, I would love to hear from you all if you have any firsthand experiences of how that has impacted people that you represent and how they deal with it.

Are there foreclosures taking place? Are people walking away from their homes? Are they trying to rent their houses?

And I know we passed legislation dealing with BRAC, if you moved—and there was a BRAC impact, and there was an assistance program, Mr. Chairman, that you and the ranking member were really helpful with getting that started, is something that is needed? Are we getting to that point?

I would love to hear kind of firsthand what you all are seeing.

Sergeant Major PRESTON. Sir, I just—and we don't know the exact numbers out there that, you know, with the current economic crisis and the impact right now on those homeowners, but what we do know is—and this is just from experience from a lot of the sol-

diers out there that I have talked to that have had to pack up families and move.

In many cases, they are leaving their families in place because they can't afford to sell their house. They can't afford to move out. So now what you end up with is a lot of geographical bachelors. You have the soldier moving to the next installation or to the next duty station and leaving their families behind.

We are working to really understand the dynamics. And one of the things that we want to do in the Army is to take the homeowners assistance program, which was really designed to help those affected by BRAC.

And because of posts—that are closing down, you have a glut of housing that is in that area, to really help them sell their houses and move, they are now looking at expanding the homeowners assistance program to take care of our wounded, ill and injured soldiers that potentially have to move and relocate, live at Walter Reed or wherever they may be, and also to affect those that are affected by permanent change of station, when they have to move to Texas to Colorado or, their next duty station.

Mr. EDWARDS. I think we have 1 minute left, if others of you would like to—

Sergeant Major KENT. Well, we are actually keeping an eye on this problem. Out in California where—the mortgage crisis is most costly. I would tell you right now, sir, what we are looking at is not to move someone with a financial hardship every couple of years from California.

But if—actually working with the families to try to keep them on base here.

Master Chief WEST. Sir, I would echo what the Sergeant Major says. We are working that real hard.

Mr. FARR. Is there enough RCI housing to get them on base?

Sergeant Major KENT. We are working but it is not enough.

Sergeant Major PRESTON. We provide housing for 67 percent of those that need housing that live off-post, so it is really 33 percent on base, a very small percentage.

Chief Master Sergeant MCKINLEY. Chairman, can I have 15 seconds on this?

Mr. EDWARDS. Please.

Chief Master Sergeant MCKINLEY. Sometimes, sir all branches of the service have to make a very difficult decision to maybe even separate and leave the military that they love because otherwise they would be taking a \$200,000 loss on their home. That is real. But we don't have the numbers on exactly how many people there are.

Mr. CRENSHAW. Mr. Chairman, I would—I think this is an important problem that I am sure we are going to address. And maybe if you have any thoughts about how we could help, we would love to hear that, as well.

Mr. EDWARDS. Thank you, Mr. Crenshaw. I think that is an important issue that we need to talk about.

Mr. Bishop, with your okay—

Mr. BISHOP. I would be happy to—

Mr. EDWARDS. Thank you.

Mr. BISHOP. I would be happy to yield to Mr. Dicks. He indicated he has another—

Mr. EDWARDS. 5 minutes, Dicks—

Mr. DICKS. No, it is going to be much quicker than that.

WEB-BASED PSYCHOLOGICAL COUNSELING

Gentlemen, in your opinion, what is the potential utility of Web-based service to assess psychological counseling? We have some people that are doing this, where—and I think this would be particularly good for the Guard and Reserve, where they can get online and get counseling from a psychiatrist when they need it.

And to me, I think this helps us with the problem of people not wanting to admit that they have a problem. If they can go online and do it confidentially, I think this should be done. We put the money in the Defense Subcommittee to do this, and we are still trying to get the Army to do it.

And we are working with General Chiarelli and others to get this thing moving. But why does it—what is your reaction to that?

Chief Master Sergeant MCKINLEY. Congressman Dicks—great opportunity. Any time that we can give more tools out there for our military—

Mr. DICKS. At least we ought to try it.

Chief Master Sergeant MCKINLEY. Absolutely.

Mr. DICKS. Sir, you have some people that, no matter what, they have this pride factor. They are not going to go to the supervisor or first sergeant and say, “I am having issues.” But if they can do something privately, we may save somebody. So the more opportunities, the better for all our military.

Master Chief WEST. Sir, I would just like to echo that. I think using the advanced technologies is a great thing.

Mr. DICKS. Especially these younger kids. They understand this stuff.

Master Chief WEST. That is what they do, sir. You give a young Sailor or Marine or a young adult a computer and a connection, and they are happy. They are happy there for hours.

With that said, I think leadership, communications, and education play huge into that. We have to have balance.

Mr. DICKS. I am not saying that is the only thing, but just as another tool, another way—

Sergeant Major KENT. OneSource also has something on the Web site. They can actually go onto the OneSource, and they can work the counseling through there, sir.

Mr. DICKS. What about the Guard and Reserve guys back there? What do you think?

AUDIENCE. Yes, sir, we currently have—program—and this is indicative of what they are doing today. It gives that—for soldiers to discreetly express their desire. They feel—

Mr. DICKS. Thank you. There is another question here about the Pacific Northwest—special problem up there—I ask you that for the record. Well, I didn’t want to take Sanford’s time. But I will just do it for the record. I will just do it for the record.

I have to get back. Thank you, gentlemen.

Mr. EDWARDS. Mr. Bishop.

SUICIDE PREVENTION

Mr. BISHOP. Thank you very much.

Let me take this opportunity to welcome all of you gentlemen and let you know that I appreciate what you do for our enlisted men and women.

I am particularly concerned, though, about the suicide problem, particularly in the Army. I represent Fort Benning. And, of course, I have a Marine Corps Logistics Base in Albany. I don't think that the Marine Corps suicide rate is quite as bad, although it does bother me.

I wanted to share an anecdotal experience that I had just yesterday. I received a call from a family member whose nephew was an 18-year veteran of Fort Benning, two tours in Iraq, and was in the emergency room after having been taken there by a friend who is also a sergeant, who went to another state, and retrieved him. He had blacked out, been AWOL—found out that this soldier, after his two tours, had gone through divorce, had not immediately put in the papers for change of the quarters allowance, and as a consequence was disciplined.

And in the recoupment of the housing allowance that was overpaid, his paycheck was cut in half, which sent him into a financial tizzy. Obviously, he was suffering PTSD, but after serious, serious discipline, losing rank, as well as losing pay, he ended up being out of touch with reality. He didn't know where he was, and now is hospitalized after being in the emergency room yesterday.

His discipline and the loss of the funds accelerated the onset of the stress, which obviously, this sergeant, with whom I spoke yesterday, who is his friend who is looking after him says that PTSD is absolutely a factor.

But this man apparently was not screened and he was disciplined. According to the sergeant, he was probably singled out and leaned on very heavily, which could have had the result of a suicide.

How are you getting the word down to the commanders of these units that they have to be sensitive to the wounded warriors? What will be the scope of the comprehensive soldier fitness program now?

It is a serious situation. I understand from talking with many of the families of Iraqi veterans and Guard and Reserve families that they bring a lot home with them in the way of PTSD.

Sergeant Major PRESTON. Sir, I will start. First, for the immediate future, between 15 February and 15 March, the Army will conduct a mandatory stand-down day for every unit and organization across the Army. It is designed to go back in and re-look at intervention and identification of those Soldiers potentially on the edge of committing suicide.

We will then follow up with a mandatory chain-teaching program, which, we have had a lot of success with the chain-teaching program in October of 2007 on PTSD. It is designed to start at the senior level, with the chief of staff of the Army, and allows commanders at the senior level to take their subordinate commanders and, from a commander's perspective, teach the case of PTSD, teach what PTSD is, the symptoms, and, of course, how soldiers receive help.

And then that permeates all the way down through the organization to every level of command. So down at the company command level, for our 3,000 companies across the active, Guard, and Reserve, every one will do a chain teach—their leadership within the organization of, what are, the symptoms of suicide and what are the things that we should be looking for?

If you go back 4 years ago, we were doing something right. Chain teaching is designed to make sure that we are still doing all the right things.

Sergeant Major KENT. The most important—
[The information follows:]

All Soldiers redeploying from the Theater of Operations are required to complete the Post-Deployment Health Assessment (PDHA), either before leaving Theater or shortly after redeployment. This policy has been in place since October 1998. The PDHA screens for Post-Traumatic Stress Disorder (PTSD), major depression, concerns about family issues, and concerns about drug and alcohol abuse. A primary care provider reviews the form, interviews the Soldier as required, and refers the Soldier to a behavioral health care provider when indicated.

Since January 2006 (retroactive to March 2005), all Soldiers have been required to complete the Post-Deployment Health Reassessment (PDHRA) in the 90-to-180 day interval after redeployment. If the PDHRA identifies PTSD-related healthcare needs, Soldiers are offered care through DoD military treatment facilities, Veterans Affairs medical facilities, or by private healthcare providers through the TRICARE network.

The Army Surgeon General directed in August 2007 that all recommendations for a personality disorder (PD) discharge be reviewed by the military treatment facility's Chief of Behavioral Health. The Surgeon General will be issuing additional guidance to ensure (1) accuracy of diagnosis and (2) appropriate screening for PTSD takes place prior to completion of separate actions.

All Soldiers pending discharge for selected administrative reasons are required by Army Regulation 635-200 to receive a mental status evaluation. A new policy published in May 2008 directs that Soldiers discharged for any reason related to misconduct must be specifically screened for PTSD and mild Traumatic Brain Injury.

Mr. EDWARDS. I need to continue—second round. This is obviously very important.

Sergeant Major KENT. The most important thing, sir, is the stigma. And they actually come from the leadership. They have to get rid of the stigma that it is a problem if you come forward with these issues. And that is the key right there, sir.

So I know our commandant has been pushing it hard to the leadership that it is not a problem. You know, if they come forward, we need to get them help.

Mr. BISHOP. Sometimes they don't recognize their need for help because they haven't been screened.

Mr. EDWARDS. Mr. Israel.

Mr. ISRAEL. Thank you, Mr. Chairman.

EDUCATION BENEFITS

I want to focus for a moment on educational benefits and opportunities. Each of the witnesses alluded to educational benefits as a retention tool, as a recruitment tool, as a quality-of-life enhancement. As I noted earlier, I focused on this as a member of the Armed Services Committee with Ike Skelton.

I don't really need to explain the importance of it to you, but the importance of it was explained to me by a young Marine officer, Chris Myers, who was a military fellow serving in my office, several years ago. Chris, who, when I have talked with him about the

importance of linguistics and cultural awareness and preparation, said to me, “Congressman, I know exactly what you mean. After you kick in the door, you have to know what to say.” He was a highly decorated Marine who was injured in Fallujah.

I visited West Point several years ago and talked to a group of soldiers who told me that they were deployed in Iraq, fought, and came back. During their dwell time, they went to Columbia University, got graduate degrees, then were deployed to Afghanistan, where they thought that they were far more effective having gained a strategic understanding and those type of skills.

Chief McKinley talked about the educational mobile program that you have, as well as distance learning, and in-state tuition. And I would add to that, in terms of the level of importance—talking about the tragedy of suicide rates. When people don’t believe that they have a future or broader horizons, they believe there are no alternatives.

So my question to each of you is, what can we be doing to enhance accessibility and educational opportunities, particularly at the junior levels?

Sergeant Major PRESTON. And I think I can speak for all of us Mr. Chairman, I will leave this for the record, but there are currently 35 states that support in-state tuition for servicemembers in other states. And I really would like to see the rest of the states also come on board to support, you know, our servicemembers that are serving out there in all those states.

In-state tuition is not only for the servicemember, but also their children that are going to school. Education is very important.

When you look across the Army, there are 450,000 soldiers right now going to school. And this is not just brick-and-mortar professional development schools, but it is also online education. It is Army correspondence courses. It is amazing how much education is a very important part of all of our servicemembers’ careers. So you are exactly right.

Sergeant Major KENT. Education is very important, sir. And—spoke with you last weekend—we are actually standing up our first—enlisted PME course, which is kicking off the ground. And it is going to be speaking on an operational level and—things, so that is going to be a good thing for us in the future, sir. So we are really pushing on the PME—

Mr. ISRAEL. Thank you.

[The information follows:]

As part of the Year of the Noncommissioned Officer, the Army is accelerating changes to how the Army trains, educates and assigns noncommissioned officers (NCOs). The NCO Lifelong Learning Strategy is the capstone NCO cohort initiative that synchronizes all aspects of development through a holistic/integrated development approach that fosters continuous learning; synchronizes training and education with the requirements of an Army at war.

Central to this strategy is Warrior University (WU) which affords Soldiers access to information through a single interface, the Army Career Tracker (ACT). ACT is a portal serving as an information service broker for Soldiers to plan and track their own career development. ACT allows every Soldier to view Army training, experiential learning, and education data from a single interface. It provides every Soldier with an accurate picture of their completed training and life-long training transcript. Leaders will be able to provide more effective mentoring and develop actionable recommendations for their Soldiers by using ACT to identify training and learning opportunities. WU facilitates commonality and currency of learning materials to ensure training and education resources are maximized. ACT’s course cata-

log helps to synchronize training and education and significantly reduces the time and effort that previously went into scheduling and resourcing.

Another aspect of WU is the College of the American Soldier (CAS). CAS is a partnership between the Army and participating colleges and universities to expand civilian educational opportunities for NCOs. CAS links the NCO Education System (NCOES) course evaluations with specific degree requirements and allows Soldiers to determine which NCOES courses will transfer as equivalent college credit. When fully implemented, CAS will provide a specific map Soldiers can follow in order to pursue and attain a college degree. The Army is also working with partner colleges and universities to create an advanced degree program for career NCOs.

Master Chief WEST. Yes, sir, I would say the same. We are pushing hard in the Navy too. Naval Education and Training, is looking for all opportunities and all venues to get to our Sailors out there. We even take, as you probably know, sir, courses which go afloat with our ships when we go. Education onboard our bigger ships has been a huge success for us.

We are making headway. Do we have room to go? Yes, sir, we do. But we are making a lot of headway.

Chief Master Sergeant MCKINLEY. Sir, we have the Community College of the Air Force since about 1974. We have graduated over 350,000 Airmen. The last two years, we have graduated the most we have ever had per year. We just started last summer the associate to bachelor program where you take your Community College of the Air Force degree, and we can apply that toward a bachelor's degree. We have now 35 colleges on board that you can take all 64 credit hours from the Air Force degree, and apply that toward a bachelor's degree.

We believe education is very important to keep our people pointed in the right direction. And when they do choose to leave our Air Force, they are going to be better citizens.

Mr. ISRAEL. Mr. Chairman, one of the most fascinating things I was involved in as a member of the Armed Services Committee was doing an all-day conference on professional military education that General Petraeus attended—and, after—this conference, the conclusion was everybody understands the value of education, but we may be too busy to learn, and operation tempo really is the obstacle to that.

And so it is important that we put value into this, but we also have to put budgets in and we have to put scheduling in. And I hope—each of our witnesses and—all interested parties—figure out ways we can make this happen—

Thank you, Mr. Chairman.

Mr. EDWARDS. That is right. Thank you, Mr. Israel.

And I am glad we took a step in the right direction. I think I had asked Mr. Miller, and he agreed, to put into an amendment in the higher education bill last year to say, if you have a son or daughter who started school in, say, Tennessee and your country has asked the family to move to Fort Hood in Texas, in Mr. Carter's district, then that son or daughter will continue their in-state tuition until they finish.

I know there are other steps to take, but I think that was an important step forward to stop punishing military families, because our country asks them to move from one state to another.

And, Mr. Israel, your leadership on this subcommittee and working with the Defense Appropriations Committee will make a real difference on that issue.

Mr. ISRAEL. Thank you, Mr. Chairman.

GUARD AND RESERVE QUALITY OF LIFE ISSUES

Mr. EDWARDS. Thank you.

Let me just finish the first round of questioning. Let me ask Master Chief Wright and Sergeant Major Gipe and Sergeant Major Caffie if each of you—and I am going to stick to the 5 minutes here—if each of you could just add any additional points on quality-of-life issues that you think perhaps maybe need special attention for members of the Guard and Reserve.

Sergeant Major.

DEMOBILIZATION PROCESS

Sergeant Major CAFFIE. Thank you, Mr. Chairman. My name is Leon Caffie. I am the command sergeant major for the U.S. Army Reserve. Let me please address something that was said earlier about our Reserve and National Guard soldiers, that once they return home, they are left pretty much alone. We have changed that, Mr. Chairman.

The Warrior and Family Assistance program is where the Army Reserve starts counseling families—once the soldier receives a letter of intent that they will be mobilized and deployed, we start counseling at that stage. This consists of counseling when they return from the theater.

We continue to work closely with the families. We have hired 127 family readiness assistants throughout the Army Reserve in all 50 states and four territories. I have Army Reserve soldiers in—issues that we are dealing with that—when we passed the bill last year that—for our National Guard and Army Reserve soldiers still capped at age 60.

One component of that, if you were deployed for 90 days, you could—so many days from that particular year. What we failed to do is make it—soldiers that were deployed in 2001 and 2002. It is one of the major concerns that I am getting pushback from my soldiers.

As we continue to transform the Army Reserve, we still run into difficulty with—we will work our way through that. I think last year I brought to your attention about IDT travel, some forms—

Mr. EDWARDS. Right.

Sergeant Major CAFFIE. But other than that, I think we have made tremendous progress since last year. And thank you for what this committee have done to support my organization.

Mr. EDWARDS. Great. Thank you, Sergeant Major.

Sergeant Major Gipe.

Sergeant Major GIPE. Thank you, Mr. Chairman.

Mr. EDWARDS. If you could just—out of the respect for the Navy, take about a minute-and-a-half. We will give the Navy—

Sergeant Major GIPE. I will do that, sir.

Mr. EDWARDS. Thank you.

Sergeant Major GIPE. I am from Kentucky, but I can speak fast when I need to. I do want to correct one error. I said we had nine suicides the first quarter. It was only six. So that is an improvement. It is still way too many.

A couple of things that we need. I appreciate all of this committee's support. Some of the things that we need to continue to work is the funding for the yellow ribbon legislation that was passed last year. It is critical to support our soldiers' pre-deployment, during deployment, and on return with regards to some of the issues we have been dealing with here today, as well as their families.

TRICARE providers is where we end up having the biggest issue when our soldiers come back home. For instance my daughter attended college in Bowling Green, Kentucky, she had to go 48 miles to find a gynecologist that would accept TRICARE. So we have to work that.

EMPLOYER SUPPORT FOR THE GUARD AND RESERVE

One thing that I think we really need to work—it is not really the committee thing here, it is more of a congressional thing—is employer support. We don't do enough to support the employers out there that support our troops.

And 50 percent of the Army has employers outside of their active-duty time. And we have to do something that rewards those employers who do support us for—because it is extremely critical.

MILCON

And then the last thing I would suggest is military construction. Over 69 percent of our buildings are 50 years or older.

Mr. EDWARDS. Sixty-nine percent are 50 years or older?

Sergeant Major GIPE. Yes, sir. So we have a lot of opportunities out there and things that would go well with an economic stimulus.

So I will turn it over to my—

Mr. FARR. Can I follow up on that question?

Mr. EDWARDS. Sure.

Mr. FARR. What is happening—we have a big RCI project, but now that the community housing prices have dropped so much, even though these houses are primo houses, a lot of the families will opt to live in a community where they never would have before because the rents were too high.

So it is more than just building new housing on base. It is sort of getting that culture of living back on base—to think about. Why are you are not using the housing we have built? You can't complain about it. It has everything, childcare—

Mr. EDWARDS. That is an interesting—I hadn't thought about people moving off-base because of lower housing. So we will look into that.

Master Chief Wright.

Master Chief WRIGHT. Chairman Edwards, thank you for the opportunity, gentlemen.

Really, I just want to say that the Sailors that are coming back, once we start the mobilization process, education is provided all the way through. And I have to echo what the fine gentleman before me said.

The process that the Navy is using is the Returning Warrior Program. And what happens with that is, once these Sailors return home, they have an opportunity to go away to a resort. It is a nice place for the family to go where they want to attend. It is totally volunteer.

And they have an opportunity to sit down and get guidance from leadership, the colonels, generals that walk in and say, "I have had a problem with post-traumatic stress," and they go through their leadership, where the message is coming from the top, that it is okay for that young Sailor—to say, "I have an issue."

The opportunities are there for them to get counseling, get financial counseling, Military OneSource, and information on mental health issues. From this point on, we have conducted about 31 events since fiscal year 2007. And we have had over 2,200 participants.

I have attended one of those. And we have leadership ensure they attend. But I have seen folks that walk in with their arms crossed, saying, "You can't do anything for me." And by Sunday afternoon, when they leave, they are saying, "Thank you. I didn't know that the Navy and military really cared about me."

And there has been outstanding opportunities, especially when they are able to sit down at the roundtable. The military member has dealt with a lot of issues while they are deployed, while their spouse has dealt with the heating blowing out, the car blowing out. And once they had the opportunity to interact, it all comes together and there is a lot of healing that goes on.

And the other side of it is the TRICARE, making sure we have the providers for that. The distance and travel are areas of concern. I have Sailors that are traveling from one coast to another because they love the Navy. They are losing money. When I have a Sailor that is doing it, and they are actually losing money that weekend, but—every weekend, I can't ask for any more, sir.

I mean, they are there because they are doing relevant work, and we know they are making a difference.

Mr. EDWARDS. Okay.

Master Chief WRIGHT. They are volunteering to keep doing that.

Mr. EDWARDS. Thank you, Master Chief.

Master Chief WRIGHT. Thank you, sir.

Mr. EDWARDS. To begin the second round, we will begin with Mr. Wamp, Mr. Farr, and then Mr. Crenshaw.

Mr. Wamp.

FINANCIAL ASSISTANCE PROGRAMS

Mr. WAMP. Well, I have several questions in different directions, but picking up on what Ander Crenshaw raised and the Master Sergeant just talked about on the financial side of the troops, do we have more payday lending and predatory lending? You talked about their cars breaking down.

How many of them are still turning to finance vehicles that are not good for them? Do we know if we are moving toward alternatives? This is such a hard time for everybody, and last year, gas prices went through the roof. That becomes an issue, and people are upside-down.

What are you seeing? Is there anything we need to do, in terms of predatory activity around our troops that might be upside-down, to take some of the stress off the family, because it is all about staying ahead?

Sergeant Major PRESTON. Sir, I don't have any specific numbers, but talking with soldiers and their families when the gas prices

were very high, it was very, very tough on them. And you have 67 percent of married soldiers living off the installation. That means that they are commuting back and forth everyday to work. And, it is just the cost of living every day that has gone up.

And I also sit on the Board of Directors for the Army Air Force Exchange Service (AAFES), along with Chief Master Sergeant McKinley. One of the things we noticed were the financial statistics. The sales in AAFES actually went up.

And when you look at the rest of the economy, Wal-Mart was the only other one going up. So obviously, the soldiers and servicemembers are shopping at those places where, they can get the best buy.

Sergeant Major KENT. It is some hard times out there, sir. Payday lenders was a big problem out in California in the Camp Pendleton area. It assisted our marines/sailors when California passed a state law for payday lenders. And the lenders have I mean, they pretty much are going out of business because of the law that they passed in California.

And, also, we have been very active down at Camp Pendleton, you know, teaching them, you know—about the financial management.

Master Chief WEST. Sir, we have held both lectures, seminars, training on not only predatory lending, but the financial responsibilities for our Sailors and we have seen a decrease in it. And what we have, with the Navy-Marine Corps Relief Society is called the Quick Assist Loan. It is QAL. It is a fund of about \$300 in one shot. And when I say one shot, it is you walk in, you walk out with a check. It is a huge success for us.

What we have seen is an increase, but they pay them back. It gets them past what they need to get to, to get on course again. We have really hit that hard and I think that we are headed in the right direction.

Our Fleet and Family Support Centers have made that a priority. And they have gone proactive on the waterfronts, as well. I don't have the numbers, but we have gotten 137,000 of our Sailors touched this past year, which is a 51 percent increase over 2007. So we are more out.

Chief Master Sergeant MCKINLEY. Sir, with the Air Force, it starts in the recruiting office. We make sure that, before we recruit somebody, that they don't have a debt ratio that is going to set them up for failure for the future.

Once we get them to basic training, even in basic training we teach them financial counseling and how to manage a budget and be smart about the future. They get that when they arrive at their first duty location and hopefully set them up for success in the future to spend wisely.

And the bill we passed on predatory lending, I think, was a tremendous success. Thank you very much for making that happen.

HOME PORT ASHORE

Mr. WAMP. Maybe we are running out of time, but, Master Chief West, on the home port ashore provision, because I know when I went out on the USS HARRY TRUMAN, I told you about that this morning, it was pretty tight quarters.

Master Chief WEST. Yes, sir.

Mr. WAMP. They are out there for a long period of time, unlike the other services when they get in. Give us a little bit more detail about what we can do to help you when soldiers are home so that quality of life is good enough for them to go back out to sea for 6 months.

Master Chief WEST. Yes, sir. As I pointed out we have about 9,000 of our Sailors that are on a ship. Until you have done that and experienced it, it is a pretty tough environment out there for sailors. My hat is off to them every single day.

So now we have a master housing plan that we are presenting to the CNO in a couple of weeks which will provide I guess a landscape on what we can do. Through a Public-Private Venture (PPV), one of which is out in California, Pacific Beacon. I will take you if you haven't seen that. I would welcome you to come. I will even show you the great quality-of-life living, which is going to put about 2,900 spaces. And then, down in Virginia, in Hampton Roads, about 3,600 spaces.

Our challenge right now is really in three locations, but we certainly do need that help. But our three locations are Norfolk, Virginia. We have, again, about 5,700 of our Sailors living on board the ships. In Yokosuka, Japan, about 700 and in California, about 700.

Even with the plan in place, it is going to be very tough for us to get these folks ashore. One of the things that we are asking to do is double up, go through the Marine Corps model and the college model, for that matter, sort of the one-plus-one, put a couple of our young Sailors in there. I will tell you this is a success story out in Japan, even though we have a shortfall there, we have had a significant decrease in the amount of incidents out on the economy. And you know as well as I do, it is a big deal anywhere, but more so in Japan with American Sailors.

I do have a couple of slides that do show that, sir. And I just don't want to get too deep into it, but it shows the number of beds the number of our Sailors because, again, as I pointed out earlier to Congressman Dicks, I do believe that you give a Sailor WiFi and a computer, that is what they want, really just to get away, get away from that ship.

So I would ask this committee for support. And I am sure the bachelor housing area really needs some support there. And, also, go in and view a lot of our buildings are aging, as well. That is one thing that we have to tackle.

Mr. EDWARDS. Thank you, Mr. Wamp. [Laughter.]

We will go with Mr. Farr, Mr. Crenshaw, and then Mr. Berry. Mr. Farr.

CROSS-CULTURAL TRAINING

Mr. FARR. Thank you very much.

Again, thank you for all this good, lovely dialogue. I have a lot of questions, one I would like to follow up on is something that I am very interested in, and that is really trying to integrate the capabilities of the services and the interagency with our allies—partners across the full spectrum of operations.

We have learned in this committee that our military are the best in the world at being able to go anywhere at any time, kick down any door, do anything we have to do. But we have not done a very good job at winning hearts and minds. And we can get in, but we can't get out.

My whole experience was in the Peace Corps where you actually had to work yourself out of a job. What I have seen is that soldiers, a lot of them, get really interested in cross-cultural experiences, young kids parachuting into another culture and other languages, the conditions of poverty, and so on, and develop an interest in sharing American values with host country folks.

I think that is a much longer and stronger effort. But the only people I think are going to do effective nation-building are our military, because they are on the ground. You can do wells. You can do schools. You can do things like that.

I am concerned that we have 33,000 U.S. contractors performing for the Army. And I wonder, is that getting in the way—is there a way that we can do that? Can the military decrease violence and leave it better than they found it?

What are we missing in this? Because it is the soldiers on the ground—embassies are all locked up and nobody can go out without being guarded, and same with USAID. But I have heard out at conferences at the Naval Postgraduate School that the international nongovernmental organizations are on the ground with the soldiers.

And the one thing they and the military have in common, they are both getting shot at. And they are both trying to do the same—the military for security purposes, but in the end, to make it secure for what?

Sergeant Major PRESTON. Sir, I would encourage you to get out and visit with our soldiers. And I will give you a couple of examples, because the Army has done a magnificent job at working itself out of a job. As I travel around, I get a lot of questions from young soldiers about—in Iraq and Afghanistan, but historically we have done a magnificent job.

In Bosnia, December 1995, 20,000 soldiers went there. November of 2004, when we pulled out, there were less than 900 soldiers there. So it took us 8 years to go from 20,000 soldiers to less than 900, and then we handed that mission over to the European Union.

Mr. FARR [continuing]. Bosnia now?

Sergeant Major PRESTON. Just a couple of people in the headquarters. That is it.

Kosovo, spring, summer of 1999, 14,000 soldiers that were part of that campaign. Today, the Army National Guard has about 1,400 there. And, they have done a magnificent job over there at building. It is helping the government become operational, and it is the government at all levels. It is at the national level. It is the county, province, down to all the small towns and villages.

But you have to get the government operational. And then it is training the security forces to take our place. And as those security forces become competent, that allows us—and I will give you a couple of quick stories from Iraq and Afghanistan.

Mr. FARR. Do our soldiers need more language training, cultural training?

Sergeant Major PRESTON. We have worked very hard. The last couple of years, across the board, cultural training comes before any one deploys, as well as language training.

And when we look at the different language schools that are out there, we are leveraging that right now. And there are soldiers in every unit and organization that are deploying right now that are taking language training.

I will give you a quick story. I was just at Fort Polk with the 56th Stryker Brigade out of the Pennsylvania Guard. And he was one of their trainers. And I asked him how long he had been and he said, "Sir, I have only been here about 7 months."

And I said, "Where were you at before that?" He said, "I was in Iraq. I was in Baghdad. I was on a training team."

And I said, "Well, what did you think of that?" And he said, "Sir, I would go back in a minute." And I said, "Well, why do you say that?" And he said, "Because I was able to make a difference and it was the friendships that were developing."

And he said that, "I was out everyday with a squad of Iraqi soldiers that I helped train. And one day, we came under fire. There was a sniper that was firing at us. We took cover behind a concrete barrier. And as I came up to shoot my weapon, Sergeant Oman, who was—I was, you know, his teacher, he pushes me back down behind the concrete barrier and he says, 'Stay down.'"

"And, of course, I told him, 'Oman, I have to get up. I have to be able to shoot.' And Oman told him, 'Stay down. Today is not your day to die.'" And that was the kind of close bonding relationships between us and the Iraqi soldiers.

I was just there in November. I spoke with Command Sergeant Major Adel, who is the sergeant major of the Iraqi army, a close, personal friend of mine. And I was there for their third annual senior NCO conference and there with all of his division command sergeant majors, across the Iraqi army, and we are all brothers, and we are very close friends in what we are doing right now to help each other.

In Afghanistan, the sergeant major of the army is Rashaan. He is a graduate of class 56 at our—United States Army—Sergeants Major Academy. He is half-American and spent an entire year down there going through the school.

And, when you look at the relationships and what he and with the chief of staff of the Afghan army, General Bishmail Kahn, who spoke at their conference in November; I told General Casey that, when he sat up there and spoke, if he had been wearing one of our uniforms and speaking English, you would have thought he was one of our American generals, because he was saying all the right things.

We have done a lot of things. And I can tell you about——

Mr. FARR. How about contractors?

Sergeant Major PRESTON. We have contractors out there, but they are really in support of the soldiers there on the ground. And, we don't have enough of the combat support, service support kind of functions that those contractors right now are doing.

Mr. EDWARDS. Brief statement?

Master Chief WEST. Sir, as that question was asked, I was coming up out of my chair, because, I will tell you, it is a great ques-

tion. We are working almost every day with NGOs, or nongovernmental organizations.

We have deployed COMFORT and MERCY. You talk about winning the hearts and minds of all these countries. It is an incredible thing to see, the capability those ships bring, and more importantly, how many people line up and want us back.

We use our amphibs in that way, but we also have over 12,000 of our Sailors right now on the ground over there in Iraq and Afghanistan, up in the hills, and in the provisional reconstruction teams.

I was just out there with our CNO. And we got to fly out to a place where they are building some schools and all that stuff. It is incredible. It is incredible the way those countries and those people come to us and want our help.

REBUILDING IRAQ

So I have to tell you, your Navy is out there. We are engaging every single day with those NGOs. And it is just an incredible feeling.

But if you are ever either in San Diego or able to come down to the COMFORT or the MERCY, please, I will give you a personal tour.

Sergeant Major KENT. Can I make a 30-second comment, sir?

Mr. EDWARDS. Sure, go ahead.

Sergeant Major KENT. Western Iraq used to be a bloody place. I was there in 2004 and 2005. And the Marines today over there are able to turn off kicking in the doors and they are out there actually helping the locals each and every day.

That is the young PFCs on the ground. They know when to turn it on and kick down doors and when to turn it off and help the Iraqi people.

Mr. EDWARDS. That is great.

Chief Master Sergeant MCKINLEY. Sir, just a second?

Mr. EDWARDS. Yes.

Chief Master Sergeant MCKINLEY. It is not only Iraq and Afghanistan, sir, but we are doing capacity-building in many countries, whether it be in the Pacific, to South America, from the African continent to all over Europe. And more funding to help with this would be fantastic.

But to build the military through professional military education and so forth through our Combatant Commands (COCOMs) and each one of our services is a great thing. And it is going to make us all safer in the long run.

Mr. EDWARDS. Okay. Thank you all.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

QUALITY OF MILITARY HEALTHCARE

Yes, that whole discussion—that—you really can't surge friendship, and the things that you are doing in the front end, such as Southern Command (SOUTHCOM), in the Caribbean, those potential hotspots I think what your men and women are doing, just to build relationships, you just don't walk in one day and say, "Now we are your friend"—let me go back to—we started the conversa-

tion about a specific part of health care, suicide prevention—big picture, health care is so important, the quality of life of not only the men and women who serve, but the families.

And I know we have done a lot—the Chairman has been real active in the military construction projects. We have built some new facilities, new clinics, new hospitals. And we want to keep on doing that.

But I want to ask you all, just in terms of overall health care, just the delivery of health care, what would you say are the good things that we do? What are some of the things that we ought to do better?

And what do you hear—what do your troops say when they talk about health care? What are some of the, when people are sitting around talking, “We wish you did a little better,” or, “We are really thankful for this part or that part,” can you touch on that, just some real-world examples that you see? Because I have to believe that is so important for families, particularly.

ARMY FAMILY ACTION PLAN

Sergeant Major PRESTON. Sir, I will start. Last week, we had the Army Family Action Plan. And this is a conference that we did here in D.C., but it stems out and it starts all around the Army, overseas, as well.

And it starts with the soldiers and families at installations and they raise issues to those representatives at the installation level to present to the annual conference. And then to the leadership.

The Secretary of the Army and the chief of staff of the Army are there—and one of the top five issues that was raised this last week that has now been added is there is a shortage of medical providers in military treatment facilities.

And that is hands down, has always been a concern out there as you travel around. It is accessibility and availability. The quality of the care is very good, once you get into it, but it is accessibility, it is availability.

TRICARE

And, of course, we have tried to stem that by partnering with medical communities and facilities off post as well, but there is still not enough. The Army is very big, and being able to get out there into all those remote sites, as Command Sergeant Major Gipe, Command Sergeant Major Caffie said, it is to TRICARE providers—to travel to get somebody that takes TRICARE. And that is a concern.

Sergeant Major KENT. The quality of medical service is very good, sir, but the shortage of doctors is the issue.

Master Chief WEST. Sir, the same here. I will tell you, I could not be happier with our Navy medicine and Marine Corps aspect. They do a lot of good things.

I would say if there is any one thing, it is continue to keep that ball in the air for us. You know, sir, you drop that ball, and we start missing things, but, you know, you see the assistance you could provide, that would really be of value.

Chief Master Sergeant MCKINLEY. Sir, I think we have come a very long way since 1995 when we started TRICARE. But I think

one of the big improvements we can do to make it more attractive for civilian health care providers is to take out a lot of the bureaucracy that we can right now.

You may have someone who goes to visit a doctor's office—Blue Cross-Blue Shield in just a matter of a few minutes—to see the doctor, and the paperwork is taken care of. You go to the doctor with TRICARE and it is an hour's worth of paperwork. And a lot of doctors just don't want to put up with it.

We need to clear up the bureaucracy and make it easier and more attractive for civilian doctors that want to take—

Mr. CRENSHAW. Thank you, sir.

Mr. EDWARDS. Thanks. Before I recognize Mr. Berry, I want to take the privilege of welcoming to our subcommittee Mrs. Zach Wamp, Kim Wamp, and their son, Weston.

And as chairman of the committee, let me—I don't want to embarrass the ranking member of the committee in your presence, but I want to thank you both for the sacrifices you have made, for the time Zach often has to spend away from family, to his leadership in this committee. We are thrilled to have you both. The subcommittee is very privileged to have Zach as our ranking member.

Zach, would you like to—

Mr. WAMP. I am going to rat out my son, who is a senior at the University of Tennessee and about to graduate magna cum laude May the 1st. He and Kim are here for the National Prayer Breakfast, which I am very involved in each week, and they just came into town.

But they had not been to a committee hearing in this room since I joined as ranking member. I have to tell you that my son, when you were under consideration as Vice President, started rooting for that ticket just because of our relationship. So you had one Republican working for you, so—at least we would have somebody in the White House that we know.

Mr. EDWARDS. And my Republican campaign opponent was rooting for me, as well. But, Weston, thank you—thank you very much. [Laughter.]

And it is great to have you both here.

I think the top enlisted leaders of our services that are here symbolize the people making a difference for our country, and our military aren't only those that have on the uniform or wear the title of member of Congress, but spouses and the children. So we welcome you.

Mr. Berry.

Mr. BERRY. Well, I would just thank all of you for your service and the great job you do. I think this committee is committed to doing the best that we can to see that you have what you need to do that job and do it well.

Master Chief West, you are from the same neck of the woods as our colleague, Mr. Wamp. I am wondering, what made you turn out so well? [Laughter.]

Master Chief WEST. Sir, I just have to say that I am just across the Georgia line.

Mr. BERRY. That explains it. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Berry.

And welcome back to the subcommittee. You have been a great member of the subcommittee. And you are here personally at every committee hearing unless you have an absolute conflict with other hearings. And we thank you for that. Thank you for being here.

TOP QUALITY OF LIFE ISSUES

Let me continue a tradition of this subcommittee, if I could, and just ask each of you really two questions. First would be, in terms of quality-of-life morale issues, would it be fair for me to say, or to conclude from your comments, that time away from family is number-one right now? Would that be a yes—let the record show that time away from family is the number-one quality-of-life issue right now.

Moving beyond that and putting aside pay, because we know that is always crucial to those serving our country, if we were to be arbitrary and to, say, take education, whether it is for the serviceman or woman or their family, education, health care, housing, and daycare, while we have a responsibility to address all of those four areas, could I ask you to make your own judgment and say, speaking for your respective servicemen and women and their families, which would you rank as the number-one challenge where we need to put more resources? What would be number two, number three, if you want to?

Sergeant Major KENT [continuing]. Marine barracks?

Mr. EDWARDS. Yes.

Sergeant Major KENT. I would—sir.

Mr. EDWARDS. So barracks improvement—

Sergeant Major KENT. Yes, sir.

Mr. EDWARDS. Okay.

Sergeant Major KENT. As we grow the force, we are going to need other space.

Mr. EDWARDS. Okay. How about second, Sergeant Major?

Sergeant Major KENT. Second would be daycare, sir.

Mr. EDWARDS. Okay. Daycare after barracks?

Sergeant Major KENT. Yes, sir.

Mr. EDWARDS. Okay.

Sergeant Major Preston.

Sergeant Major PRESTON. Childcare which is working in the right direction and is a priority right now, but childcare, barracks are the top two, and then health care.

Mr. EDWARDS. Okay. The two of you, the sense is we have made progress on family housing. It is not that we need to stop, draw a line in the sand and stop improving military family housing, but we at least—our servicemen and women—and they are seeing real change, so we are behind the curve more on barracks versus family housing?

Master Chief West.

Master Chief WEST. Sir, I have to agree over here. I will tell you, the bachelor housing is absolutely the number-one priority. With that said, the family housing, what this committee has done and through our PPV partnerships, is phenomenal. In my 28 years in the Navy, I have never seen better housing and daycare is another one. I know we have made huge strides. We have a very successful rate as we roll out, so we are making headway there.

And also with health care, we have to keep all three of those up in the air, but my number-one priority without a doubt is housing.

Mr. EDWARDS. Okay.

Master Chief WEST. Bachelor housing.

Mr. EDWARDS. Okay, bachelor housing.

Master Chief WEST. Yes, sir.

Mr. EDWARDS. Chief Master Sergeant McKinley.

Chief Master Sergeant MCKINLEY. Sir, I don't think that I would really necessarily put them as a one-two-three. I think it is a package deal. You know, I think each one of them are equally important. And you can't really have one without the other, so we have made tremendous strides in each one of those. But each one of those is still very important.

Mr. EDWARDS. Sure. And I don't want to make the third or fourth list on the priority list seem less important, because they are very important. But if you only had enough money to put into one of those four areas, where would you put that money?

Chief Master Sergeant MCKINLEY. Continue with housing. I think housing is very—

Mr. EDWARDS. Family housing or barracks?

Chief Master Sergeant MCKINLEY. Both.

Mr. EDWARDS. All right, if you could only put money into barracks or family housing, where would you put it?

Chief Master Sergeant MCKINLEY. I would right now put it into barracks, because we still have Airmen out there living in barracks that are very old. The infrastructure needs to be redone. You can't put lipstick on a pig.

Mr. EDWARDS. Right. Right.

Chief Master Sergeant MCKINLEY. You have heard that one before. So you have to go in and work with infrastructure. And that takes money.

Mr. EDWARDS. Okay. And forgive me for trying to put you in a box, but I think just trying to get that sense of priorities, with limited resources—we don't have an unlimited check here. We should not ignore any of those areas. We want to keep making the kind of progress we have had in the last several years in all of these areas, but that is good to know.

Mr. FARR. Is your BAH for a barrack the same as for a house? If you stay in a barrack, you still receive a housing allowance, don't you? Or if you stay in a house on base, you pay your—

Master Chief WEST. You forfeit, at that point, your BAH, if you stay. However if you have a public-private venture, then you do get paid the BAH, but then you turn around and hand it back to the PPV.

Mr. FARR. Are the economics better for the private venture, better in building housing than in building barracks?

Master Chief WEST. We have a few barracks that are going PPV.

BASIC ALLOWANCE FOR HOUSING

Sergeant Major PRESTON. What you have to look at is that, for a married soldier, they receive a basic allowance for housing. And they have a choice. They can—

Mr. FARR. On-base or off-base?

Sergeant Major PRESTON. On-base or off-base. But they pay either way. But for the single soldier, they don't receive a housing allowance if they are living in a barracks. And, of course, if you want them to live off-base—and we have done that to free up space in the barracks we have taken some of our senior noncommissioned officers who are single and paid them an allowance for housing to allow them to go off and find an apartment, but, that is a cost, as well.

Mr. EDWARDS. Could I ask Master Chief Wright and Sergeant Major Gipe and Sergeant Major Caffie. Starting with you, Master Chief Wright, could you come up to Mr. Carter's seat again? And you don't have to choose from those same 4, because housing, health care, education are obviously different sometimes in terms of the challenges for the members of the Guard and Reserve.

But the quality-of-life issues, what would be the first, second, and third priorities that Congress needs to take a look at, in terms of supporting quality of life and morale for our members of the Guard and Reserve?

Master Chief Wright.

Master Chief WRIGHT. Thank you, sir. Just trying to do some quick thinking here. But I think the distance and travel, I think that is a main one.

Number one.

Mr. EDWARDS. Any other of the concerns you hear?

Master Chief WRIGHT. The other is TRICARE, a follow-on with that. I know they are paid at the Medicaid levels. And a lot of times, when you are dealing with the medical facilities and the providers, it is all about the patriotism. They are looking at the flag, and that is wonderful, but there is not a lot of incentive there for it.

And on the other side of it, just making sure we have good, quality facilities for these folks to come and train, too. A majority of that time, they are training with the units and doing everything they have to. But when they are at the reserve site, or the NOSC, Navy Operational Support Center, they have quality facilities to work in.

Mr. EDWARDS. Okay.

Master Chief WRIGHT. These are my top 3, sir.

Mr. EDWARDS. Thank you, Master Chief.

Sergeant Major Gipe.

Sergeant Major GIPE. Again, sir, without a doubt, health care is our number-one issue. Education is up there, but with the G.I. Bill and most states providing tuition assistance for Guard and Reserve members, so without a doubt it is the TRICARE and the yellow ribbon piece of the health care that relates to post-traumatic and those kind of—

Mr. EDWARDS. What training equipment—

Sergeant Major GIPE. We are doing very, very well on the equipping course. We are not where we need to be yet, but there is a plan to get there. And the funding is dedicated long term to get there.

The military construction to improve the facilities that we have to train in would have to be up there, as well. But there is a great plan in place for—up there. And the Army has done a phenomenal

job with getting this, as well as Congress, funding the money for that.

Mr. EDWARDS. Thanks, Sergeant Major.

Sergeant Major GIPE. Thank you. Yes, sir. That is really what the issue is. It is the provider issue. And then we alluded to Military OneSource for counseling sessions and the online things.

Things are getting better all the time, but TRICARE providers is a huge issue for us, because they are just not out there and available and where they should be. If we could get that fixed, that would be huge.

Mr. FARR. Military clinic are for the uniformed military personnel, but the spouses and children have to go to the private sector, and they don't want to take TRICARE reimbursements—

Sergeant Major GIPE. Of course, we have many soldiers that don't live anywhere near a military facility, so—

Mr. EDWARDS. Thanks, Sergeant Major.

Sergeant Major Caffie.

Sergeant Major CAFFIE. Thank you, Mr. Chairman.

Priority number one for me would be health care. I think we have already addressed the issues with bureaucracy and paper flow. We need to enhance the—physicians and nurses within that program.

Second for me would be the distance. As we transform—primary concern. I have soldiers driving excess to 250 to 300 miles—that we do not compensate them for.

And third would be equipment and renovating the installations that I have—Reserve.

Mr. EDWARDS. Thank you all.

Any members—any of you want to follow up on that? Okay.

Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. EDWARDS. Welcome back to the subcommittee—

Mr. CARTER. I would like to thank these fine gentlemen for being with us, and I apologize for being late. I had to go to a meeting with the leadership.

AGING FAMILY HOUSING

Sergeant Major Preston, I want to talk to you a little bit about this Army Family Covenant you talked about. Chairman Edwards has played a major role in establishing RCI, the housing program. We have made great strides in military housing. We are all well aware of it, as all of you are.

However, I visit Fort Hood many times each year and have toured several times a housing area called Chaffee Village. Are you familiar with Chaffee Village?

I don't know what year it was built, but it had to be in the 1950s, because it looks old. Chaffee Village has 674 units for enlisted soldiers and their families, and is part of the RCI program. We are spending about \$40,000 a unit to make them more livable, but, quite frankly, this is, in my opinion, like putting lipstick on a pig.

I mean, these are old units. We are patching them up, but in reality, there is nothing around here that old that is patched up like that.

And the real issue is we have to provide the quality of life that we promised them, that we keep this Army Family Covenant.

Now, even if these additional funds are provided to patch it up, it is not going to be to the standard it ought to be, as compared to the other housing that we are providing on Fort Hood and other installations.

I know that Chairman Edwards is well aware of this, as are quite a few others. I guess my question to all of you is, do you have housing issues like Chaffee Village on other facilities you visit that are still in use. They are old and being patched rather than completed?

Have you informed the powers-that-be, this committee and others, of your needs for housing areas like Chaffee Village so that they can be in the next budget that we have to deal with? Because I think this is something that it is time for us to put a spotlight on. It is livable, but it is not quality living.

Sergeant Major PRESTON. Mr. Carter, I know Chaffee Village very well. And having been there as a battalion sergeant major and I sponsored Comanche II. For those houses that did not meet the quality of life, the private partners have gone in and completely torn them down and built a new house. And specifically at Fort Hood, you can go around and see out on West Ford Hood, hundreds of brand-new houses that have been built.

I get asked by a lot of soldiers that are living in the old houses like Chaffee or Comanche II why they have to live in the older house while somebody else has the newer house. And it really gets down to, what is the capitalization plan for that housing?

Before privatization, we as an Army did not do very good at planning for the capitalization for housing as well as our barracks. And that is why we have a lot of old stuff out there that we are now trying to play catch up.

But with our private partner, they have a capitalization plan so that, you know, as those houses reach the end of their life cycle, you know, they will be torn down and those soldiers, you know, as—either as they leave or as they, you know, transition away from the installation, will be moved into, you know, new and upgraded housing.

So the good thing now with the private partners—capitalization plan, and you rotate through, and you eliminate the oldest stuff, and you build new.

Mr. CARTER. Well, almost every visit I make to Fort Hood, I get brought through Chaffee Village when there is a change of command. The first place I go is for a drive through Chaffee Village. This is something that really is on the minds, especially of the enlisted men.

Sergeant Major PRESTON. And, sir, the private partners—for a lot of money—

Mr. CARTER. They have.

Sergeant Major PRESTON [continuing]. Chaffee Village and fixed them up. And, when I was at Fort Campbell when we first started the capitalization process, these old ranch-style houses, very, very old, and Command Sergeant Major Hill, who is now with General Petraeus down in CENTCOM, he was still the installation sergeant major there.

And he and I have walked in and taken a look at this brand-new house that they have renovated. And he and I both looked at each other and said that, you know, if we were both specialists—the rank that was looking at those houses now, we would re-enlist, to live in a house—so the private partners have really done, a very good job at renovating and fixing up the old places, to provide the quality of life that we want.

Mr. CARTER [continuing]. Other response from anybody?

[The information follows:]

The Army's Residential Communities Initiative (RCI) privatized housing projects are developed, operated, managed, and maintained in accordance with a detailed community development management plan (CDMP). Project-specific CDMPs define the plan for housing recapitalization efforts during the 3 to 11 year initial development phase (IDP) and the remainder of the 50-year project, including housing renovations, demolitions, and new construction.

During the IDP, RCI housing recapitalization is funded through a combination of private debt, private equity, and/or government equity. Following the IDP, RCI housing recapitalization is funded from a project reinvestment account. The project reinvestment account is funded through the project cash waterfall at a sufficient level to sustain project housing at contemporary standards throughout the 50-year project.

One of the biggest advantages of military housing privatization is the speed at which houses can be renovated and constructed during the IDP, and the high quality of housing and housing maintenance that can be sustained over the project life.

Sergeant Major KENT. Well, we have a plan to fix housing. Thanks to all of you, the funding that we get for our quality of life I will tell you, we have some great housing on our military installations.

Mr. CARTER. Well, I am aware we have some great housing units.

Master Chief WEST. Yes, sir. With the Navy, we are on track to eliminate anything that is out there in fiscal year 2011, but what is important is our private companies. They are working real well with our family housing—naval installations.

So like I told the members earlier, sir, it is the best housing I have seen in 28 years of service.

Chief Master Sergeant MCKINLEY. Sir, I am very passionate about this, and so are all of us here. And I have used this comparison before, but I think it is very valid. As you walk through Arlington National Cemetery, we have a standard. We take care of the fallen. They have the same markers; they have the same plot, so there is a standard, no matter what service you are in.

It is a shame we don't do this while we are wearing the uniform. We have some that we take care of, some that we don't. We need to make sure we provide that standard while we are wearing the uniform.

Mr. CARTER. Thank you, Mr. Chairman.

HOUSING PRIVATIZATION

Mr. EDWARDS. You know, Mr. Carter, if I could jump in, I think generally we would all agree that privatized, public-private partnership programs work very, very well. That doesn't mean this subcommittee couldn't, you know, expend some effort reviewing it and seeing where it is working better than other areas.

And the question I couldn't answer—is, how do you make a decision that at what point that developer at Fort Hood gets to put

more money in his pocket as a profit? We want him to make a reasonable profit.

Mr. EDWARDS. And it seems that we ought to—if nothing else, we ought to use the bully pulpit of this subcommittee to pressure the developers, salute them where they are doing well, but if in some cases they are, you know, renovating a 50-year-old house rather than building a new one, and yet they are making very, very solid profits, maybe we ought to let them know we are going to keep an eye on them.

Mr. CARTER. That is the thing. You know, if you are a soldier, and, you know, one guy is living in a brand-spanking-new house and his wife and kids have this really nice house, the other guy comes back, he is coming to a clean, refurbished house built in probably 1955, and then refurbished, you can't help but saying he is in a substandard housing, even if it is perfectly clean, perfectly functional, and everything works. It is not what the other guy has.

Refurbishing costs a lot of money. Fixing up all the houses costs a lot of money. Maybe our money would be better spent if we started going in and tearing these things down and building new houses.

Sergeant Major PRESTON. Mr. Chairman, I would recommend that you take a look at it. And the best analogy I have for RCI housing is that it is just like getting a haircut. We are halfway through the haircut right now, so depending on which side of the head that you look at, one side looks good, but there is a plan that they are working through.

Mr. EDWARDS. In some cases they are spending \$40,000 or \$50,000 renovating the unit where they could spend \$150,000 just rebuilding a brand-new—and, again, I don't know that I have an answer to that. I don't know if any other members do.

I assume it is done again on an installation-by-installation basis where they negotiate an agreement. But I think it might be healthy. You know, we have all talked about exercising oversight. And maybe we could bring the developers in and others—again, salute them for the good work they are doing, but also let them know we are going to look over their shoulder and make sure that they are in a time of war and multiple deployments and the sacrifices—representing are making that we are going to expect them to err on the side of, you know, putting that extra dollar into unit housing.

Mr. CARTER. I think our partners would give us a fair analysis of what they see as needed.

Mr. EDWARDS. Might be a good basis for a future subcommittee hearing.

Mr. Wamp.

Mr. WAMP. I think we are almost through. I asked Mr. Crenshaw. He has no more questions.

Judge Carter, do you have any more questions?

CROSS-CULTURAL EXCHANGE—HORN OF AFRICA

I just have a couple of points and then we will be through on our side. I know time is getting late.

Going back to Mr. Farr's question, I want to publicly say how much I appreciate and was so impressed with his insight into things around the world.

But this issue of hearts and minds. Chief Master Sergeant McKinley, you mentioned AFRICOM earlier. I was so impressed with General Kip Ward, who is the commander.

I wanted to ask you if we have any permanence there? I know that there was a temporary status in Djibouti and we really haven't established permanent base for AFRICOM headquarters.

But I want to tell you this. One of our guests for the prayer breakfast is a former general who is now in the top civilian leadership of Kenya, and I was with him last night. And I asked him about this. He told me how impressed he was with General Kip Ward and the fact that our military presence there, while it is not permanent yet, is about making peace and winning the hearts and minds of people in northern Africa.

Now, of those 25 countries I mentioned earlier, quite a few of them are on the continent of Africa. And I am asking you, because I was in Tanzania to the south not too long ago, and I asked him about that former Arab coast, Mombasa particularly. Actually, I think some things are turning in a better direction.

Part of it is because our presence is welcomed. I know, from Kenya's standpoint, this is a Maasai general who is now in civilian leadership, and he was really impressed with the U.S. presence in northern Africa, which I think bodes well for this hearts and minds issue.

Chief Master Sergeant MCKINLEY. Sir, I was just in Djibouti in November. The leadership there is very committed, but they are dealing with the tyranny of distance of Africa. You can basically put the United States of America in Africa three times.

So when you are looking at how we get from Point A to Point B, we have to work that out. But the goodness that we can do there, winning the hearts and minds, it is just astronomical. So we have to stay committed and make sure that we take care and have a plan in how we can get from Point A to Point B to Point C.

Mr. EDWARDS. Sergeant Major, you wanted to say something?

Sergeant Major PRESTON. You know, sir, I was Djibouti. And we have a lot of stuff there for the—army to help train them, as well as—in Kenya.

But I flew up into Ethiopia. This is a great kind of joint team—flew into Ethiopia, the city of Dire Dawa. It is the second largest city in Ethiopia. It is a city of about 300,000.

And I was met there on the ground by Staff Sergeant Colson, who is an Army Reserve staff sergeant, who was the NCOIC or noncommissioned officer in charge of a 17-member team. And his commander was on leave so he was gone. So this staff sergeant was in charge.

And he had a team of Navy Seabees as well as a squad of artillery soldiers from Fort Sill, Oklahoma, that are doing force protection. He had an airman and a signal NCO who was doing the comms to keep him in touch with Camp—but we traveled around the city.

And he took me out and showed me the 21st and 22nd water point that the Seabees have put into place for the locals to draw water from, fill up their water jugs.

They took me out to a \$200,000 school project, primary, secondary school that they were putting into place for first grade through eighth or ninth grade.

And while we drove around the city, it was—you could tell the relationship that he had built with all the locals, because they were all—they all knew him. They were all waving at him.

But here is a young, staff sergeant with 7 or 8 years in the Army, and then he is helping to build a city. You know, he built a school and, helped to provide water, to the citizens. And, it is just amazing out there to see the things that are being done.

I visited the chief of staff and sergeant major of South Africa. I was went around to their training facilities. And they are trying to build a noncommissioned officer corps like ours.

And that is one of the reasons why we are celebrating the year of the NCO. And, South America has some unique challenges down there, as well. But, we are partnering with every one of those countries.

Master Chief WEST. Sir, if I could just add one quick point to that, it is not necessarily the 30-, 40-, 50-year-olds that are making a difference. We are having 19- and 20-year-olds going out there, negotiating deals, and working with these tribal leaders or these leaders of those communities. It is just an incredible thing.

Sergeant Major KENT. And we are actually doing that with the Navy every day, sir. We are actually—port—and we win hearts and minds each and every day.

Mr. WAMP. And one other closing thing that I want to bring up through several hearings as we go forward, Mr. Chairman, and that is that what we heard from the deputy chief of staff of the Army and Mrs. Casey, when they met with us after the election and they said that the Congress still needs to change the law so that outside foundations can support our soldiers. We talked about Fisher House, an example, but there are still some impediments of our free enterprise system to support the military.

We need to look at ways to take those walls down, especially with the needs that we hear about and the stress that is there with multiple deployments. If our private sector is willing to help and in any way the law keeps that from happening, we need to take those things down.

They brought that to us in December at that dinner I attended 2 weeks after the election. I thought, "That is something we need to bring up over and over again until we figure out exactly how to take down these barriers to get all the support." I know they wanted help, and they know that there are stress points, and let's let them do that. We will look into that every time.

Mr. EDWARDS. Good suggestion—bring in our authorizer friends, but it would certainly be something that would be important to do.

Mr. WAMP. Mr. Chairman, thank you.

Mr. EDWARDS. Thank you.

Do any members have any additional questions? And, obviously, you can all turn in written questions.

Mr. Farr.

TRICARE PROVIDERS

Mr. FARR. I wasn't going to have one, but I want to get back to this TRICARE issue. As I understand TRICARE, it essentially models the Medicare reimbursement rate. It establishes rates by region.

The problem is that providers don't want to take that rate because it is too low or the process is too much of a hassle. It is very difficult to change the rate.

How much of this problem is rate? And how much of it is bureaucracy? Because we contract out a huge multibillion-dollar contract, and then process blows up, and with a new provider every 6 years, all the forms, telephone numbers, and contacts, and appeals change.

Do you have any suggestions of how to improve this?

Chief Master Sergeant MCKINLEY. Sir, I think a lot of the health care providers out there, they are dedicated Americans. They love our military, like everybody else, and they are probably willing to take that little less money. But if the bureaucracy, if the paperwork was much easier for them, I think that would help a lot.

Mr. FARR. Do you have a memo on that?

[The information follows:]

The question is a good one because reimbursement rates are, indeed, sometimes part of the problem. I should explain that when we say TRICARE is tied to or as you say "modeled" on Medicare rates. It doesn't mean that we match those rates dollar for dollar. In some locations we actually pay more than Medicare, but if those Medicare payments go up or down, our rates tend to match the same rate of increase or decrease.

Does TRICARE pay enough? TRICARE participation is voluntary. If we pay too little, providers do not participate. We have been able to find ample TRICARE-accepting providers in most markets. We interpret this as meaning we pay acceptable market rates. It is a delicate balance.

You also mention that providers feel that the TRICARE process is a "hassle." Providers deal with numerous private insurers, plus the Department of Veterans' Affairs (VA), TRICARE, Medicare, etc. It is difficult to deal with multiple billing systems, but we do not perceive the TRICARE billing process to be more onerous than other payers. TRICARE has an excellent record of paying on time and paying accurately. We monitor timely payment continuously and have an excellent history of rapid payment. We also strive to minimize changes for beneficiaries while giving them the greatest choice.

Our benefit is excellent and TRICARE is rated the best health plan in the nation. An independent healthcare research firm polled 71,000 American households and found that TRICARE had higher customer satisfaction rates than any other healthcare insurance carrier in the United States. It exceeded Aetna, Blue Cross Blue Shield, CIGNA, Kaiser Permanente, the VA, and others. (Independent research was conducted by Wilson Health Information. Third party information source found on Business Wire: http://findarticles.com/p/articles/mi_mOEIN/is_2009_Jan_16/ai_n31198561)

Chief Master Sergeant MCKINLEY. We can get back to you on that, sir.

Mr. FARR [continuing]. The specifics.

Chief Master Sergeant MCKINLEY. Yes, sir—about what that bureaucracy is?

Sergeant Major PRESTON. I know for the health care providers out there, they have a kind of balance. They are very patriotic, and they try to balance the number of people that they are seeing between the high end and the low end. So they have a balance.

But there is a stigma, but I have to give them credit. They have been working very hard to improve their process of paperwork and make it more automated.

But there is also a stigma out there. A command sergeant major of the Texas National Guard was living in Midland or Odessa, and to find a health care provider, the specialist his family needed, they had to go all the way to Fort Worth.

And that is the challenge. It is now working through and demonstrating that some of the processes have improved. They have gotten better. And it is getting more of the civilian health care folks out there now to sign up and take TRICARE.

[The information follows:]

To date there are more than 325,000 providers in the TRICARE network with over 1 million non-network providers accepting TRICARE patients. In order to make TRICARE more attractive to health care providers, the TRICARE Management Activity (TMA) has a variety of tools to include: reducing the administrative burden, increasing the number of providers willing to accept TRICARE patients, and lastly, exercising an active outreach program.

TMA is engaged in a comprehensive effort to reduce the administrative burden on TRICARE providers. Efforts include expediting the claims process for providers. Currently more than 99% of retained claims are being processed to completion within 30 days. Additionally, more than 97% of claims are now filed electronically. Providers have online capability to check beneficiary eligibility, update their information for beneficiaries appearing in TRICARE provider directories, check claim status, and submit referrals. Lastly, monthly provider bulletins and quarterly provider newsletters are used by providers to communicate important facts about the TRICARE medical benefit and business processes to the various TRICARE beneficiaries.

TMA conducts surveys to determine the numbers of healthcare providers accepting new patients under TRICARE. TMA's fiscal year (FY) 05-07 surveys covered network/non-network providers in various geographic areas nationally, including remote areas. Together, the three year findings across all states and health service areas reveal that approximately 87% of all physicians surveyed are aware of the TRICARE program and about 81% of physicians accepting new patients would also accept new TRICARE patients. For physicians who do not accept new TRICARE patients, the most commonly single cited reason is due to "reimbursement", which accounts for approximately 25% of all comments received. Reimbursement concerns include low and insufficient fees, fee schedules that do not cover overhead costs, or reimbursements that take too long to receive. The remaining reasons for not accepting TRICARE include a variety of other non-reimbursement factors such as providers accepting no new patients, inconvenience, and other miscellaneous reasons. The FY08 National Defense Authorization Act has directed DoD to continue this survey process through 2011.

Title 10 U.S.C. 1079(h)(1) requires the TRICARE program to follow the reimbursement rates of Medicare to the extent practicable, unless DoD can justify a deviation. TRICARE rates and Medicare rates are identical for most services. Medicare rates are adjusted each year. These rates will vary by location and service provided. In areas where access to care is severely impaired because of low reimbursement rates, TMA can use its authority to increase TRICARE reimbursement rates by issuing locality waivers that increase rates above the TRICARE reimbursement rate for specific procedures in specific localities. Secondly, TMA can issue network-based waivers that increase some network civilian provider reimbursements up to 15% above the maximum TRICARE reimbursement rate to ensure adequate numbers/mix of civilian network providers. Directors of the TRICARE Regional offices work with their managed care support contractors to address requests for reimbursement waivers. A variety of stakeholders can request a waiver to include providers, beneficiaries, managed care support contractors, or military treatment facilities.

Expanding the network through outreach is a top priority of TMA. TMA is reaching out to state officials, medical associations, and individual physicians to educate them and appeal to their sense of patriotism in accepting TRICARE. This outreach is showing promising results. For example, the Oregon legislature approved incentives including a one-time tax credit for new providers in the TRICARE network, plus an additional annual credit for treating patients enrolled in TRICARE. Since

2004, Oregon's TRICARE provider network has increased by 35%. In addition, the governors of 20 western states have supported TRICARE's efforts to encourage more health care providers to accept new TRICARE patients. Their combined efforts led to an overall increase in western region TRICARE network doctors from approximately 80,000 in 2004 to more than 125,000 today.

Mr. EDWARDS. Important issue. Thank you, Sam.

Let me finish as Mr. Wamp began the meeting. We are privileged and humbled to be at the table with you and to have an opportunity to thank you with a word for what you have done for our country and all of those men and women that you represent so ably have done.

And we want to thank you with our deeds, as well, with better health care and housing and quality-of-life support that the servicemen and women you represent deserve.

So this is a great way. I can't think of a better way to start up the new Congress than to have this, our first subcommittee hearing. Again, that is a testament of our respect to you.

Thanks to each of you for your leadership. We look forward to working with you in the months and years ahead.

With that, we will stand adjourned subject to the call of the chair.

Let me just say to all the members, my staff just sent me a note that said there is a bill scheduled for vote any moment now. So before you can go running back to your office building, you might want to check on the floor.

Thank you very much.

[Questions for the record submitted by Congressman Dicks:]

Army:

Question: Are there any special challenges to supporting quality of life for the military at installations in the Pacific Northwest region? What changes or improvements would have the greatest impact on improving facets of quality of life in the Pacific Northwest region?

Answer: There are no challenges specific to supporting quality of life for Soldiers and their Families stationed in the Pacific Northwest region. Fort Lewis serves as home to approximately 25,000 Soldiers and civilians, 29,000 Family members, and 120,000 retirees. Fort Lewis delivers on the Army Family Covenant—the Army's expression of commitment to quality of life commensurate with service; recognition of the mutual bond between the Army, Soldiers, and their Families; and dedication to improving Family Readiness. We are continually improving quality of life across all components—Active, Guard, and Reserve—through implementation of the Army Family Covenant, regardless of geographic location.

Marine Corps:

Question: Are there any special challenges to supporting quality of life for the military at installations in the Pacific Northwest region? What changes or improvements would have the greatest impact on improving facets of quality of life in the Pacific Northwest region?

Answer: There are no special challenges to supporting quality of life (QOL) for the military installations in the Pacific Northwest. Housing, child care, school and single Sailor programs are all important elements to improving quality of life for sailors. In the Pacific Northwest, these programs are resourced consistent with the rest of the Navy's QOL programs in CONUS.

The PB09 FYDP contained one Physical Fitness Center project for NAS Whidbey Island at a cost of \$24.4M that would improve facets of QOL in the Pacific Northwest region.

Navy:

Question. Are there any special challenges to supporting quality of life for the military at installations in the Pacific Northwest region? What changes or improvements would have the greatest impact on improving facets of quality of life in the Pacific Northwest region?

Answer. There are no special challenges to supporting quality of life (QOL) for the military installations in the Pacific Northwest. Housing, child care, school and sin-

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Air Force:

Question. Are there any special challenges to supporting quality of life for the military at installations in the Pacific Northwest region? What changes or improvements would have the greatest impact on improving facets of quality of life in the Pacific Northwest region? .

Answer. There are no specific challenges to supporting quality of life at installations in the Pacific Northwest region that are unique to McChord AFB, Mountain Home AFB and Fairchild AFB. The Air Force will continue to improve the investment in our people to avoid unacceptable risk to combat capability and to people and family programs. Quality of Life projects are a priority at these bases and include quality housing, fitness centers and child care centers.

[End of questions submitted for the record by Congressman Dicks.]

[Questions for the record submitted by Congressman Bishop:]

SUICIDE PREVENTION

Question. Last week it was reported that suicides among soldiers in 2008 rose for the fourth year in a row, reaching the highest level in nearly three decades. At least 128 soldiers killed themselves last year, and the Army suicide rate surpassed that for civilians for the first time since the Vietnam War. This suicide count, which includes soldiers in the Army Reserve and the National Guard, is expected to grow. Fifteen deaths are still being investigated, and the vast majority of them are expected to be ruled suicides according to Army officials. Gen. Peter W. Chiarelli, the vice chief of staff of the Army, who is leading suicide-prevention efforts has stated, "We [the Army]— need to move quickly to do everything we can to reverse the very disturbing number of suicides we have in the U.S. Army." What is the Army doing to address the problem?

Answer. Since my testimony in February 2009, the Army has taken major steps to address the tragedy of suicides within our ranks.

From February 15 to March 15, 2009, the Army conducted a service-wide Suicide Prevention Stand Down and Chain Teaching, a first according to the Center for Military History. During the stand down, the Army trained every Soldier on suicide risk identification and intervention, and addressed the stigma associated with behavioral health counseling, using an interactive video titled "Beyond the Front." Feedback from Soldiers about the video was so positive that new, similar videos are being created for Families and DA civilians; and the Army National Guard and Reserve plans to tailor these videos for their Soldiers as well. Also during the stand-down, the Army distributed thousands of "ACE" (Ask, Care, Escort) wallet cards to Soldiers; these cards provide a quick reference on how to identify and care for a potentially suicidal buddy. Follow-up to the stand down included chain teaching on suicide prevention tactics. Chain teaching remains underway through July 1.

In March and April 2009, General Chiarelli conducted an eight-day, six-installation fact finding visit. He also organized a multidisciplinary team of experts from across the Army Staff, which conducted a review of those findings and Army programs and policies relating to suicide, behavioral health, and suicide risk factors. The team developed over 200 separate actions to be taken to improve existing systems and programs. Those actions form the nucleus of the Army's strategic approach to the suicide issue: the Army Campaign Plan for Health Promotion, Risk Reduction, and Suicide Prevention.

The Army issued the Plan in mid-April. A senior level Council, chartered by General Chiarelli, meets twice a month to review and refine the action plans for his approval and implementation. Some of those plans include efforts to combat the problem of stigma; expand the number of Army Chaplains and behavioral health providers to improve access to care; and ensure funding for popular resources such as the "Strong Bonds" Program, a family-relationship initiative of the Chaplain Corps which fosters relationship-building skills. The Council review process will continue for several months while the Council develops recommendations for strategic, enduring changes Army-wide. Another part of the Plan directed Army leaders and medical

treatment facilities to immediately optimize existing policies and resources to prevent suicides and set the stage for the longer-term strategic changes.

Another long-term effort by the Army in this area is the October 2008 agreement with the National Institute of Mental Health for a five-year longitudinal study of suicides, designed to assess factors contributing to suicide and identify training to reduce suicides and other mitigation techniques.

General Chiarelli holds frequent, periodic briefings with commanders and a Senior Review Group on Army suicides. This ensures top Army leadership maintains appropriate focus on this important issue. It also allows for information sharing and learning from individual cases.

The bottom line, however, is that Soldiers have always taken care of Soldiers. The Army team is an unbroken chain from the Chief of Staff to the newest recruit, and the team has been mobilized to help one another. I firmly believe that ultimately, it is our Soldiers who will turn this problem around.

ARMY MEDICAL ACTION PLAN

Question. Last April GEN Casey stated that “at the core of the Army’s strategy to maintain an all-volunteer force lie in two programs that the Army leadership had developed”—one of those was the Army Medical Action Plan (AMAP) which deals with the Army’s initiative to develop an “integrated and comprehensive continuum of care for Warriors and their families at home and in battle.” How has that program initiative fared and how has the money to that program been used to deal with the suicide crisis in the Army?

Answer. The transformation of US Army Warrior Care began in April 2007 with the development of the Army Medical Action Plan (AMAP), which outlined an organizational and cultural shift in how the Army cares for its wounded, ill, and injured Soldiers. Over the past two years, the AMAP has evolved and changed its name to the Army Warrior Care and Transition Program (WCTP), fully integrating Warrior Care into institutional processes across the Army, and achieving many of the Army’s goals for enhancing care and improving the transition of wounded warriors back to duty or into civilian life as productive veterans. The Army has made tremendous progress in transforming how it provides health care to its Soldiers, with improvements impacting every aspect of the continuum of care. During this period, overall Soldier and family satisfaction with the care and support they receive as a result of the efforts of the WCTP has increased significantly. Two years ago, only 60% of those in the legacy medical hold units were satisfied with the care they receive. Today, 80% of Soldiers and Families who now receive the focused and comprehensive care and support provided by Warrior Transition Units indicate satisfaction with the care they receive.

Funding for the Army’s suicide prevention efforts is separate and distinct from funding for the WCTP. The money directed to the AMAP/WCTP is used to provide the necessary care, support, and infrastructure that wounded, ill, and injured Soldiers require. Part of this support, however, includes staffing the Warrior Transition Units with one behavioral health provider for every 100 Warriors in Transition. In addition, Warrior Transition Units conducted a “safety stand-down” starting on January 30, 2009, to review unit compliance with the 18 preventive measures that were implemented in February 2008 after an Army assessment team completed a comprehensive review of suicides and accidental deaths in Warrior Transition Units. Finally, the WCTP complies with guidance promulgated by the Army Suicide Prevention Task Force and the Army Suicide Prevention Council.

COMPREHENSIVE SOLDIER FITNESS

Question. For the fourth consecutive year, the Army has seen an increase in suicide rates. There were 128 suicides last year in the active Army, with another 15 cases still pending a determination, according to data compiled by Army human resources officials. This was up from 115 suicides in 2007. The Army stated that over the past two years, it has increased its efforts and has enhanced resources and initiatives aimed at identifying and mitigating the causes of suicidal behavior; however, the suicide rates continue to increase. How does the Army plan to change its past strategy in order to stop this increasing trend? What is the Comprehensive Soldier Fitness program and how will it enhance Soldier’s resiliency and total fitness in this era of persistent conflict? What other programs are being offered to Soldiers to deal with the difficult situations which are the results of repeated deployments?

Answer. The Army is implementing the Army Campaign Plan for Health Promotion, Risk Reduction, and Suicide Prevention. The Plan represents a strategic change because it is the first strategy to employ a comprehensive approach to suicide prevention across the spectrum of Army policy, doctrine, organization, training,

materiel, leadership, personnel, and resources. Due to the breadth and nature of that strategy, the Plan widens the aperture of the Army's approach from a narrow focus on suicide to the broader context of risk reduction and health promotion. The Plan is also unique because it stems from efforts led from the top down by the Army's Vice Chief of Staff, as compared to earlier initiatives welling from lower-level Army Staff elements up to senior Army leadership. In short, General Chiarelli is leading this critical issue; it is too urgent to wait for resolution through normal Army channels.

Comprehensive Soldier Fitness (CSF) is an Army strategy to provide each Soldier the opportunity to maximize his or her potential in life: socially, emotionally, spiritually, physically, and through a strong Family. The program assesses the holistic fitness of all Soldiers, encompassing all dimensions. It begins when you join the Army, and like physical fitness, includes re-assessment at routine intervals. The results of the assessment give each Soldier an individualized program of education and training as needed. CSF provides the training and tools to enhance Soldier resilience—the ability to grow and thrive in the face of challenges and bounce back from adversity.

The Program will enhance Soldiers' resiliency and total fitness by systematically training each Soldier in positive life-coping skills and the ability to identify incipient behavioral health concerns before they seriously affect the Soldier's well-being and readiness. The Program includes training to encourage Soldiers to seek behavioral health and other counseling before problems arise. The training will also indirectly discourage stigma associated with seeking counseling, because all Soldiers will be accustomed to discussing psychological health issues.

The Program's resiliency training will be initiated in training schools and will continue throughout each Soldier's career. For example, the Program includes BATTLEMIND training for major junctures in a Soldier's career from Basic Training to the Pre-Command Course. There are also pre- and post-deployment modules for both Soldiers and spouses. To date, BATTLEMIND is the only resilience training program demonstrated to reduce symptoms of Post Traumatic Stress upon redeployment. People who participate in BATTLEMIND also feel less reluctance to seek mental health counseling than people who have not had the training.

Other programs offered to Soldiers to deal with the difficult situations arising from repeated deployments include the "Strong Bonds" Program, a family-relationship initiative of the Chaplain Corps, which fosters relationship-building skills; the Military and Family Life Consultant Program, which embeds counselors into units during post-deployment, and enables counselors to meet informally with Soldiers in non-clinical settings to avoid stigma; and the Yellow Ribbon Reintegration Program, which provides information, services, referral, and proactive outreach programs to Soldiers of the Army Reserve and their Families through all phases of the deployment cycle.

FAMILY PROGRAMS

Question. Can you discuss the state of Army and Marine Corps families, especially families that have had a service member go on more than one deployment? The recent suicide levels, divorces, and issues with reintegration point to a stressed force? What steps are the services taking to counter-balance these trends?

Answer. Army Families remain resilient in the midst of extraordinary sacrifices as their loved ones advance the cause of freedom around the world. They have set aside careers, interrupted their education, and when living far from a military base, struggled to locate child care equal to the price and quality available at military installations. Quality of life programs continue to contribute to Soldiers' and Families' sense of belonging to a caring military community, which reinforces their desire to choose the Army as a way of life, despite the serious strains they experience as a result.

The Department of Defense conducted two Status of Forces surveys of active duty service members in 2007 to assess the impact of frequent deployments on troops and their Families. Their top concerns were spouse employment and education, household repairs, yard work, personal vehicle maintenance, maintaining emotional connections with spouse or Family, safety of Family in the community, anxiety or depression, marital problems, and problem behavior at school. Although Soldiers cited marital problems as a concern, a recent RAND study found little support for the hypothesis that deployments caused an increase in divorce rates across the Services.

Under the Army Family Covenant, the Army began to implement aggressive improvements to a broad range of family-oriented, quality of life programs and services to standardize and fund existing Family programs and services; increase accessibility to health care; improve Soldier and Family housing; ensure excellence in

schools, youth and child services; and expand education and employment opportunities for Family members.

Since the Covenant's inception, the Army has made significant progress and improvements in quality of life programs across a range of Family programs. Examples include implementation of the Yellow Ribbon Reintegration Program to minimize stresses of military service, particularly the stress of deployment and family separation; deployment of 200,000 training products to strengthen resilience in military children; increased staff for the New Parent Support Home Visit Program; additional funding for respite care; implementation of Soldier and Family Assistance Centers; and employment of thousands of spouses.

The Army has also implemented plans and programs to address specific Soldier and Family issues. The Army Campaign Plan for Health Promotion, Risk Reduction, and Suicide Prevention is a comprehensive approach to suicide prevention across the spectrum of Army policy, doctrine, organization, training, materiel, leadership, personnel, and resources. Additionally, the Chaplain Corps expanded the Strong Bonds program, a research-based, Chaplain-led training initiative helping Soldiers and spouses strengthen their marital and family relationships. Strong Bonds began in 1999 with four events and 90 couples and has grown into a program with commanders planning 3,200 training events this year in order to provide nearly 130,000 participants with the knowledge and skills to sustain resilient relationships during multiple deployments.

While we are moving in the right direction with the Army Family Covenant, we still have much work to do. The Army remains determined to provide a strong, supportive environment where Soldiers and their Families can thrive.

Question. Can you discuss the state of Army and Marine Corps families, especially families that have had a service member go on more than one deployment? The recent suicide levels, divorces, and issues with reintegration point to a stressed force? What steps are the services taking to counter-balance these trends?

Answer. Stress on the Force. There is no question that continued OPTEMPO puts stress on the force, not just for deploying Marines, but for those who remain behind and face increased workloads. There were year on year increases for 2008 in suicide incidents and divorces.

Marine Corps commanders are fully engaged in promoting the psychological health of our Marines, Sailors, and family members. To enable leaders, individuals, and families to prepare for and manage the stress of operational deployment cycles, the Combat and Operational Stress Control (COSC) Program provides a set of policies, training, and tools to prepare for the upcoming deployment, recognize stress reactions early and manage them more effectively within operational units. Marine leaders are assisted by mental health professionals, chaplains, and COSC regional training coordinators in the operating forces, to detect stress problems in warfighters as early as possible, and are provided the resources to effectively manage these stress problems in theater or at home base. Resources are also provided for the family members left behind to provide support, communications, and information flow.

This training is being incorporated in formal Professional Military Education schools for both officer and enlisted Marines, such as the Expeditionary Warfare School and the Staff Non-commissioned Officer Advanced Course. We have staffed full-time COSC training coordinators at each of our Marine Expeditionary Force headquarters.

To assist with prevention, rapid identification, and effective treatment of combat operational stress, we are expanding the Operational Stress Control and Readiness (OSCAR) Program—our program of embedding mental health professionals in operational units—to directly support all active and reserve ground combat elements. This year, we begin placing mental health professionals organic to the active Divisions and Marine Forces Reserve. By FY11, full OSCAR teams will be fielded to the Infantry Regiment level. OSCAR will eventually be expanded to all deployed elements of the Marine Air-Ground Task Force.

Our Marine Operational Stress Training (MOST) program was developed with Tri-Marine Expeditionary Force (TRI MEF) Commanders based on the USMC COSC stress continuum model, now adopted by OSD. Our program supports the full deployment cycle by focusing on Leaders, Marines and families from pre-deployment through post-deployment, providing information on what's to come, what to look for, and what to do when stress reactions appear. COSC concepts have also been incorporated in family readiness training.

Stress on the Families: To mitigate the stress on military families and children facing the multiple challenges of having a loved one at war, we are partnering with the US Navy Bureau of Medicine and Surgery (BUMED) and UCLA's Center for Community Health and the National Center for Child Traumatic Stress to sponsor

a program called Project FOCUS, "Families OverComing Under Stress", at our major deploying bases. The family-oriented program is designed to work with Marines, spouses and children to improve family communications post deployment by through specialized resiliency training.

FOCUS is founded on leading evidenced-based family intervention models for at-risk families which have demonstrated positive emotional, behavioral and adaptive outcomes for families over time. Working with the existing teams of dedicated military family services personnel, FOCUS staff will assist families to better understand how combat operational stress affects them and their service family member, how to manage it, and how to strengthen themselves and their children in readiness for tomorrow. This program is currently being provided at Camp Pendleton, Twentynine Palms, Camp Lejeune, MCB Hawaii, and MCB Okinawa. Next year it will be expanded to include MCB Quantico, the Wounded Warrior Regiment and Battalions, and Marine Corps Reserve units in the Los Angeles Basin.

Suicides and Suicide Prevention Programs. Suicide prevention is a high priority. The loss of any Marine through suicide is a tragedy for the Marine's family and unit, and can never be accepted. With 42 suicides recorded in 2008, the Marine Corps experienced its highest suicide rate since the start of Operation Enduring Freedom and Operation Iraqi Freedom. The number of confirmed Marine suicides has increased from 25 in 2006 to 33 in CY2007 to 42 in CY2008. Our suicide rate in 2008 of 19.5 suicides per 100,000 approaches the national civilian suicide rate for a demographic similar to the Marine Corps. Through April, there were 12 suspected or confirmed suicides in CY09.

We are actively engaged in prevention and early identification of problems that may increase the risk of suicide. Marine Corps leadership is taking proactive action, focusing on the important role of leaders of all ranks in addressing this issue. Understanding that there is no single suicide prevention solution, we are committed to having an effect on the individual Marine through leadership and command involvement at all levels and we recognize that we must reduce the stigma sometimes associated with seeking help.

Suicides are monitored monthly and annually for deployment related trends such as the number of deployments and dwell time. Although it is not unreasonable to assume that one or more deployments may cause an increase in suicides, to date we have been unable to establish a direct relationship between the two. The Marine Corps Combat Development Command Studies and Analysis Division is conducting further analysis of the data on dwell time and deployments. Additionally, we will participate in the Army longitudinal study being conducted by the National Institute for Mental Health.

Regardless of duty station, deployment, or duty status, the primary stressors associated with Marine suicides are: problems in romantic relationships, physical health, work-related issues such as poor performance and job dissatisfaction, and pending legal or administrative action. This is consistent with other Services and civilian findings. Multiple stressors are almost always present in a suicide.

The Commandant and Marine Corps leadership are taking proactive action to address this issue. I selected a senior enlisted Marine leader to add unique insight to our efforts in suicide prevention, and the Assistant Commandant (ACMC), through the Executive Safety Board, is directing a series of initiatives which are currently in accelerated development:

- Training: An ACMC-directed all hands training on suicide prevention was conducted during the month of March. Since 90% of suicides have tended to occur in the ranks of E1-E5 Marines, a half-day, high impact, relevant workshop has been designed to reach the NCO/FMF Sailor community and facilitate their work with junior enlisted Marines. This training is expected to be ready by this summer.

- Leadership Suicide Prevention Video Messages: All O6 and higher commanding officers were directed to produce videos focusing on leadership and suicide prevention to set the tone for stigma reduction and an imperative of prevention.

- Integration of Suicide Prevention and the Marine Corps Martial Arts Program (MCMAP): A prevention message was incorporated in the MCMAP program in a manner appropriate and engaging to reach all Marines.

- Relationship Distress Hotline: Relationship problems, both romantic and marital, remain the number one associated stressor related to suicidal behavior. Suicide is complex and while this is not the only problem, it is the most common. A hotline by phone, email and live internet chat that is marketed specifically to assist with relationship distress and questions may reduce risk of suicide related behaviors that result from this type of stress. In the interim, we have partnered with Military OneSource to strategically market their relationship building resources to Marines and family members.

The Marine Corps will continue to aggressively pursue suicide prevention initiatives; reevaluate existing programs designed to reduce the stressors most correlated with suicidal behavior; develop and distribute new prevention programs; and refresh and expand training materials.

Reintegration Programs. The Yellow Ribbon Reintegration Program is a national combat veteran reintegration program that assists National Guard and Reserve members and their families throughout the entire deployment cycle: Pre-Deployment; Deployment; Demobilization; and Post-Deployment. The program provides servicemembers and their families with information, services, referral, and proactive outreach opportunities which help them prepare for mobilization, sustain them during mobilization, and reintegrate servicemembers with their families, communities, and employers upon post-deployment. To provide servicemembers and their families with a wide range of options as close to home as possible and to leverage scarce community and state resources, Defense Department officials are working to unify efforts among the services, the reserve components, other federal agencies and non-governmental organizations.

The Department Of Veterans Affairs also provides services to returning Veterans (including those who are active duty), surviving spouses and dependents, disabled, minority, and women Veterans. The VA offers health care, mental health care, information about benefits and eligibility, job and business opportunities, and information about education, home loans, and more. The VA offers free care for combat-related conditions for 2 years after returning from deployment. Mental health services, including care for PTSD and substance use treatment, are available and include individual and group treatment options. Outpatient and residential programs are available, depending on location. Treatment providers include psychologists, psychiatrists, social workers, and addictions counselors.

RCI HOUSING

Question. How can use of privatized housing improve the overall quality of life and better family housing in the military?

Answer. Use of privatized military Family housing has improved the quality of life for Soldiers and their Families by providing world-class housing communities and amenities faster and at a higher standard than traditional methods. Since the start of Army housing privatization, we have built over 19,000 homes, renovated another 14,000 homes, and built community centers, playgrounds, walking trails, and other amenities. Further, privatization is designed to ensure sustainment of the condition of the housing at those higher standards over the 50-year terms of the Army's privatization projects.

Question. How can use of privatized housing improve the overall quality of life and better family housing in the military?

Answer. In 2001 the Marine Corps had close to 17,700 inadequate housing units, with the majority of those units requiring significant revitalization or replacement. Based on Public Private Venture (PPV) contracts now in place, the Marine Corps will have successfully met the Department of Defense goal to have contracts in place by 2007 to eliminate inadequate housing and will complete the build-out by 2014.

With ninety-six percent of our world-wide inventories privatized to date, we continue to see success from our PPV projects across Marine Corps installations. PPVs have not only improved the homes in which our families live by being built to modern standards, they are also providing community support facilities such as community centers, playgrounds and green spaces that help create neighborhoods and a sense of community.

Congressional support of the PPV program allows us to continue to address the deficit requirement for additional family housing resulting from Grow the Force increases by providing seed money for new construction projects. The PPV program allows the Marine Corps to leverage private sector funds and buy more investment in family housing. The private sector contributes development capital for PPV projects in addition to the government funding. The ratio achieved to date is over 5 to 1. In turn, as homes are privatized, the requirement for government Operations and maintenance is lessened.

With nearly our entire domestic inventory privatized, we will continue to build on our prior successes and use PPVs to help us address most of our remaining housing deficit requirement.

Overseas we are engaged with the Government of Japan in developing a Special Purpose Entity (SPE) for Family Housing on Guam. Similar in concept to our domestic PPVs, this SPE will supply the housing for Marines and their families relocating to Guam from Okinawa, Japan.

Question. How can use of privatized housing improve the overall quality of life and better family housing in the military?

Answer. Privatized housing has brought about a dramatic improvement in housing conditions for service members and their families and has increased their quality of life, readiness, morale, and retention. Through privatization, the Navy is able to leverage a tremendous amount of capital (about 18:1) for a relatively small investment to reduce housing deficits, upgrade homes, and perform maintenance faster than traditionally using military Family Housing appropriations. Privatized housing is designed to market-based standards, which requires developers to include community centers and events, swimming pools, and family-oriented amenities to foster a sense of community and attract residents.

Question. How can use of privatized housing improve the overall quality of life and better family housing in the military?

Answer. Privatized housing is providing more new homes faster than ever before. Project Owners are bringing the best of private sector housing and community standards onto our bases. New homes with energy efficient appliances, programmable thermostats, two-car garages, spacious kitchens, and carpeting are creating on-base neighborhoods where Air Force families choose to live. Not only are we getting over 200 new homes a month, but we now have a funding mechanism in place to maintain, renovate, and replace these homes over the 50-year life of the project. Today our Air Force members and their families are choosing privatized housing, not because they have to, but because they want to.

HOUSING FOR REDEPLOYING SOLDIERS

Question. President Obama has indicated that he wants to withdraw from Iraq in the next 16 months. Some senior commanders have expressed concerns regarding an overly aggressive withdrawal from Iraq. What are your views and what impact would that withdrawal and redeployment have on your ability to house returning service members? Would the reduced timeline significantly impact your ability to absorb the increase in troops onto your bases? Would there be any housing or infrastructure issues absorbing these service members?

Answer. The acceleration of the drawdown plan for Operation Iraqi Freedom is expected to place stress on the Army's current facility support plan. The return of forces, coupled with unit modularization, requires the Army to address and improve unit operations and maintenance facilities, as well as barracks, Family housing, and quality of life requirements to support the All-Volunteer Force. Upon release of a drawdown plan, the Army will complete its barracks facility support analysis to gain greater fidelity on the impact on our installations and their ability to adequately house Soldiers and their Families.

Question. President Obama has indicated that he wants to withdraw from Iraq in the next 16 months. Some senior commanders have expressed concerns regarding an overly aggressive withdrawal from Iraq. What are your views and what impact would that withdrawal and redeployment have on your ability to house returning servicemen? Would the reduced timeline significantly impact your ability to absorb the increase in troops onto your bases? Would there be any housing or infrastructure issues absorbing these servicemen?

Answer. The Marine Corps is conducting detailed planning to develop potential force sourcing solutions which incorporate the potential drawdown of Marines from Iraq, as well as the potential increase of Marines deploying to Afghanistan. Were every Marine to return immediately, we would meet the increased bachelor housing demand with a combination of relaxed occupancy standards, interim relocatable billeting structures, and a greater reliance on the local economy through approval of Basic Allowance for Housing for noncommissioned officers and junior enlisted Marines.

The reduced timeline should not significantly impact our ability to absorb the increase in troops to our bases. The Marine Corps had funding in place by FY 2005 to eliminate permanent party gang head barracks.

Our robust FY 2009 Military Construction program will provide over 12,000 new spaces on our installations. Many of these projects will be completed in 2010 and 2011. This new construction will mitigate many of the expected bachelor housing issues. However, temporary use of some gang head barracks has been and will be required while renovations take place in permanent facilities. We are using temporary facilities to support our immediate growth requirements with funding provided by Congress in the 2007 GWOT Supplemental as well as other measures (such as slowing down demolition of older facilities). Current deployment cycles are helping to alleviate "space crunches" at the installations.

Question. President Obama has indicated that he wants to withdraw from Iraq in the next 16 months. Some senior commanders have expressed concerns regarding an overly aggressive withdrawal from Iraq. What are your views and what impact would that withdrawal and redeployment have on your ability to house returning servicemen? Would the reduced timeline significantly impact your ability to absorb the increase in troops onto your bases? Would there be any housing or infrastructure issues absorbing these servicemen?

Answer. The Navy would not have any difficulty absorbing returning Sailors into housing. Sailors returning from deployments in Iraq are accommodated much like those returning from a ship's deployment.

Question. President Obama has indicated that he wants to withdraw from Iraq in the next 16 months. Some senior commanders have expressed concerns regarding an overly aggressive withdrawal from Iraq. What are your views and what impact would that withdrawal and redeployment have on your ability to house returning servicemen? Would the reduced timeline significantly impact your ability to absorb the increase in troops onto your bases? Would there be any housing or infrastructure issues absorbing these servicemen?

Answer. There will be no impact to Air Force housing or infrastructure. Air Force members deployed to Iraq are on "temporary duty" from their permanent duty station. Housing requirements at each Air Force installation are determined based on the full complement of Service members permanently assigned to an installation—this includes consideration of the suitable housing available in local communities. Military families continue to reside in family housing at the permanent duty station. For unaccompanied Airmen deployed to Iraq, dormitory rooms are kept available at their permanent duty station.

Question. President Obama also stated that he would like to see a "surge" in Afghanistan. Given recent lessons learned in Iraq and Afghanistan, is it your view that the U.S. can effectively win the fight in Afghanistan alone or will we need a like or similar commitment from our major allies—Germany, France and Great Britain—who are currently reducing the number of their troops? Will this create any further strain on our soldiers and what are the military plans to address this?

Army:

Answer. I defer judgment on these important questions to President Obama and Secretary Gates, who continue to work on how best to address the challenges you raise.

Question. President Obama also stated that he would like to see a "surge" in Afghanistan. Given recent lessons learned in Iraq and Afghanistan, is it your view that the U.S. can effectively win the fight in Afghanistan alone or will we need a like or similar commitment from our major allies—Germany, France and Great Britain—who are currently reducing the number of their troops? Will this create any further strain on our soldiers and what are the military plans to address this?

Marine Corps:

Answer. The Marine Corps defers judgment on these important questions to President Obama and Secretary Gates, who continue to work on how best to address the challenges raised by Congress.

Question. President Obama also stated that he would like to see a "surge" in Afghanistan. Given recent lessons learned in Iraq and Afghanistan, is it your view that the U.S. can effectively win the fight in Afghanistan alone or will we need a like or similar commitment from our major allies—Germany, France and Great Britain—who are currently reducing the number of their troops? Will this create any further strain on our soldiers and what are the military plans to address this?

Navy:

Answer. Respectfully defer judgment on these important questions to the President and Secretary of Defense, who continue to work on how best to address these specific challenges.

Question. President Obama also stated that he would like to see a "surge" in Afghanistan. Given recent lessons learned in Iraq and Afghanistan, is it your view that the U.S. can effectively win the fight in Afghanistan alone or will we need a like or similar commitment from our major allies—Germany, France and Great Britain—who are currently reducing the number of their troops? Will this create any further strain on our soldiers and what are the military plans to address this?

Air Force:

Answer: I defer judgment on these important questions to President Obama and Secretary Gates, who continue to work on how best to address the challenges you raise.

SINGLE SOLDIER HOUSING ENTITLEMENTS

Question. Is the Army transferring the cost of not having sufficient barracks space to soldiers by giving them a certificate of non-availability to move off post but not providing them with a dislocation allowance? Why are soldiers forced to break their lease, pack up their home goods and shut off their utilities upon deployment?

Answer. The Army is not transferring the cost of having insufficient barracks space to Soldiers by giving them certificates of non-availability to move off-post. The Army programs housing for single Soldiers in the ranks of Private through Sergeant in the United States and Private through Staff Sergeant overseas. For those ranks, a certificate of non-availability is provided to Soldiers to authorize payment of Basic Allowance for Housing at the "without dependents" rate when barracks space is not available. If a Soldier is authorized to reside in barracks, and that Soldier is denied accommodation due to lack of adequate space in the barracks, that Soldier is paid a dislocation allowance. The Army is not aware of any such instance where a Soldier has been denied a validated dislocation allowance.

Garrison commanders develop local housing policies based on individual garrison needs that may require Soldiers living off-post to break a lease when being deployed. If a Soldier is required by the commander to break his or her lease prior to deployment, the Soldier returns to the barracks, and household goods are stored at government expense.

THURSDAY, MARCH 12, 2009.

REVIEW OF VA CHALLENGES

WITNESSES

**JOHN D. DAIGH, JR., MD, CPA, ASSISTANT INSPECTOR GENERAL FOR
HEALTH CARE INSPECTIONS**
RANDALL B. WILLIAMSON, DIRECTOR, HEALTH CARE, GAO
**VALERIE C. MELVIN, DIRECTOR, INFORMATION MANAGEMENT AND
HUMAN CAPITAL ISSUES, GAO**
BELINDA J. FINN, ASSISTANT INSPECTOR GENERAL FOR AUDITING
MAUREEN T. REGAN, COUNSELOR TO THE INSPECTOR GENERAL

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Good morning. I would like to begin the hearing and welcome our witnesses and everyone here in the room.

When I had the privilege of becoming chairman of this subcommittee 2 years ago, I said I would have three goals in regard to veterans: one, that we would increase funding so that we provide the resources needed to provide the care and services that our veterans have earned by their service to the country; secondly, that we exercise more oversight of the V.A. and how those dollars are being spent; and, thirdly, that we work together with the V.A. and VSOs and others to find innovative new approaches to providing better care and get a bigger bang for the buck for our taxpayers.

Today's hearing is going to focus on the second of those three goals, our responsibility as a subcommittee to exercise oversight of the V.A. I am proud of the fact that, by working together on a bipartisan basis, we have increased V.A. funding in the last 14 months by \$17.7 billion, an unprecedented increase.

But with that unprecedented increase comes responsibility to taxpayers and our veterans to see that those dollars are being spent wisely. So the specific purpose of this morning's hearing is—with the help of our witnesses—to evaluate some of the challenges being faced by the V.A.

We all know we could have an entire week of hearings on all the good things going on in the V.A., but today we are going to make improvements. We have got to focus honestly and directly on challenges. And so that is what we are here to try to accomplish.

I want to welcome both the Office of Inspector General for the Department of Veterans Affairs and the United States Government Accountability Office here to be part of this panel.

The hearing this morning will be conducted in two panels. The first will focus on V.A. health care, and the second will review information technology and other challenges of the V.A.

Let me just say very briefly that, in recent years, Congress has provided unprecedented increases, as I mentioned, to the Depart-

ment of the V.A., \$17.7 billion since the beginning of the 110th Congress.

The Office of Inspector General and the GAO play a vital role in ensuring that these appropriated funds for the department are spent efficiently and for the highest priorities. Congress relies on both of these highly professional, nonpartisan offices to alert us to the problems with department operations and to recommend actions that can be taken to resolve these problems.

I will be introducing our two witnesses in just a moment. But, again, welcome to our subcommittee.

And with that, I would like to recognize our ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, the goals you stated are laudable. I think we are on the path to achieving those goals, and we have a great bipartisan team that is an absolute privilege and honor.

I just want to say briefly before we hear the testimony and ask a lot of questions that need to be asked as we begin this budget cycle year and the appropriations that follow, the I.G. and the GAO are very helpful. And those statutes that created inspector generals and the fact that the GAO is a watchdog, bird dog, the eyes and ears for the Congress, and it is very helpful.

I appreciate the people that you represent when you come today that are doing the research and turning the rocks over to find out what is under them so that we can actually do our job more effectively, because this is the one piece of the congressional responsibility that neither party has a lot to brag about. The oversight of the Congress, in my opinion, in the modern era is not adequate.

It is more complicated than it has ever been, so it is harder to oversee, but at the same time I think we are too inclined as a body to go do things and then just let it happen, as opposed to going back and deciding, are we still on the right road? Or do we even have any business doing this?

We know we have business doing what you are here today to talk about. But the question is, is it done as efficiently as it possibly can be? And that is where you can really help us, because there are a lot of ways that we can tweak, improve, and rewrite language in our bill, which has to go forward.

That is the difference between this committee and a lot of other committees. You might give testimony before the Veterans Affairs Committee and the legislation you are talking about never becomes law. Our bill will become law every year.

Therefore, we really appreciate what you are bringing to it. I just want to re-state the value that it can bring to these professionals that will actually put our bill together soon, even though we don't have much idea of what the President's budget request says yet. That prescription is not there, but we have to go ahead and get started. I think I speak for both of us there.

And with that, I look forward to the testimony and I yield back.

Mr. EDWARDS. I just want to thank you very much for your very important, insightful, and appropriate comments.

Let me first introduce Dr. John Daigh. Dr. Daigh was appointed assistant inspector general for health care, health care inspections

in January of 2004 for the Department of Veterans Affairs. Colonel Daigh retired in 2001 after 27 years of active-duty service in the United States Army.

And, Colonel, I thank you for that service, as well.

Dr. Daigh earned his medical degree from the University of Texas Southwestern Medical School and wouldn't want to suggest that is why he is here today, but it is good to have a fellow Texan here today. And he actually graduated prior to that from the United States Military Academy, class of 1974.

Let me also add an extra note. I am proud that this subcommittee, against the wishes of most administrations, Democrat and Republican alike, are not always the first to volunteer a request for additional spending for inspector generals.

We felt that this was awfully important, given the unprecedented new money that we have put into the V.A., that the V.A. inspector general's office be adequately funded. So we actually plussed that up on a bipartisan basis. And I think that will help us in our oversight efforts.

Mr. Randy Williamson is currently director in GAO's health care team and is a staff member of GAO's Seattle field office. He has been with GAO for over 40 years. He has managed audits covering a wide range of federal activities, most recently health care, transportation, and homeland security issues.

He currently manages GAO's portfolio of work on health care issues for veterans and members of the Armed Services, two very important responsibilities, Mr. Williamson, and we thank you for that. He attended the University of Washington, where he received a bachelor's degree in accounting.

To both of you, we will put your entire written testimony in the record, but we would like to ask you to take 5 minutes each to make your opening comments. I know there will be a lot of dialogue and questions and answers and discussion after your statement.

Dr. Daigh.

STATEMENT OF JOHN DAIGH

Dr. DAIGH. Yes, sir.

Mr. Chairman, members of the subcommittee, I would like to thank you for the opportunity to discuss with you the critical challenges facing the department. We appreciate your support of our efforts in the inspector general's office.

First, I would like to state that I believe that V.A. provides high-quality health care to veterans. I do, however, believe, as I stated before the House Veterans Affairs Committee during the Marion, Illinois, hearings, that the internal controls do need to be improved to assure that there is a uniform high-quality benefit. Secondly, although our published work in this particular area of computerized medical records is limited, I am concerned that the rate of innovation of the V.A.'s computer medical records has not kept pace.

And if that rate of innovation doesn't improve, I think it will be progressively more difficult for V.A. to address the challenges of the future.

Thirdly, I believe that it is beneficial to review the current management structure of VHA, which emphasizes that all health care

is local. This has resulted in the creation of business rules that vary too widely across the V.A. system.

I would offer as an example of that policy, there are many copies of the medical record. It is not one set of code; it is 50 or 80 different sets of code. So to change the medical record or to innovate is really quite a difficult issue.

The VISNs are all organized quite differently. Hospitals are organized quite differently so that, to make a change or to manage this enterprise there is a burden that is unnecessary.

Lastly, I would urge support for a project that is known as the DOD/V.A. Reporting and Analysis Data Mart. This data mart works to combine data from both DOD and V.A. It is an outgrowth of the efforts on transition to care, which would create a universe of veteran data that when fully implemented, I think, would make it easier to derive innovative performance metrics, improve budgeting and forecast modeling, and analysis of V.A. and DOD business processes.

And with that, I am pleased to be here today and glad to answer your questions.

Mr. EDWARDS. Thank you, Dr. Daigh.

Mr. Williamson.

STATEMENT OF RANDALL B. WILLIAMSON

Mr. WILLIAMSON. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to be here today to discuss V.A. health-related budget issues as you consider V.A.'s 2010 budget request.

The V.A. faces major budget challenges as it prepares to meet the needs of both an aging veteran population, as well as a growing number of veterans who have served their country in Afghanistan and Iraq.

V.A. faces a major budget challenge in its budget formulation process to accurately estimate the cost of providing quality services to our nation's veterans. This will not be easy. By its very nature, budget formulation is challenging because it is based in part on imperfect data and assumptions, which is further complicated in the changing environment the V.A. faces.

Budget execution will also be challenging. If the president's proposed budget increases are enacted, V.A. faces a prospect of hiring thousands of new health care providers and support staff, serving new veteran populations, and expanding current services and developing new programs to better serve our veterans.

As V.A. moves forward to address these challenges this year and beyond, it must do so thoughtfully and with diligence. Our work over the past 3 years has shown weaknesses in V.A.'s budget formulation and execution processes, and I would briefly like to discuss a few of these areas. Many of these issues involve V.A.'s long-term care budget.

Regarding budget formulation, we reported in 2006 that V.A. made unrealistic assumptions about the impact of some of its policies, made inaccurate calculations, and did not obtain sufficient data for useful budget projections.

These factors were largely responsible for V.A. having to request supplemental funding totaling \$975 million in fiscal year 2005 and

amending its fiscal year 2006 budget to increase its request by almost \$2 billion.

Early this year, we again reported on budget formulation issues for the long-term care portion of V.A.'s budget. Specifically, in its 2009 budget request, V.A. may have made unrealistic assumptions about the cost of both its nursing home and non-institutional long-term care.

For example, V.A. projected that the cost of a day of non-institutional long-term care would not increase at all, when available data showed that it was increasing at a rate of 19 percent. Assumptions like these call into question the credibility of V.A.'s budget information.

Budget execution has been a problem in certain respects, as well, and this area poses a major challenge for V.A., as it faces a potential budget increase of about 10 percent in fiscal year 2010.

For example, our work in 2006 on spending for V.A.'s mental health initiatives shows that V.A. allocated \$300 million in fiscal years 2005 and 2006 for new mental health initiatives, but the agency was not able to spend all of this in those years due to delays in both hiring staff and locating space.

Similarly, in our recent report on long-term care, we found that V.A. assumed in its 2009 budget request that it would increase its non-institutional long-term care by 38 percent over the previous year, which means that V.A. would have to hire and train significant numbers of staff in a one-year period. V.A. did not explain how it planned to achieve this increase.

Tracking the use of funds for new initiatives has also been an issue. We reported in 2006 that the V.A. did not have adequate methods for tracking spending on its mental health initiatives and could not determine whether monies allocated were actually spent on those initiatives.

This ability to track funds, especially for new initiatives and priorities, is critical for effective and cost-efficient budget execution and congressional oversight.

Mr. Chairman, as I close, I would like to re-emphasize again the importance for V.A. to adopt a thoughtful, well-planned approach to budget formulation and execution. To its credit, V.A. has implemented a number of our recommendations to address past budget issues, but continued vigilance is necessary.

Anticipating and sufficiently planning for changes and proactively addressing workload and spending challenges are critical, including the need for forward-looking and careful strategic planning.

Equally important is the need to keep the Congress well informed, including developing and reporting data that will help the Congress oversee and hold V.A. accountable for the funds entrusted to it to best serve our nation's veterans.

Mr. Chairman, that concludes my statement. I would be happy to answer any questions.

Mr. EDWARDS. Thank you.

As we begin questions, members, let me say, out of respect to everyone's schedules, since we have two panels this morning—and actually two hearings, with a second hearing this afternoon—I am going to go on and gavel us all to close when we hit 5 minutes. And

I will begin that process, asking staff to do that with me. And that way we can get through more rounds of questions.

So if you are in the middle of an answer when I gavel, if you could finish that sentence. You can make it a long sentence—

[Laughter.]

Mr. EDWARDS. But—we would appreciate that.

Mr. Williamson, let me begin by asking you, dealing with the issues, the problems that you mentioned, has GAO come out with specific recommendations about how to address those?

Mr. WILLIAMSON. Yes, we have come up with a number of recommendations as far as long-term care programs, both in terms of strategic planning, as well as budget execution and formulation.

One of the things that we found in looking in the strategic plan was that V.A. was not being totally transparent in looking at the total workload that it would serve by not fully communicating this information in its plan.

Instead V.A. reported only workload for priority one vets that were going to receive nursing home care, but did not report the lion's portion of the workload in long-term care which is discretionary. We think it is important that the entire workload be reported. We made a recommendation to do that.

On the budget formulation side, the important thing there is to come up with good cost assumptions. The cost assumptions for both nursing home care and non-institutional care were far below the current experience of the V.A. So we made recommendations that V.A. use better estimates in that regard.

Mr. EDWARDS. Okay. Very good. Thank you.

And we welcome additional—information. I am sure staff has copies of some of your reports. We could take a look at those—

Mr. WILLIAMSON. Okay.

Mr. EDWARDS. Dr. Daigh, you talked about the management approach of the V.A., that all health care is local. I would like to apply that to mental health care. I understand each hospital has a certain culture and individuals, and you respect that, but nevertheless—and mental health care is an example—I am worried about, do we have the best practices, particularly since the mental health problem is going to be the signature challenge of the Iraq and Afghanistan wars, we deal with veterans health care needs?

Are we making any progress in terms of trying to find best practices and then apply those throughout the V.A. health care system, and particularly on mental health treatment for our vets?

Dr. DAIGH. Let me address that in a couple of thoughts here. First I think it is extremely difficult to treat PTSD, which would be the most common condition servicemen have. There is, in fact, a set of treatments that have been viewed as best practice in that data does support that they do work.

We are saddened that these treatments have not been rolled out more aggressively and that the wars have gone on for a number of years and the treatment or the training of providers to provide that set of practices has not been rolled out as aggressively as we would like.

Having said that, I think people who are psychologists and psychiatrists and social workers and properly trained in mental health

can deal with these issues effectively. I think adding that extra arrow into their quiver helps their ability to treat these patients.

The new plan that V.A. has to roll out a mental health services standard set of programs across the system, I think, is a good effort. I think it sets a very high mark, in terms of having every hospital—being able to provide a standard package of care.

I am concerned that it is aggressive. In my view, V.A. is comprised of a series of hospitals that are low-volume providers. It is difficult for a low-volume provider to economically provide a complex set of treatment packages where you have individuals dedicated to only one program out of many. In our reviews of the millennium health care programs, we found that larger places in big cities could easily tap into resources and—smaller places had a more difficult time.

So I think there does need to be the flexibility to allow local providers to pick which of these plans they think would be better suited to their population. And I think the plan does address that in its formulation.

The other question with PTSD that we have looked at is, are veterans being treated well for PTSD? And I will say that we think they are being treated well. We have looked at this at Temple. We have looked at this in a variety of hospitals across the system.

And although we find problems occasionally with the delivery of the care, I think that V.A. is trying to make the right diagnosis on the clinical side and in VBA a different stovepipe effort has to deal with the benefit side.

Mr. EDWARDS. Okay. Thank you. Thank you very much.

Mr. Wamp.

POST TRAUMATIC STRESS DISORDER

Mr. WAMP. Well, Mr. Chairman, I have never seen a chairman gavel down like that. [Laughter.]

Just keep on this line of thought about PTSD, because you talked about how hard it is to treat. How hard is it to actually bring mental health professionals in that have any experience in the battlefield or with multiple deployments, all of the things that we know contribute mightily to these mental health problems?

It is one thing to know how to treat it, but I would think that it would be real important to also know what the veterans in some way, shape or form have been through.

I have been worried about the rapid increase in funding because it doesn't always translate into efficiency, especially when you spend money really fast like in a stimulus bill. You come back 12 months later, 18 months later and say, "Man, this is ugly. You know, we are not efficiently spending the money."

In this case with this ramp-up, I noticed in 2008 \$319 million directed at PTSD. You talk about the numbers in previous years but that is a lot of money. Do you think it is efficiently being spent? Do you think that these mental health care professionals are adequately meeting the needs of the veterans, and do they have the experience in the war, in serving? Where do they come from?

How do you, over the next 3 to 5 years, keep ramping up? How would they, how should they ramp up their capabilities to meet these needs? The suicide rate is, like I said, the canary in the mine

here. We know that that is the stress point, so mental health is a big topic of discussion as we go through these hearings.

How do we try to help the V.A. ramp up this piece?

Yes, sir, Mr. Daigh.

Dr. DAIGH. Well, sir, I would make the point that, although I agree that military PTSD, both whether it is sexual trauma or related to combat exposure, is by and large a military event, it is not totally a military event.

For instance, police officers and firemen also, through the course of their life, see horrible things repeatedly. So the civilian trained and functioning psychologists and psychiatrists and social workers do have experience with the phenomena of PTSD that is not the same, but it is close.

So I think one can then, where resources are constrained and where the population is relatively small, try to leverage people who are not fully employed by the V.A. to try to improve access.

We have recently completed a report on access to mental health care in a state, which we plan to publish in the next week or 2. They leveraged community mental health care centers, I think, to great advantage. And I think it is possible to ramp up access to care, assuming that you have some metric to ensure that people see providers who are qualified to provide the care and you don't rely totally on the fixed facilities the V.A. seems to have.

So I think there are some ways one could improve access that would be helpful.

As to the efficiency and dollar values you talk about, I am not able to address that issue, sir.

VA MEDICAL PROCEDURE PROBLEMS

Mr. WAMP. I don't know if I can get to this whole question in this 5 minutes, but I will come back, but in Tennessee, we have had a problem that has come out, beginning February the 13th, about certain people in Murfreesboro's being exposed to body fluids of other people during colonoscopies.

And 6,400 people were kind of put on notice that they may have been affected. And now this week, Johnson City, another health facility, notified some people that it might have bled over into their facility, as well, where patients are being treated at both places.

Is this a systemic problem? Is it being addressed? Another canary in the mind. When it happens in one system, you have got to say, "What do you know?" And so we can come back after 5 minutes, but let me know what you know.

Dr. DAIGH. Yes, sir, I think that repeatedly in health care there are going to be instances where instruments are defective or procedures are defective and patients are exposed to environmental contaminants.

So we recently reported in Las Vegas where, in doing colonoscopies that were purchased care, a huge number of people were exposed to hepatitis and potentially to AIDS. There have been other instances where specific instruments were not—either the instructions to clean them were not appropriate or the cleaning process done at the hospital broke down.

V.A., through their patient safety program, aggressively tries to pre-emptively deal with these issues. When they find a problem,

they notify veterans and try to get it addressed. In the last couple of years, the SPD—that would be the rules that pertain to how one cleans instruments and uses the infectious disease protocols to ensure that sort of thing doesn't occur—have been rewritten and strengthened.

So I think the problem is important. It will not go away.

Mr. EDWARDS. Thank you, Dr. Daigh.

Members, since this is our second hearing, I have incorporated some of the suggestions made at our first hearing. So let me just quickly reiterate what we are going to do in terms of the list of who asks questions.

Those members that are here when we gavel the meeting into order will be recognized based on seniority, rotating between Republicans and Democrats. After the meeting has begun, members will be recognized based on the order in which they showed up—again, rotating between Republicans and—and Democrats.

With that, I would like to recognize Mr. Salazar.

COMMUNITY-BASED OUTREACH CLINICS

Mr. SALAZAR. Well, thank you, Mr. Chairman. Now I know the importance of getting here 15, 20 minutes early. [Laughter.]

I do appreciate it. But as many of you know, my district is one of the largest congressional districts in the country. It is all of the western and southern part of Colorado. Much of the services provided to veterans is in CBOCs, some that are contract-based CBOCs, some that are V.A.-run CBOCs.

Can you tell me—

Mr. DICKS. What is a CBOC?

Mr. SALAZAR. Community-based outreach clinics. They are small clinics that are—

Mr. DICKS. Thank you.

Mr. SALAZAR. Don't have—with very basic services to veterans. Do you know or have you done any research as to who does a better job? Is it the contract-based CBOCs or V.A.-run CBOCs?

Dr. DAIGH. We think that is a very important question. And we brought that to the attention of this subcommittee last year, and we have been provided money to take a look at some of those issues.

We will begin to review CBOCs like we currently review hospitals—and we will specifically have sorted CBOCs into those that are contract-run and those that are not contract-run. There are about 800 CBOCs nationwide.

We have sampled them. And we will try to come back with an answer to—both on the quality side and on the certain aspects of the budgetary side of that with an answer to that question.

So I cannot answer it right now, but we will have reports this year that directly address it.

Mr. SALAZAR. What percentage are contract-run versus—do you know that?

Dr. DAIGH. If you will allow me to—I think about a third or less are contract. Most are V.A.-run. I can get you the abstract data with numbers on that, if you would like that—get that back to you, sir.

Mr. SALAZAR. Thank you. Appreciate that.

[CLERK'S NOTE.—The responses are included with the questions for the record.]

I yield back, Mr. Chairman, so somebody else can ask.

Mr. EDWARDS. Thank you, Mr. Salazar.

Mr. Crenshaw.

BUDGET ESTIMATES

Mr. CRENSHAW. Thank you, Mr. Chairman.

Let me ask—you know, Mr. Williamson, when you talked about the—the V.A. and the budget process, it sounds like, you hit and miss from time to time. It seems to me you have got—to have the right kind of budget, you need—first, you have got to have the plan. Then you have got to have the correct estimates. And then you have got to timely execute it.

And it sounds like they have been missing on, you know, some, if not all of those. What, like, when you sit down and talk to them, whether they underestimate it or overestimate, what has been the reaction? And do you see improvement from year to year? Or do you find that sometimes the same mistakes get made? Or are they just—is it just really difficult to do that?

I mean, how does it fit in, when you sit down and say, “Here is a better way”? What is their attitude toward that? And do you find that the correction is being made?

Mr. WILLIAMSON. The V.A. reacts positively to our recommendations. But, it seems to be a little different situation every time.

Some of the answers we get, in terms of why they underestimated or why they came up with unrealistic cost estimates, for example, the answer we get would be, well, we wanted to be conservative. Well, that wasn't a very satisfying answer to me, because, you know, in the face of much higher estimates or experiences they have had, so there must be, you know, some other things going on that they are not telling us.

I think the big thing in terms of planning is, whenever you get a fairly large infusion of money, it is very important that you have good goals and priorities ahead of time. And that is why strategic planning is so important, in terms of setting the priorities of the agency, the goals of the agency, setting strategies.

And we haven't seen—at least in the long-term care budget—any thoughtful consideration of that. And I think, in a larger sense, as we harken back to our work on the mental health report in 2006, the same kind of thing.

They decided to allocate money, \$300 million in those 2 years, 2005 and 2006, and yet didn't really have a good idea and didn't really carry through with distributing that money to their VISNs and to their health care facilities.

When we did that work, a lot of the VISNs were not aware of the fact they were supposed to use those allocations for mental health. And as V.A. allocates money, it is really important that they communicate between headquarters, the VISNs, and their medical centers. And sometimes that communication is lacking.

We point those things out, and they are very receptive, and they fix them, but other things then occur.

Mr. CRENSHAW. Well, like on the—what you are talking about, discretionary care and kind of the long-term care, that what they

call discretionary seems to me it is really not really discretionary. It is part of the long-term care, but it is maybe an effort to shorten the stay to save money.

When you point that out, do they recognize—I mean, that is like, fudging the numbers to say, well, this is—we are going to have a short-term stay, but the long-term stay is discretionary, but it really is not discretionary, because it is part of some, acute situation that is going on.

Mr. WILLIAMSON. What I meant by that was that V.A. is only required by law to serve priority one vets in their long-term care facilities, but most of the vets they serve are not priority one. Two-thirds or more are lower priorities.

So—and they only feel responsible for reporting the priority ones. And it is useful information to you as you deliberate. You need to know the total—you know, the total workload. And so we pointed it out. And they are going to—well, we don't know what they are going to do yet, because while they agreed with our conclusions, they have not yet responded to our recommendations on that.

IDENTITY THEFT

Mr. CRENSHAW. I want to ask about identity theft, because I noticed that was something you are focusing on. And we used to see it in the big sense, like the big massive loss of data, when that laptop got stolen.

But how is that working? In terms of individual identity theft, how do you find out when that takes place? Is it very common? How is the V.A. doing, trying to protect against that?

Mr. WILLIAMSON. —anything about that? The identity theft?

Dr. DAIGH. I am unable to comment on how V.A. is doing. My office investigated Birmingham—one of the larger data losses. I would just say that I think they provide the ability for you to check whether or not your identity has been stolen through civilian providers of financial information, but I am unaware of it.

Mr. CRENSHAW. Got you. So not a great, big problem right now on an individual basis that you have seen?

Dr. DAIGH. I have no information.

Mr. CRENSHAW. I got you. Thank you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Dicks.

VA AUDITS

Mr. DICKS. Thank you, Mr. Chairman. And we appreciate your fairness in applying the rules. I just wanted to say that.

Let me, first of all—

[Laughter.]

Mr. EDWARDS. I appreciate the gentleman's suggestions.

Mr. DICKS. Since we have a University of Washington alumnus here, I want to—Bremerton—this is too good to be true.

Let me ask you this. We have—on my subcommittee, we have been checking on whether an agency can pass an audit. Can the V.A. pass an audit on how they spend the money at the end of the year, financially?

Ms. FINN. And I can tell you that V.A. has received—

Mr. EDWARDS. Ms. Finn, for the record and for the transcription, could you please identify yourself?

Mr. DICKS. Maybe you ought to just come up to the—

Mr. EDWARDS. And maybe come up and sit here?

Mr. DICKS. Thank you, Mr. Chairman.

Ms. FINN. Okay.

Thanks. I am Belinda Finn. I am the assistant I.G. for audits at the V.A.

The V.A. has successfully passed and received a clean opinion on their financial statements for about the last 10 years.

Mr. DICKS. Good.

Ms. FINN. It doesn't mean they don't have problems. They have three material weaknesses, one over their I.T. systems and their security, their need for better financial systems, and a third weakness that I cannot recall at this moment.

Mr. DICKS. Don't they also have a problem communicating with the Department of Defense health care, that that is still an issue?

Ms. FINN. They do, but that is not a financial statement.

Mr. DICKS. Okay, that is a separate—

Ms. FINN. Yes, weakness.

Mr. DICKS. That is a separate problem?

Ms. FINN. Yes.

Mr. DICKS. Well, for the record, why don't you give us—and you can figure out what the third one was.

Ms. FINN. I will do that.

Mr. DICKS. Yes.

TELEMEDICINE

Mr. DICKS. Dr. Daigh, let me ask you this question. I have been promoting this idea, and I am having a hard time with the Army getting this done. Now, maybe the V.A. could help them.

When these kids come back—and this is not just for the Army and the Marine Corps, but this also could be for the Guard Reserve, the National Guard—we have had people come in who have this idea of online psychiatric care. In other words, with the concern people have about privacy—and even you could maybe even do this in country. If they had a problem, there could be a network of psychiatrists that they could go online and talk to and to try to help relieve their problems.

And with this escalation in suicides, it seems to me that something needs to be done. Now, the Army is working its way through this methodically, and it is going to take 4 months to have a competition—an RFI on this.

I just wonder, is there any way we can figure out to do a pilot project or something to see if this works while they are working out these competition rules and things of that nature? What do you think of that?

Dr. DAIGH. By online, you mean telephone or do you mean—

Mr. DICKS. No, on computer.

Dr. DAIGH. On computer.

Mr. DICKS. On the Internet.

Dr. DAIGH. Okay. So there—

Mr. DICKS. And this has been done in some places already, but it is not being done on a systematic basis.

Dr. DAIGH. Right. So there is a nationwide V.A. suicide hotline which we were advocates of and—has been very successful. Online, if you mean video, would—under another rubric would be sort of mental video telehealth is a standard way that professionals provide medical consultation either directly to patients or to other providers with less experience.

So, for instance, you might have an expert in—a psychiatrist sitting in a desk who you could go and project his image and conversation to a social worker at some other location with the patient, and you could talk about a mental health issue or you could talk about a skin disease or you could talk about a variety of issues.

Mr. DICKS. Well, what about the troop—the person who is having mental problems, and he wants to—and maybe he wants to do this confidentially, can he talk to a psychiatrist and get some help?

Dr. DAIGH. I am always concerned about trying to understand the emotion that is in speech and information that is transferred.

Mr. DICKS. Yes.

Dr. DAIGH. So I would think that either the telephone or seeing them and hearing them would convey a lot more information that would be useful to the mental health provider than simply a chat room or an Internet conversation.

Mr. DICKS. Well, maybe you could—could that be done? I mean, could you do it so you could have the conversation on a video basis?

Dr. DAIGH. I believe that the military currently does it all the time now—

Mr. DICKS. Yes, I mean—

Dr. DAIGH. —across the world to Walter Reed. The V.A. does it or telehealth in—for example and many other states. So the answer is, yes, I think it can be done, and I think fairly easily.

Most people, if you have a computer and you have a video camera, then I would think you could do that.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks. An important line of questioning.

Mr. Berry.

COMMUNITY-BASED OUTPATIENT CLINICS

Mr. BERRY. Thank you, Mr. Chairman.

As you addressed Mr. Salazar's question about CBOCs and outside contractors, I would think it should include a comparison about how small business set-asides that get these bids, that basically have no expertise or background in health care, get a bid and see how the care—which is all any of us care about on this committee—of course, we have all got to be concerned about money—but is to see that our veterans get the best possible care that they can get.

And I would encourage you to compare that in the study that you do. And if you have any information about it at this point, I would like to know about it. But I would like to see that done.

Dr. DAIGH. That is not an element in our current plan, but we will look—I will go back. And when we have the data—quality of care between those that are contracted and those CBOCs that are not contracted, we will look at that and get that back to you.

Mr. BERRY. Okay, thank you.

Dr. DAIGH. It may not be—since the samples weren't selected to answer that question, it may not be statistically significant, but I will give you the data we have on it.

Mr. BERRY. Okay.

That is all, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Berry.

Mr. Farr.

Mr. FARR. Thank you very much, Chairman.

Mr. Daigh, I want to just thank you for your public service. I think it is—we are very fortunate to have you with a medical program and CPA background being able to do this. And I think with this committee we are almost—we like to have these hearings in a conversational mode so that we can really kind of fix things that are broken.

Do you have a chance—I mean, you are the inspector for, you know, health care inspections, but in that you get to see how things are—as you said in your opening comments. I think the policy of our committee—at least I have been saying ever since I have been in this committee—that our goal is to leave no veteran behind.

My hope and feeling is that if there is any model in government that could really reach out and provide all those kinds of services that are needed to leave no person behind, no veteran behind, that it is the Veterans Administration.

I am glad Mr. Wamp is here, because he may be a governor of a state, and it seems to me the Veterans Administration can be modeling for a lot of people, a lot of states, a lot of interests in this whole health care reform, which is also, hopefully, mental health reform, so that we have an accessibility of services.

HOMELESS VETERANS

And I loved your statement that all health care is local. In that, I have lots of questions, but I am really concerned about what we are doing with the homeless veterans. We heard that we have 250,000 homeless veterans that are sleeping on the streets of America. That is a lot. And we ought to be, as a country, embarrassed.

For some of them, there are no facilities. We have been trying to allow the civilian community to be contracted, particularly with PTSD, for local psychologists who are licensed and can treat these folks, so that the veterans don't have to go a lot of miles to get access to a clinic or a hospital.

How we can close these gaps and what things we can do? I have a Vietnam veterans association that has received a bunch of houses from the closure of Fort Ord that are rundown and not up to code. They actually have homeless families that they are trying to put in these houses. And we don't have any—money to rehab the places and bring them up to code.

How do we, in your position, bring the recommendations to how to close these gaps so that we can really have a much better, seamless delivery of care? You are pioneering. You are pioneering the medical records. You are pioneering these clinics and these community-based clinics.

I think you are really pioneering a lot of things that the Department of Defense doesn't do, nor does the other deliveries of health care that we have in the U.S.

So in your professional role, do you see a bigger picture of how we might be able to address the gaps?

Dr. DAIGH. Yes, sir, I do. The last effort that I asked for support for was the DOD/V.A. reporting and analysis tool. And I think if one understands who veterans are and understands their characteristics and where they live and has access and understands what their mental health needs or physical health care needs are, then one can begin actually to look at the V.A. care that is available, where they access the V.A. system.

You can access and see where they access DOD. You could see where they access the Medicare or Medicaid, where they are getting their care from. You can begin to see if there are other HHS clinics out there that they are getting their care from.

So you can build a picture of where they are getting care. And you can also build a picture of where they are not getting care and where you need care or you need to procure care of some type.

Mr. FARR. We are not doing that?

Dr. DAIGH. I think that we are currently focused on and the metrics we submit with the budget are focused on transactions. If you show up at this hospital and ask for care, were you provided it? Not, if you live on the other side of the mountain and you are the same person are you provided that care?

Mr. FARR. Thank you—

Mr. EDWARDS. Thank you.

Mr. Kennedy.

Mr. KENNEDY. Thank you, Mr. Chairman. Appreciate it.

Welcome. I know the chairman got into this at the outset, but I would like to revisit it, and that is the standards. I am enormously impressed and what is so impressive about the V.A. is that it is the biggest public health system we have in our country and that it has scale and that we can measure outcomes on a scale basis and take what works and bring it to scale.

But we have it for MRSA. We have it for cancer. We have it for every illness under the sun, but we don't have it for mental illnesses.

Now, the big debate now in the mental health community is between clinical outcomes and functional outcomes. And the real meat and potatoes here are functional outcomes. You know, we can debate all day about clinical outcomes, but we know what functional outcomes are. We know what—people can get up and go to work, hold down a job, not drink as much, be able to stay compliant with their meds.

There are pretty basic measures. And those aren't measures that are hard to get. We can get them from the NIDA, NIAAA, and NIH. And until we employ some basic measuring sticks, we are not going to know whether your methadone clinic or your out-patient clinic in Chicago or your PTSD clinic combined with your methadone clinic in Houston or your Providence V.A. and whatever it is doing with their vet-to-vet program is, which program has had more success in terms of getting veterans back on their feet, going

to the local community college, and having the greatest success academically and in the working world, so forth and so on.

So I can't implore you enough. We have got to lay down standards. As, you know, rudimentary as they may initially be, we have got to start somewhere. And I am wondering, why haven't we?

Dr. DAIGH. Do you mean standards—population at risk or do you—

Mr. KENNEDY. Standards by which to measure how we are doing. We are never going to get anywhere knowing what is working and what is not working out there if we don't know first what the objective measuring stick is, what we are after.

Dr. DAIGH. I would agree with you that the current metrics that are used and submitted with the budget are usually transactional or process metrics, which I agree are what you are against. We are looking for, you know, functional outcome and—

Mr. KENNEDY. Right, functional.

Dr. DAIGH. So what I am suggesting is that, again, if you know who the population is, one can have outcome measures to apply to a population to see if folks are going where you would like them to go, the outcomes are what you would like.

For instance, there might be a unit that comes back from Iraq that decides to demobilize in a way that they provide specific training to their soldiers or do specific things to try to ensure that they don't have PTSD or that—

Mr. KENNEDY. Right.

Dr. DAIGH [continuing]. Outcome. And there might be another unit that had similar activity that didn't take those steps or took a different set of steps. So if you know who was there and you then can go and look and see several years down the road what the outcome was, one can look back and see if one idea of how to deal with this on the battlefield or after the battlefield made a difference.

So I am completely on board and advocating that this sort of data be put together so one can do the kind of analysis you are suggesting to ferret out which ideas seem to be working the best.

Mr. KENNEDY. So speaking of audits, we need to be tracking all the different data that is being—and employ it in terms of how it is being collected, so we know what is working and what is not working in a manageable way. And how do we propose—how do you propose we get about doing that?

Dr. DAIGH. In my office, I have to rely on psychiatrists or mental health professionals to identify what they think the best outcome metric would be for a mental health issue or on a cardiologist, for example, but DOD and V.A. are currently working to try to get this—

Mr. KENNEDY. Okay.

Dr. DAIGH [continuing]. Together.

Mr. KENNEDY. Well, that is what, Mr. Chairman, we need to work on, bring the mental health and DOD folks up here and get them to answer what they are doing in terms of mental health metrics.

Mr. EDWARDS. Mr. Kennedy, may I interrupt?

Mr. KENNEDY. Sure.

Mr. EDWARDS. I am going to stick to the 5-minute rule on this round, but we are going to go directly into a second round.

Mr. KENNEDY. Okay.

Mr. EDWARDS. And recognize members. And let me just say, members, on a second round, the policy will be we will recognize members by seniority, as long as they were here when the second round began.

So we will go with Mr. Wamp, and then we will go with Mr. Farr, Mr. Salazar, Mr. Kennedy, and then Mr. Berry.

Mr. Wamp.

Mr. WAMP. It may be Farr, Kennedy, Salazar, Berry, Salazar, in that order.

Anyway, and this will be my last question for these two, because I know we have got to move on with the other panel in this.

COMMUNITY-BASED OUTPATIENT CLINICS

The 30,000-foot view, Mr. Chairman, where I wonder often, having been in Congress for over 14 years and really worked at expanding our out-patient clinics' capabilities. Watching the whole CBOC process evolve, and now super-CBOCs, and watching the V.A. stiff-arm contracting care as much as they could, and certainly any kind of demonstrations where they might contract with local health care providers for in-patient care, which they have resisted I think all across the country, but certainly in my area they have.

We don't have a hospital within 2 hours of where I live. So the CBOC becomes more and more important. And super-CBOCs can really fill that gap of care.

So my question is, do you think from your studies—and every year we need to check—are the trends towards super-CBOCs and trying to keep as much care available to the veteran, without having to drive 2 or 3 hours to get in-patient care, is a good trend?

I thought when care was the big thing that we were somehow going to take some of these older facilities in the Northeast that are not fully utilized, and maybe close them and redirect some of the resources to where the veterans had actually moved, which in many cases was the warmer climate where there might be a little water. A lot of it is in my backyard, but I haven't seen that happen.

And I just wonder, are there regions of the country that are more efficient than others? Are there regions where we are spending money and doing things better? Or is it a uniform outcome across the country, I.G. and then GAO?

Dr. DAIGH. I would like to try to answer your question this way. One of the issues that arose after some adverse events in the last year or 2, where in trying to provide procedures at relatively small hospitals there were some catastrophes, V.A. has agreed to our recommendation to determine what procedures can be done at each hospital by the level of staffing that they have.

So they have gone through and identified what sort of care they have for pre-op, op, post-op, and then ward care, if you will. And they have gone through and looked at the surgical procedures that they have done and categorized them into sort of three groups, you know, relatively straightforward, and complicated, and very complicated.

So they have agreed with us that there are certain things that you just shouldn't do at a relatively small facility. So I think that the push to do too much at a facility, hopefully, will not occur, and

therefore then one will have to come up with strategies to deal with patients who are distant from a CBOC, which has, frankly, you know, capability, but limited capability, or hospitals, which all have limited capability, depending—you know, there is always another bigger hospital someplace that can do more.

So I am hoping that the V.A. will then be able to arrive at some practical solutions to address that issue that you are talking about.

Mr. WILLIAMSON. A couple of issues you raised are interesting. I think, in the discussion of CBOCs, we shouldn't forget vet centers, because for mental health issues especially, vet centers are the entry point for more and more vets these days. I think close to 65 million vets a year use these facilities.

And I just recently visited a couple vet centers in Southern California. And I think there are a number of issues relating to staffing, to training, especially for things like military sexual trauma, whether these folks are being adequately trained for all of these things that veterans are presenting, I think, is a question.

The other issue you mentioned, in terms of cost comparison, V.A. has in place performance metrics which allow them to look at how efficient each hospital throughout the country—each of their hospitals are. And I think there is a question of whether the headquarters or the VISNs are actually looking at that data, looking at indicators, that maybe there are some outliers, and really saying, "Why is that happening? Is there anything we can do about it?"

I mean, some of it might just be due to the fact that health care costs are higher in certain locations. That is certainly true. But I would want to look at that process and something that we are interested in, in the work we are doing.

Mr. WAMP. How many veterans you say go to VA medical facilities?

Mr. WILLIAMSON. I think we are close to 65 million.

Mr. WAMP. You mean—

Mr. WILLIAMSON. I mean—

Mr. WAMP. I heard that, and I said there are only, I think, 23 million—so I was wondering where this number came from?

Mr. WILLIAMSON. That is 65 million outpatient visits for VA healthcare. That is the visits, yes.

Mr. WAMP. I understand. But I knew it wasn't 65 million.

Mr. WILLIAMSON. No, no, no, I know.

Mr. WAMP. Okay. I yield back.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

ELECTRONIC MEDICAL RECORDS

Mr. FARR. There are 23 million veterans? Do we have the capacity to have them all in a computer? I mean, you have to know that they are a veteran if somebody comes in. There has to be records of it, right?

Dr. DAIGH. There are records of that.

Mr. FARR. How do we develop an individual plan for each veteran, for what the options are?

Dr. DAIGH. There are—

Mr. FARR. We want them to know that, hey, you are a veteran, you are in a priority. You are this priority. Oh, by the way, even

in the county that you live in or community that you live in, there are these resources available and in the region there are others.

Because what you are saying is, all we are doing is keeping track of sort of a check-off system, if somebody enters by asking for services. And we count the ones that are using the services. We are not keeping track of the unmet needs of veterans.

Dr. DAIGH. I have probably said it a little too harshly. I think that there is a view of all the veterans, and all veterans need care, but if you get down to the actual metrics that people apply, most are transactional. So there are limitations in going backward where data is not as well computerized as we would like, pay records, for instance, so you can identify people.

But if you look at the different computer systems, the amount of data available degrades fairly quickly once you get back into the 1990s, and you can build it back, but only at the current level we are with limits.

So I agree with you that we should try to identify where our folks are, what their priorities are, and then try to assist them to get the care they need.

Mr. FARR. The reason I am asking is, I am on the Agricultural Committee, and we are looking at the school lunch programs, and I found out from California that we can find out where all the poor kids live who would qualify for the school lunch program better than the method the schools use. That method essentially requires the parent to come in and say, well, yes, I am poor, I want my kid to have a lunch. And I thought, well, we can do that by using the Medicare and census data.

Dr. DAIGH. Yes, sir, there—

Mr. FARR. It tells you exactly where these people live and who they are. We need to do that with veterans. I mean, we are all so insular, and we can look at all these other resources that governments have, whether they are federal, state or local, but we have got that kind of data now. We just haven't arrayed that data in a way that makes it helpful.

It is also not only the data, but are there, do we know, some proven results? What does it take to get the treatment you need? To make sure that you have some functional functionality. It seems to me that it is really a matter of knowing how good our records are and then using other resources that the federal and state governments have to put a list together—If it were good for one veteran in one community, it would be good for all the veterans in that community.

All health care is local.

Dr. DAIGH. Yes, sir.

Mr. FARR. What is that health care?

Dr. DAIGH. Well, sir, we are going to publish a report where we took the population of veterans living in a state, sampled them, geocoded where they lived, geocoded all the care providers that V.A. owned, V.A. contracted with, and that V.A. had fee basis—

Mr. FARR. Yes.

Dr. DAIGH [continuing]. And then calculated drive time for all those folks, breaking the care up into those folks who could write prescriptions or those folks who could offer counseling—

Mr. FARR. Yes.

Dr. DAIGH [continuing]. And then looked at what that care in that state looks like. So I am right there with you. I think that is exactly—

Mr. FARR. How long is it going to take to do that?

Dr. DAIGH. I am going to publish that in a couple of weeks for one state.

Mr. FARR [continuing]. Will you bring those back to this committee—

Dr. DAIGH. I would be—

Mr. FARR [continuing]. What those recommendations are, as you look at that data?

Dr. DAIGH. I will. And I think that data exists and that it can be used to address needs for different areas. So the needs of this state might, in fact, be different than the needs of another.

So I am right there with you. I encourage that. We have begun to look more at populations, at the needs of populations, driving down to individual care plans, which is what you are saying.

Mr. EDWARDS. Thank you.

Mr. Salazar.

Mr. SALAZAR. Just one brief question. You mentioned that the V.A. had different codes for their electronic medical records and how they enter information, one of you did, I think. Have they taken your recommendations as to how they can—

Mr. WILLIAMSON. In terms of medical—

Mr. SALAZAR [continuing]. Record. Isn't that what you said? I thought that is what you had said, that they had different codes as to how they entered different material into the electronic medical records. Maybe—

Dr. DAIGH. My understanding is that there is a standard system of codes used across country for government and non-government to describe the activities in a hospital. And the V.A. uses those standard codes in their medical records to define what care was provided.

Now, there might be many, many codes in medical records, so I am not sure exactly what—

Mr. SALAZAR. But didn't you say that that was one of the weaknesses—

Dr. DAIGH. What I was talking about, sir, was innovation in the medical records. For example, we went back and looked at how V.A. compared in their treatment of patients with deep venous thrombosis, so, for instance, you are admitted to the hospital. You have a broken leg. You are at risk of getting a clot that would then travel to your lungs.

Are the outcomes for that specific entity for which there are standards of who should be anticoagulated, you know, out there, how did the V.A. compare? We found that the V.A. compared well with the rest of the country. Their rate of deep venous thrombosis, embolisms about the same.

Where we had a problem was that the medical record, if it were more intelligent, could say, "You are admitted with this diagnosis. Has this medication been ordered?" So there are medical record systems that have that business intelligence in it. V.A.'s doesn't. So there is frustration by the physicians in the field that that innova-

tion hasn't been put into it already, since everyone—since that would be one of the things that you would like to see.

All I am saying is that that rate of innovation, the way that the medical record can change and keep up with science needs—is important. And if that rate of innovation doesn't keep up, then V.A. is going to fall behind.

So I bring that to you as a risk for which I apologize I don't have a lot of work, other than what people tell me and this one piece on deep venous thrombosis. But I think that is a very important issue.

Mr. SALAZAR. Thank you.

Mr. EDWARDS. Thank you, Mr. Salazar.

Mr. Berry.

COMMUNITY-BASED OUTPATIENT CLINICS

Mr. BERRY. Thank you. I will be very brief. And I thank all three of you for being here and for the work you do.

Back to the CBOCs and the comparison study you are doing and all that. How long will it take to complete?

Dr. DAIGH. Well, we will begin actually going to CBOCs in April. We will, at the end of the fiscal year, roll up the data that we have in a cumulative report. We will report on the quality of care at each of the CBOCs on an every-other-month basis, and so it will be four or five CBOCs that will be visited.

And then there will be a report on the financial issue of contracting that will—to be honest, I haven't figured out whether it is going to be a separate report or part of the roll-up report at the end of this fiscal year.

Mr. BERRY. It seems to me that it might be a reasonable thing to do to suspend further solicitations until we have the results of that report.

Dr. DAIGH. I can't comment, sir. I have no data. And—

Mr. FARR. Can I follow up on that? Is this part of the other alternative way to get private financing through the health care center for facilities program, where you have a private developer build the facilities and then lease them back? Is that part of that?

Mr. BERRY. No, not that I am aware of, Sam. Thank you, Mr. Chairman.

TELEMEDICINE

Mr. EDWARDS. Thank you.

Let me just finish with one quick question. And let me say, also, I know we have just scratched the surface. I know a number of members will have additional questions in writing to send to you.

Let me just ask—one better use of psychiatrists, psychologists, we have in the V.A. is the use of telemedicine. Is there any other way we can bring more psychiatrists and psychologists into the—tremendous competition—is out there in the marketplace. You have the private sector and the V.A.

Anything we can do with loan forgiveness for young psychiatrists coming out of medical schools, anything else that either of you would recommend?

Dr. DAIGH. I haven't looked at that issue. I think you would be better to ask the mental health professionals at V.A. as to what dif-

ficulty they have hiring and what they think would work. We simply have not addressed that in our work.

Mr. EDWARDS. Okay.

Mr. Williamson.

Mr. WILLIAMSON. No, I—we haven't addressed that, either.

Mr. EDWARDS. Okay. Let me just conclude then to allow time for the second panel by thanking both of you.

You know, I know that, given your responsibility, sometimes you are probably welcomed as warmly as a bank auditor by bank executives. But you are genuinely welcome to this subcommittee, and we see you as real partners and carrying out a responsibility that I think we all want to see Congress do more of, and that is the oversight responsibility.

I am so impressed by the experience and the commitment that I see with your two positions and those others testifying with us in just a few moments. It is obvious to me it is a genuine commitment to help our agencies be better served, in this particular case, help our veterans receive the care that they have earned and so very much deserve.

Thank you for the important role you play. Please consider yourselves partners with this committee. You are welcome to contact us at any point. From here forward, you would be returning our call. And so work closely with our staff on ideas and recommendations you have about how we can address some of the challenges that you have outlined today or challenges that we didn't have time to get into today.

Thank you, Dr. Daigh.

Thank you, Mr. Williamson.

Members, I would like to call the second panel forward. And we have three witnesses in that panel.

As they come forward, let me just say that the goal of this panel is to address issues regarding I.T. interoperability, the implementation of the new G.I. Bill. I think we are facing some real challenges trying to meet the deadlines there—issues regarding auditing, contracting, and claims processing, recognizing that the backlog of veterans waiting to have their claims processed has been a major issue of veterans and veterans organizations.

To address these issues, we have three witnesses today. First, as introduced previously, Ms. Belinda Finn is with the Office of Inspector General. She was appointed assistant inspector general for auditing in the V.A. in January of 2007.

Prior to joining the V.A., Ms. Finn was a deputy assistant inspector general for the Department of Homeland Security. She has also worked as an accountant and arbiter with the Department of Treasury, the Department of Defense I.G., the Department of Energy I.G., and the U.S. House of Representatives I.G., making very well the point to her service that I was just trying to make about the degree of professionalism and experience in these positions with inspector generals positions is very impressive to me.

Thank you, Ms. Finn, for being here.

Ms. Maureen Regan, welcome, Ms. Regan, to our subcommittee. Ms. Regan was appointment counselor to the inspector general in 1989, once again showing a deep depth of experience and commitment to your position. She began her government career in 1984

as a staff attorney with the Department of Veterans Affairs Office of District Counsel in Washington, D.C. Ms. Regan is a graduate of Columbus School of Law at the Catholic University here in Washington.

Again, and welcome.

Our third witness this morning is Ms. Valerie Melvin.

Ms. Melvin, welcome to our subcommittee.

She is the director of information management and human capital issues with the GAO's information technology team and is primarily responsible for issues concerning health information technology and I.T. human capital. And we have a lot of issues to discuss on that front.

Ms. Melvin has led studies of information technology management issues at several agencies, including the V.A., the Department of Health and Human Services, and the Social Security Administration. Ms. Melvin is a graduate of the University of Maryland, with a bachelor of science degree in business administration and a master's degree in management information systems.

Again, I thank the three of you for being here today. And I would like to recognize you for opening statement of approximately 5 minutes. Have you selected any order?

Ms. Finn? Well, let's just begin with you, and then Ms. Regan, and then to Ms. Melvin.

STATEMENT OF BELINDA J. FINN

Ms. FINN. Thank you, Chairman Edwards.

And thank you to the members of the subcommittee for having me here this morning. I am pleased to be here.

I am going to be speaking on the issues related to the VBA's claims processing problems, their progress in implementing the new G.I. Bill, educational benefits, and finally the challenges involved in spending the stimulus funds and our oversight of those funds.

My office has been tasked with monitoring V.A.'s progress in implementing the Post-9/11 Veterans Educational Act, now basically called the new G.I. Bill.

We have found—V.A. has made some progress in the last few months, in that they weren't doing very much at all before. But they still have several challenges before they can get to a successful implementation.

These include the inherent difficulty of fielding a new software, limited I.T. development resources, developing staffing requirements, and a really aggressive project schedule.

Elsewhere in VBA, they are facing the challenge of large backlogs of pending claims for compensation and benefits. This has been a challenge for many years. Increases in funding at V.A. have enabled them to hire additional claims examiners, but this presents its own challenge in developing a productive workforce.

We are currently working on a review where we are looking at claims over 365 days old, and we believe we will identify a number of ways that V.A. can help to improve their processing time over their claims. We expect to issue the final report on that work over the summer.

We are currently also standing up an inspections unit that will be performing systematic reviews at individual regional offices. Our charge there is to review operations and the accuracy of claims processing to determine how well the R.O.s are providing accurate and timely benefits to veterans.

In the I.T. area, I know your main focus is the sharing of information. I work in the area of I.T. security and management at V.A. V.A., of course, faces continuing challenges related to I.T. security and the management of their projects.

Although the consolidation of functions and activities under the CIO has addressed some security issues, we continue to find problems related to access controls, configuration management, change management, and service continuity.

We are also concerned greatly about the management of I.T. capital investment, because these projects present great risks and can become costly, risky, and unproductive, if not effectively managed.

In the stimulus funding, V.A. is not a major player. They have received about \$1.4 billion to do maintenance and repairs in VHA and the National Cemetery Administration, hire additional employees, and develop some new I.T. systems.

Even though VA has not received as many funds as the rest of the government, it is still a challenge to spend \$1.4 billion wisely and efficiently, so we are going to be providing oversight upfront over the requirements definition and the controls over the spending of these funds.

Chairman Edwards and the subcommittee, thank you again for the opportunity to be here today. And as Dr. Daigh said, thank you very much for the continuing support you have given the OIG. I will be happy to answer any questions.

Mr. EDWARDS. Thank you, Ms. Finn, for your testimony, for being here and for what you are doing.

Ms. Regan.

STATEMENT OF MAUREEN T. REGAN

Ms. REGAN. Thank you.

Mr. Chairman, members of the subcommittee, thank you for the opportunity to address issues and challenges facing V.A. and maintaining an effective and efficient acquisition program.

Before I start, I would like to say that your entire panel here is University of Maryland graduates. I think it is the first time I have been on such a panel, so go Terps.

Mr. EDWARDS. Well represented today.

V.A. spends approximately \$10 billion a year on procuring supplies, equipment, and services, and that number is growing every year. Despite efforts to implement policies and procedures to improve the acquisition program, procurement remains one of V.A.'s five major management challenges.

In addition to more than 80 pre- and post-war reviews in contracting that are issued directly to contracting officers, in the past year, we have published more than 10 reports that have identified deficiencies in the manner in which V.A. plans, solicits, awards and administers procurement action.

We attribute the problems to many factors, including the lack of sufficient personnel in those acquisition and program offices that

have the knowledge, experience to develop awards and administer these contracts.

In addition, there is little to no oversight—particularly conducted at the local levels, in the field. Our work has shown that requesting program offices are often not able to identify the requirements or properly administer a contract after award. We have also found that acquisition personnel are not always familiar with or fail to comply with procurement laws and regulations.

The impact of these deficiencies is exacerbated by the decentralization of V.A. acquisition programs and the absence of a comprehensive system to accurately record and monitor contracts and purchases.

With respect to the latter, in 2007, V.A. activated a new Electronic Contract Management System. It is called eCMS. And the purpose was to standardize the procurement process and to provide visibility regarding V.A. procurement.

After it was initiated, V.A.'s Office of Acquisition, Logistics and Construction issued a policy telling everybody how to use this system to generate and issue contract documents to record relevant contract information on both new and existing procurements.

We recently completed an audit that showed that contracting entities in V.A. were not complying with the policy. They are not inputting the data; they are not using the system as required. In fact, we found one VHA policy that they were following that was inconsistent with the overall policy as issued by the Office of Acquisition.

One of the things it did was exempted all your prosthetics from using the system, and prosthetics is a large amount of VHA purchases and supplies.

In addition to our work with the CBOCs that is ongoing, we are doing a review at the request of the Secretary of the interagency agreements between the Navy's Space Warfare Systems Command, otherwise known as SPAWAR, and an audit of disability examinations conducted by V.A. personnel and those conducted by contractors, a review and an audit of the award administration of V.A.'s federal supply schedule contracts for health care services, and we are also looking at the Medical/Surgical Prime Vendor Program that V.A. has in place.

One area that V.A. has expended resources for considerable oversight is on the federal supply schedule contracts that V.A. awards. As you know, this is really a GSA program. But for about the last 40 years, the delegation has been to V.A. to do all health care contracts.

V.A.'s programs—and that is for medical and surgical supplies, equipment, pharmaceuticals, and health care services. V.A. entities spend about \$7.5 billion per year on V.A.'s FSS contracts. About 60 percent of that, those dollars are V.A. dollars, and so V.A. has a great interest in keeping the prices fair and reasonable, because a lot of our money is going to those contracts.

Of great concern to us in the past year, GSA convened a Multiple Award Schedule Advisory Panel. Some people call it the blue-ribbon panel. And the purpose was to review the structure used in pricing of FSS contracts.

On this panel are two representatives from industry organizations. At their request and the request of industry, the panel is considering removing key clauses from the contracts. These are clauses that we believe ensure not only that government gets fair and reasonable pricing at the time of award, but that pricing is maintained throughout the term of these contracts, which are 5 years or longer.

We believe if these clauses are taken out of the contracts, and I know there was at least a vote on it at one point in time to take them out, V.A. will be paying significantly higher prices for these products than similarly situated commercial customers.

This completes my oral statement. Thank you for the opportunity to address these issues, and I would be happy to answer any questions.

Mr. EDWARDS. Thank you, Ms. Regan.

Ms. Melvin.

STATEMENT OF VALERIE C. MELVIN

Ms. MELVIN. Thank you, Mr. Chairman and members of the subcommittee.

I am pleased to be here today to comment on V.A.'s efforts to achieve interoperable electronic health records with the Department of Defense. The two departments have been working for over a decade to share electronic health data, and Congress has directed them to jointly develop and fully implement interoperable electronic health record capabilities by September 30, 2009.

The department's experiences in this area are also relevant to the broader effort to advance nationwide health information technology initiatives. As current and past administrations have recognized, information technology has the potential to help improve the efficiency and the quality of health care by making patient information more readily available to providers, reducing medical errors, and streamlining administrative functions.

Federal efforts to realize this potential are being led by HHS's national coordinator for health information technology. We have performed numerous studies of V.A.'s and DOD's efforts to share electronic health information, and my testimony today will describe some of the departments' achievements and challenges in this area. I will also briefly comment on how these apply to the broader national initiative.

In summary, V.A. and DOD have made important progress, but they continue to face challenges in managing the activities required to achieve this inherently complex goal. Over the years, they have increased the types of information shared and succeeded in sharing computable data, that is, data in a format that a computer can understand and act on.

For example, the departments are now exchanging computable pharmacy and drug allergy data on over 27,000 shared patients, permitting their health information systems to alert clinicians to drug allergies.

Sharing computable data is considered the highest level of interoperability, yet achieving this level is not always necessary. Data that are viewable but not computable also provide important infor-

mation, and the departments are sharing many types of health information in this manner.

However, they have more to do since not all electronic health information is yet shared, and although health data at V.A. are all captured electronically, information is still captured on paper at many DOD medical facilities. One challenge facing any effort to share data is the need for clearly defined standards to allow different systems to work together.

For example, technology standards must be agreed on. And a host of content issues must be addressed, such as the need for consistent medical terminology. V.A. and DOD continue to work on standards to extend their own data sharing, and they also participate in standards-related initiatives led by the national coordinator that are focused on transitioning to a nationwide health I.T. capability.

Their involvement in these initiatives is important, both because of the experiences that these departments can offer and to help ensure that the standards they jointly adopt are consistent with applicable federal standards.

Nonetheless, V.A. and DOD face challenges to effectively meeting the September 2009 deadline for full interoperability. While they have plans to further increase their electronic sharing capabilities by then, these plans do not effectively define the extent of data sharing expected to be in place to meet the interoperability goals or consistently identify results-oriented performance measures that are essential to assessing progress toward the delivery of that capability.

Further constraining their effectiveness is their slow pace in setting up an interagency program office that is to be accountable for achieving the interoperable capabilities. Defining results-oriented performance measures and ensuring that they are met would be an important part of this office's mission.

V.A. and DOD concurred with our recommendations that they give priority to these matters, but they have yet to be fully addressed. Until they are, however, the risk is increased that the departments will not achieve interoperable capabilities to the extent and in a manner that most effectively serves our nation's military servicemembers and veterans.

Mr. Chairman, this completes my prepared statement. I would be pleased to respond to any questions that you or other members of the subcommittee may have.

PRESCRIPTION DRUGS

Mr. EDWARDS. Thank you all.

I want to be sure I understand one of the points that you were making. This came to my attention very briefly yesterday for the first time.

Right now, the V.A. buys a massive amount of prescription drugs. And I have heard ballpark numbers that, compared to standard retail prices at pharmacies, maybe the V.A. gets and the taxpayers receive about a 40 percent discount. Is that in the ballpark? Is that approximately right?

Ms. REGAN. You can't compare to retail because you have to know what the pharmacy paid for it versus what you are paying for it as a consumer.

Mr. EDWARDS. Right.

Ms. REGAN. VA is probably more comparable to what the pharmacies are paying for covered drugs. We are getting excellent prices because of the statute—public law which sets the price.

Mr. EDWARDS. So millions of dollars in savings to taxpayers and to the V.A. by paying—

Ms. REGAN. That is correct.

Mr. EDWARDS [continuing]. By negotiating? Okay.

Ms. REGAN. They are actually not negotiated prices. They are an established price by—there is a formula for covered drugs. And the formula is, I think, 26 percent below the non-Federal Average Manufacturer's Price. There is a calculation that is used, so they use all the pharmaceuticals that go through a wholesaler, and they come up with a price.

Mr. EDWARDS. Okay.

Ms. REGAN. And then once you have a contract, you can only increase the price each year by a certain percentage—

Mr. EDWARDS. Right.

Ms. REGAN. That is not negotiated. It is part of a formula.

Mr. EDWARDS. If I could jump in, I want to be sure about the GSA role. Is there a panel at GSA that is recommending changes in clauses that would—that would change that so the V.A. could be charged significantly higher prices for prescription drugs?

Ms. REGAN. The law requires, in order to get any money from any federal agency, including Medicare, even though they don't buy off the schedule, you have to have the drug on a federal supply schedule at what we call the federal ceiling price.

Mr. EDWARDS. Right.

Ms. REGAN. So what their changes will do will not affect the calculation. But once an award is made, there is a clause in the contract called a price reduction clause, and you track certain customers. If the price to a customer goes below a certain price, then we get those discounts. That is the one clause that industry does not want in the contract.

So the impact—with respect to covered drugs, there will be an impact on the covered drugs. There will be a bigger impact financially on generics and on all your Med/Surg items and equipment.

Mr. EDWARDS. And this is—you said there are two industry representatives on a panel or a board at GSA?

Ms. REGAN. It is called the Multiple Award Schedule Advisory Panel, and it is made up of various people from various agencies. In fact, V.A. was not even invited to be on the panel until the House Veterans Affairs Committee, I believe, wrote a letter and asked that Mr. Frye, the deputy assistant secretary for acquisition—

Mr. EDWARDS. And this is an advisory panel? Who will make the final decision on this?

Ms. REGAN. I am not sure. I think when they make the recommendations, it goes to another body within GSA to be reviewed and then up to the administrator.

Mr. EDWARDS. Okay.

Ms. REGAN. We do know they have voted to remove the price reduction clause both from services contracts, where maybe it doesn't have that big an impact, to the other commodities schedules. And there would be—

Mr. EDWARDS. So it could affect prescription drug prices?

Ms. REGAN. It will affect definitely generics. I think there will be an impact. And what you will have is that you may have a fair and reasonable price the day of award on all of these Med/Surg, all of these items that are on federal supply schedule contracts. You will not have a fair and reasonable price the next day.

What we found in industry is that they will wait to award better contracts until after ours gets awarded. And then the discounts start coming in.

I presented to the panel in August, and basically that was part of my presentation, is the impact it will have.

Mr. EDWARDS. Well, we are going to see that that decision isn't made behind closed doors without public attention. Thank you for bringing that to our attention, and I believe all sides ought to have a chance to present their facts, but I don't want anyone making a decision without great public knowledge and taxpayer understanding of what the implications could be to them, in terms of increased cost for hundreds of millions of dollars in prescription drugs purchased by the V.A.

Mr. Wamp.

INTEROPERABILITY

Mr. WAMP. Thank you, Mr. Chairman.

A two-part question, Ms. Melvin. If not September 30th, when? Second, on the medical records piece of the interoperability, if the V.A. still has the premiere reputation for medical records and information technology and health care, which I assume they still do from year to year, what about DOD? Is it a problem with one side not being up to par with the other? What are the problems? I know organizationally and funding and all that, but is there a disconnect between the two systems' quality?

Ms. MELVIN. In answer to your first question relative to when, if not by September 30th, that is a question that I don't have an answer for you on, the reason being we have repeatedly reported on what V.A. has been doing, V.A. and DOD, in terms of interoperability.

And one of our concerns is that, as they move forward with this initiative, we have not seen the level of planning that would articulate specifically what the final outcomes will be by this September 30th date.

Now, having said that, I think it is important to note that V.A. and DOD do have, as I mentioned in my earlier statement, levels of interoperability that they have achieved, they have achieved at the highest level in terms of the computable data for the pharmacy and drug allergy data.

They also have lower levels of interoperability relative to having viewable data that is structured, for example, to have lab reports that are in place within their records. And they also are able to see unstructured data that perhaps is scanned in, like clinical notes.

The bigger question on our part is, when you get to September 30th, what has been defined as the end result for that date? And today we have not seen from V.A. any specifics—or from DOD—any specifics as to what that ultimate end state will look like.

We do know that they intend to continue increasing their sharing. They have indicated, for example, that they will continue to include scanning and imaging in what they are doing. Our concern and what we would like to see more of—and we think is necessary for accountability—is for them to set an end state for what at September 30th and then what more beyond September 30th.

There is sure to be a need for more beyond September 30th. I think laboratory data, for example, is data, computable data that they are trying to achieve, but it would be beyond September 30th.

And then, to the extent that there are other data that are defined by their board that has been put in place to set those priorities, we would assume that would also occur much beyond September 30th.

As far as why the two departments have not been able to come together yet, I would go back, actually, to the very beginning with the systems. One of the things that is important to recognize is that, even though V.A. and DOD are both modernizing their health information systems and they have over time stated that these systems would be the platform for achieving this integrated capability that they were working towards, it is important to recognize that as these systems were developed—they went down separate tracks.

There wasn't a plan that we have seen that was ever intended to bring those two systems together in quite the way that would be necessary. So I think that where they stand today, and certainly through our work and what we have been able to discern, there are issues still relative to reaching agreement on what such a system would like.

There are significant questions that would have to be answered relative to what capabilities would be needed to serve each department's mission. I think there are cultural issues relative to really being able to overcome those barriers, to step outside and say, "Is my system better than the other?"

They are both modernizing. They are both at different stages in their modernization. And while we have not looked specifically at the system that DOD is modernizing, we do know that V.A. is working on it. We have had concerns with some of the progress with what they are doing relative to overall planning and the integration efforts that are necessary to make that system come to fruition.

So there are many challenges to—really being able to decide, I think, first and foremost, what it is that they want to accomplish and to start the dialogue. And to Secretary Shinseki's credit, if I understand, there has been some recent dialogue in that regard, but much more, in our view, is necessary for them to come to agreement on what would be necessary and how to meet the needs of both of those departments, especially those unique needs that each would have.

Mr. WAMP. Mr. Chairman, I have two questions for Ms. Finn. I will wait for the next round.

Mr. EDWARDS. Okay. Thank you, Mr. Wamp.

Mr. FARR.

Mr. FARR. Thank you, Mr. Chairman. [Laughter.]

Are I.T. standards worked out so that the I.T. standards in veterans is compatible with I.T. standards in Medicare and Social Security?

Ms. FINN. In the area of I.T. security, generally the government agencies all try to follow the NIST standard—

Mr. FARR. One standard?

Ms. FINN. Yes.

Mr. FARR. And then in the president's stimulus budget—recovery package, there is a lot of money for medical records, for going to electronic records. And I imagine they are going to have companies bidding for that, hospitals bidding. Everybody is going to be bidding. Are they going to follow the model? I mean, you are way ahead of this—V.A. was sort of the beginning of all this, wasn't it, in having the best medical records?

Ms. FINN. That is my understanding.

Mr. FARR. So does that become kind of a standard that everybody will try to achieve? Are we now going to get a million different software programs out there that aren't compatible and—

Ms. MELVIN. I could share a perspective on that.

Mr. FARR. Because you are talking about interoperability, and that is—

Ms. MELVIN. Yes, the key is the standards that have to be developed. You are correct that V.A. and DOD have been out there and, as I mentioned, should be able to provide some experiences in those areas, and they have set standards to achieve the levels of interoperability that they have.

However, moving forward, one of the critical things from a national perspective, the standard-setting process is not a fast process. It is an extremely complicated process that is involving many, many players—

Mr. FARR. Well, we are going to be letting the money out before the standards are developed.

Ms. MELVIN. You are correct in a lot of respects. There are standards that have been defined, but at the same time there are many more that still need to be defined.

The critical factor relative to V.A. is that while, yes, they could pursue standards for their own interoperability—and they have to certain degrees—the question is, how far out ahead of the national standards do they want to get from the standpoint of being able to make sure that, once a national initiative is in place, that they, in fact—

Mr. FARR. What is our priority here? What is the one thing we as a committee in dealing with the budget for V.A., what is the highest priority, your recommendations to this committee that we need to focus on, put some money in, or some language in?

Doctor, you talked about the I.T. systems haven't kept up with demand, with the workload, and, in fact, the financial systems haven't kept up. Dr. Daigh said that we were pioneers, but we are falling behind. What is it that this committee should be focusing on?

Ms. REGAN. I would say one issue—there are a lot of issues—but one of them I think we are seeing is personnel that can do the

work. And there is increasing contracting out for different things that they—maybe they should be doing in house because they lack the number and the quality of the people to be able to do it.

What we hear everywhere we go is that V.A. can't hire the personnel whether—it may be financial, it may be some other rules that are in place. I mean, for example, we need to go out to the hospitals. V.A. is doing a lot of contracting for positions, but they are not personal services, so you can't supervise them while you are in your facility.

So even an authority for personal services authority like DOD has would be an advantage, if you have to hire outside doctors—

Mr. FARR. Among that personnel, is there a priority of the type of personnel?

Ms. REGAN. I think if you ask each part of the agency, they all need personnel. The health care needs to be able to hire more personnel to take care of the patients. That would be V.A. employees. I.T. needs more personnel who can develop systems who have the knowledge even how to develop a contract to go out and contract for somebody to develop the system, the acquisition workforce needs to be built up so that you have contracting officers. V.A. needs more VBA examiners to come in and be trained.

Mr. FARR. So the money is there, because we appropriated a lot of money. And the money is there to hire the people, but then we can't acquire them in the federal service for whatever reason, so we are using that money to contract out to the private sector to provide what we can't do on our own?

Ms. REGAN. We understand there are some FTE ceilings and that they can't surpass the FTE ceiling, so they have to go out and hire people. So that would be one issue to look at. And I think the department can answer that question.

I mean, right now, I think with hiring, we are getting more applicants for jobs than we have seen in years, so it is not the number of people. It is whether or not we can hire sufficient numbers of qualified people and pay—

Mr. EDWARDS. Thank you very much.

Mr. BERRY.

Mr. BERRY. Thank you, Mr. Chairman.

MULTIPLE AWARD SCHEDULE ADVISORY PANELS

It looks like we once again are uncovering more snakes than we can kill. [Laughter.]

And I share your concern about this procurement of pharmaceuticals. I think that might be worth a hearing all by itself sometime.

Mr. EDWARDS. With your background, I would like to follow up.

Mr. BERRY. Some of those—do you call them advisory panels?

Ms. REGAN. It is a Multiple Award Schedule Advisory Panel. It was published in the Federal Register because it includes non-government employees.

Mr. BERRY. The V.A. doesn't have anyone that sits on that panel?

Ms. REGAN. They have one person. After a letter from the House Veterans Affairs Committee, they put person from the V.A., even though the only agency other than GSA that awards schedules is V.A., and we do \$7.5 billion worth of business a year.

Mr. BERRY. All right.

Mr. EDWARDS. Seven-and-a-half billion?

Ms. REGAN. Yes. And that is growing every year, too.

Mr. BERRY. That used to be a lot of money. [Laughter.]

Do you ever have any problem getting a company to participate?

Ms. REGAN. Yes, in fact, there are certain product lines, for example, cardiac stents, where I don't believe there are any on the federal supply schedule program. It is voluntary for companies to come in, but none of the manufacturers have come in and put stents on contract.

Cardiac devices, such as pacemaker, they were on contract up until only one company, I think, was left by about 2004. V.A. then did a competitive award, national contracts that went to two companies in 2004. One failed because there was a big recall, and the other company, I guess the contract expired. They just now awarded another one in November.

So they do some national competitive contracts for some items, but there is a lot of items they haven't done that on. And like I said, stents is a big one.

Mr. BERRY. I bet recalling stents is an interesting process.

Ms. REGAN. Yes, V.A. has a fairly good program for the recalls that it gets out to the facilities. And they actually have a pretty good database telling you what patients and what stents were used.

Mr. BERRY. Thank you once again for your service.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Berry. And I look forward to leveraging off your expertise in health care, to follow up on the issue that we discussed there regarding that advisory panel.

Mr. Wamp.

Mr. WAMP. Mr. Chairman, it looks like you all are efficient enough, we might actually get a lunch break here between these two hearings. And I am grateful.

Ms. Finn—

Ms. FINN. Yes?

ENROLLMENT

Mr. WAMP [continuing]. In 2007, we had 23.6 million veterans—number is up somewhat, but we all know that not every veteran is enrolled in the V.A. What is that percentage?

And as the economy continues to weaken—and I don't want to scare anybody, but I heard testimony yesterday that we may be in the 15th month of a 60-month recession, based on the global economic picture right now, if we are in the 15th month of a 60-month recession, what does that do to V.A. enrollment?

I would expect it to increase as more and more veterans that aren't enrolled in the V.A. system have no choice but to come to the V.A. system?

Ms. FINN. Mr. Wamp, I do not have any statistics at hand on how many veterans are enrolled in the system.

Mr. WAMP. Even with Iraq and Afghanistan?

Dr. DAIGH. That is correct, sir.

Mr. WAMP. Okay. Did you say 5 million users? So it is only about 20 percent?

Mr. EDWARDS. About 5.5 million, 5.8 million were the projections I think this year.

Mr. WAMP. So 25 percent is a better number? Which leads me to my second question, because I don't think we have had the kind of rapid redeployment, downsizing that we are going to expect under President Obama. What does that do? We are talking the next 16 months or thereabouts, you should see more people entering the veteran pool.

Are we ramping up or ready for that? Or is it going to be this great influx of new veterans enrolling in the V.A. system as they come home?

Ms. FINN. I don't think V.A. is ramping up for that, and I am not sure what their expectation or their projections are for enrolling those veterans. You know, just as a layman in this, I would anticipate that, as the economy has worsened, if people cannot obtain health care through other means, they may look to the V.A.

Mr. WAMP. You and Mr. Daigh both can answer this question. I am speaking to a statewide National Guard convention this Saturday in Tennessee. And so from the Guard and reservist perspective, do you know anything to report relative to the V.A.? Because, obviously, their use of the V.A. is kind of like their service to our country. It ain't what it used to be. It is a whole lot tougher.

Ms. FINN. Yes, sir.

Mr. WAMP. And more and more, I assume, have access to the V.A. and are using the V.A. when they come home. Anything you all would add as I prepare to speak to probably a couple thousand of them Saturday? Great. I don't think most I.G.s are as nice as you are. [Laughter.]

Ms. FINN. I would say that the V.A. offers people returning, the reservists and the National Guard a lot in benefits, other than health care. The new G.I. Bill provides payments based on time on active duty. Other benefits include educational benefits, and rehabilitation.

We did an audit of the transition for benefits and found that many of the reservists were not necessarily getting notices that they were eligible for benefits. And so we recommended that VBA put in some new controls. And I believe they have done that. So hopefully they should be getting notification.

Mr. WAMP. Thank you.

Mr. EDWARDS. Thank you.

NEW G.I. BILL

Ms. Finn, let me ask you: Is there any risk that, because of the slowness of implementing software system and the management issues involving contracting out versus doing work in-house, the new G.I. Bill implementation, is there any significant risk that veterans will be denied the G.I. educational benefits they are supposed to begin receiving this fall?

Ms. FINN. I believe V.A. will be paying benefits. I think the question is, will they be able to handle the volume of claims that will come in between now and when they start making payments in August and will they be able to process all of those for timely payment?

So I think the risk is that, if someone were to file a claim late, they may not get payment right on time, although I can't say that for certain. I think there will be a risk of improper or erroneous payments, because this process will likely be largely manual at this point.

Mr. EDWARDS. That is what I understand for the first year, so—

Ms. FINN. Yes. And we won't have the built-in edit and control that we would put into an automated system.

Mr. EDWARDS. Well, I hope, given some of the abuses of the original G.I. Bill and the risk that posed to the credibility of what I considered one of the greatest pieces of legislation ever passed by any Congress, I hope we can keep an eye on the check-and-balance system to be sure that there are not people qualifying illegally for G.I. benefits. And if you have any insights on that in the months ahead, please follow my request and contact us and let you and I and our V.A. MILCON staff—

Ms. FINN. I will add that—

Mr. EDWARDS [continuing]. Tell us about that.

Ms. FINN. I will add that to the charge of my team.

HIRING OF CLAIMS PROCESSORS

Mr. EDWARDS. Nothing could undermine our ability to fight for improved benefits and funding for veterans more than abuse of a major program such as the G.I. education bill. So we would welcome your input there.

Let me ask you about the new hiring for addressing the claims backlog. We have provided enough funding in the last 14 months to hire—if you count the stimulus bill—as many as 7,000 new claims processors. How would you rate the V.A.'s training program at this point for those new hires?

Ms. FINN. We took a look at the hiring practice last year. And the one area we didn't look at specifically was the training program, because GAO had just done some work on the training programs. And I think they had some issues mainly with the administration of it.

We do know that they are deploying the new hires in a team approach, where they work in a specific team with a group of other more experienced employees doing incoming triage, which is the incoming processing, or various things.

And I think that would probably be a reasonable way to implement that many new people. We are going to be starting up work again, going back and looking at a second year now of the influx of new employees and hope to get a lot more information on how they are being used, how they are being trained, and what the end result is.

Mr. EDWARDS. Can we look at the turnover rate, too—

Ms. FINN. Yes, absolutely. Last year when we took a look at it, the attrition and the turnover rate was relatively low, especially compared to other employees. But that was fairly early in the hiring process.

Mr. EDWARDS. Is the V.A. keeping account of data that would allow us to look now, a year from now, 2 years from now, to see

what kind of rate they have of decisions overturned so we could determine how effective they have been in that job?

Ms. FINN. I am not sure—that is a good question. I am not sure if they will have that by employee, but we will endeavor to find out how they will address that.

Mr. EDWARDS. Okay. That would be helpful to look at.

Ms. FINN. Sure.

V.A. DATA SECURITY

Mr. EDWARDS. Let me ask you very, very quickly. I have got half a minute. Is there any chance that—any significant chance that we could have another problem where a V.A. computer is taken out of the office and, maliciously or otherwise, used to compromise the privacy of a large number of veterans?

Ms. FINN. That chance still exists, yes.

Mr. EDWARDS. How would you compare the V.A.'s privacy protection security systems to corporate America, as good as, better than, or worse than?

Ms. REGAN. I would say, since the 2006 data loss, V.A. has really shored up their ability. If you remember, every big data loss we have had has not been intrusion into a system; it has been employees with access losing something or whatever.

They have now put out a series of rules they didn't have before, where you can't use your home computer, if you have a laptop, it has to be encrypted.

So I think the risk has diminished. You are still going to have rogue employees out there that aren't going to follow the rules, but I think the risk is diminished significantly and that V.A. would be able to more swiftly take action because there are strict policies out there.

Mr. EDWARDS. I would welcome any recommendations either of you has in terms of steps the V.A. hasn't taken that they should take. Thank you. Thank you both.

Mr. Farr.

ACCOUNTABILITY GOALS

Mr. FARR. I don't know if I have any other question, other than—for each one of you, if we had one thing that we could—this committee could do, what would it be, in your opinion?

Ms. MELVIN. From my perspective, because we have looked across a number of V.A.'s I.T. initiatives, there is one common concern that always stays on the books with us, and that is in terms of their overall project management, their ability to really, as I said earlier, to establish goals, to really follow through with results-oriented measures for making sure that they are holding themselves accountable for what they are doing.

We would like to certainly see more in the way of an emphasis by the department on making sure that it is holding itself accountable, that it has established really defined measures for its success and that it can report against those measures. So from our perspective—

Mr. FARR. Is that a lack of skilled managers?

Ms. MELVIN. It is not—no, it is not contracting, per se. It is really in the—it is in the management, overall project management as-

pects of what the agency does. They certainly do put out a lot of plans. I don't want to, you know, say that they don't have documentation, they don't have plans. They do.

What we would like to see is a greater degree of discipline, more rigor in the planning efforts that the department undertakes to make sure that it really is setting specific goals, that it is not a matter of saying, "We are going to just increase our—what we can share or we are going to increase the number of patients," but to really set defined, concrete measures of, when we get to this level, we feel that will, at least in the short term or in the midterm or the long term, that we have positioned ourselves to handle some percentage of our staff—

Mr. FARR. A greater degree of discipline in creating measurable outcomes?

Ms. MELVIN. Yes, rigor in—in the processes that they are using to really manage and monitor and hold themselves accountable for their initiatives.

Mr. FARR. Ms. Regan?

Ms. REGAN. Can I give you two?

Mr. FARR. Yes.

Ms. REGAN. One of them is on the federal supply schedules that I would consider, because V.A. has had these schedules for almost 40 years, just giving them to V.A. and not playing "Mother May I" with GSA. We know our products. We have had better oversight than GSA has. We know our industries.

There are clauses in the contract that maybe need to be in ours and not theirs. That would be one.

On the internal V.A. side, as I said in my testimony, decentralization is a huge problem to having an efficient acquisition program, and that V.A. needs to take steps to centralize.

V.A. did a study last year, PricewaterhouseCoopers did a study and came up with the model that hasn't been implemented.

Mr. FARR. So the second is what?

Ms. REGAN. Pardon me? The second was to centralize V.A. procurement. Right now, you basically have two procurement activities. You have VHA, and you have everybody else. You are not going to have a procurement program that functions efficiently if it is not more centralized or centralized. And that probably should be done in steps, as opposed to doing all at once, because most of your people are out in the field in VHA.

Ms. FINN. I would second both of those suggestions greatly. My thought would be to hold V.A. accountable for the integrity of the data that they use to report their performance and their outcomes.

V.A. has a lot of data, and it comes from a lot of different sources. And as it is rolled up, I can't be certain that it is always collected and recorded really in a consistent manner across the organization.

So that situation creates a lot of concerns in my mind, over measuring their performance, because I am just not sure how well we can rely on the data, whether it is the number of claims processed or the medical treatments or the number of patients seen in the clinic or the appointments available.

Mr. FARR. That is all.

Mr. EDWARDS. What an excellent question, Sam. I am glad you asked that.

Zach, would you like to finish off any questions?

Mr. WAMP. Well, speaking of that, I am going to ask three quick questions, one to each of you, and I hope we can get quick answers.

Ms. Regan, how many billions are contracted out under fee-for-service care? And is that an efficient way to go forward to expand that or not?

Ms. Finn, there is a category called miscellaneous obligations. How much is that? And is that kind of an end run around the normal process?

And, Mrs. Melvin, we talked about the complete interoperability, but what is GAO's definition of complete interoperability?

Ms. Regan.

Ms. REGAN. By fee-for-service, I would assume you are talking about the health care resource contracts, where we hire physicians to come into our hospital?

Mr. WAMP. Yes. Yes.

FEE-FOR-SERVICE CARE

Ms. REGAN. There is no system in V.A. that can tell you exactly how many dollars were spent on that, because, as I have testified, there is no system that records all of that data as to what is spent and being spent on.

I do know it is an increasing number, because one of my groups does the pre-awards for those contracts. We expected when you increased physician pay, comparability pay, that that would go down, but we haven't seen that. And it is becoming even increasing for, like, support services and things like that, so—

Mr. WAMP. So you can't tell if it is efficient because you don't know how much it is?

Ms. REGAN. Right. Nobody knows how much it is. I can probably tell you that we are overpaying for the services, but I can't tell you how many dollars are actually spent, because there is no place that tells you that.

Mr. WAMP. Ms. Finn, miscellaneous obligations?

Ms. FINN. I don't know the number. I will get that for you for the record.

We have seen at times other documents, rather than purchase orders or your regular procurement documents, being used to record miscellaneous obligations. And sometimes we have seen that possibly used, yes, to record and obligate funds where it is not going through the correct process.

INTEROPERABILITY

Mr. WAMP. Ms. Melvin, complete interoperability means what?

Ms. MELVIN. We do not have a definition of complete interoperability. However, what I would state is that it depends significantly on the agencies involved and the priorities that they establish. In V.A.'s case, relative to the clinicians, that is what they have used thus far in setting the priority for the drug allergy pharmacy data that is fully computable. It really depends on what the needs are and to be defined by those entities that are involved with that, in particular the health care providers.

Mr. WAMP. Mr. Chairman, I now am finished.

Mr. EDWARDS. Okay, those are good questions all.

Well, I want to thank each of you for your excellent testimony. And what this hearing does for me is it just reminds me and our committee of the important partnership you can play with us as you try to be more proactive in exercising our oversight responsibility.

We have all been so busy over the last few years that it has been hard sometimes for committees to exercise the kind of oversight that I think all of us would like to do. So we see you as critical partners.

Thank you. I thank each of you, Ms. Finn, Ms. Regan, and Ms. Melvin, Dr. Daigh—I tell you, and isn't it impressive, the years of commitment to your jobs and what you are doing? It says a lot about your values.

Thank you very much, all, for being here. We will stand in recess until 1:30, at which time we will meet on family housing and troop housing. Thank you all.

[Prepared statements follow:]

**Office of Inspector General, Department of Veterans Affairs
Statement before the Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States House of Representatives
Hearing on Department of Veteran Affairs Challenges
March 12, 2009**

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to discuss critical challenges facing the Department of Veterans Affairs (VA) and provide our assessment of VA's effectiveness in addressing these challenges. Every year, the Office of Inspector General (OIG) prepares a list of management challenges facing VA which is included in VA's Performance and Accountability Report (PAR). In the most recent PAR, we reported on serious problems across VA in the areas of health care delivery, benefits processing, financial management, procurement practices, and information management. These issues were identified as a result of the OIG's continuing oversight of VA through national audits, healthcare inspections, Combined Assessment Program (CAP) reviews, and criminal and administrative investigations. In fiscal year (FY) 2008, we issued 127 reports; as of February 27th, for FY 2009, we have issued 43 reports.

Today we will focus on the following challenges because of the Subcommittee's particular interests: mental health services, including post traumatic stress disorder and suicide prevention; medical research; review of issues associated with Community Based Outpatient Clinics (CBOCs), Vet Centers, and contracted care; quality management; Department of Defense(DOD)/VA transition to care; progress in implementing the new GI Bill; Veterans Benefits Administration's (VBA) claims processing operations; information technology issues; procurement; and oversight of VA funds provided in the American Recovery and Reinvestment Act of 2009.

Mental Health Issues

Veteran mental health issues remain a major focus of OIG activities. The issue of the availability and provision of appropriate treatment for veterans with post traumatic stress disorder (PTSD) and related mental health conditions was reviewed in several OIG reports. An August 2008 report, *Healthcare Inspection Post-Traumatic Stress Disorder Program Issues at VA San Diego Healthcare System, San Diego, California*, found that clinical mental health care for veterans must be the first priority of the hospital staff, even though there are significant and important research questions that must be answered for the benefit of all veterans at risk. We made recommendations to restore the balance between research and clinical care.

In a January 2009 report, *Healthcare Inspection Allegations of Mental Health Diagnosis Irregularities at the Olin E. Teague VA Medical Center, Temple, Texas*, we reviewed the allegation that veterans were given the clinical diagnosis of adjustment

disorder to disadvantage them in the VBA disability evaluation process. We found that the two processes were separate; that veteran's diagnosis varied depending upon the clinical facts presented during the visit; and that diagnosis were not always consistent between providers. However, we did not find data to support that veterans were disadvantaged in the disability determination process through the use of an adjustment disorder diagnosis.

Through reports on a number of individual veteran's cases, it is clear that veterans' mental health issues often are complicated by substance and alcohol abuse. OIG championed VA's change in policy to permit substance and alcohol abuse issues to be addressed simultaneously with ongoing mental health issues. Our inspection reports continue to address this issue. A report that will be issued in early Spring will indicate that substance abuse is a complicating factor for many veterans, in a higher proportion among returning Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) veterans, and is a topic that demands more attention as more needs to be done to improve treatment and outcomes in this area.

We are currently completing work on a report requested by the Subcommittee on the mental health strategic plan, which we plan to issue in early April. Another report requested by the Subcommittee on an audit of the mental health initiative (MHI) fund will also be issued in early April. We will report on the Veterans Health Administration's (VHA) process for tracking funds allocated for the MHI fund, and whether performance metrics are effectively utilized to determine if the outcome of each initiative met VHA's intent. A report on the mental health care received in domiciliaries as required by Public Law 110-387, Veterans' Mental Health and Other Care Improvements Act of 2008, will be issued later this year.

Medical Research

We have published a number of research reports since we last testified before the Subcommittee. Our most recent report, *Healthcare Inspection Review of the Veterans Health Administration's Use of Appropriated Funds for Research*, was completed at the request of the Subcommittee and found that VA spends appropriated research funds on research topics that are relevant to the current health care requirements of veterans.

OIG has reviewed and reported on instances where compliance with VA research procedures did not occur, and made recommendations that were agreed upon by VA for change. One report, *Healthcare Inspection Human Subjects Protections in One Research Protocol VA Medical Center, Washington, DC*, focused upon the use of a medication called varenicline (Chantix®) in a particular VA research study, following an incident in which a veteran alleged that Chantix® caused him to become aggressive and engage in inappropriate activities. Our review focused on the timeliness of patient notification following warnings from FDA, the adequacy of the informed consent process, and the reporting of adverse events. We found that the facility Pharmacy Service responded appropriately to communications in notifying providers of these

newly defined risks. However, the Research Service did not ensure that patients with PTSD who were also enrolled in a smoking cessation study received adequate and timely notice of these risks. We further found that the facility failed to ensure that patients in this study who had taken Chantix® signed an addendum to the consent form disclosing these risks.

In another inspection, *Healthcare Inspection Human Subjects Protections Violations at the Central Arkansas Veterans Healthcare System, Little Rock, Arkansas*, we were asked to determine the validity of allegations regarding human subjects' protection violations in research. We substantiated the allegations of documentation irregularities and human subject protection violations and found that the affiliate Institutional Review Board (IRB) was aware of the problems and failed to appropriately follow up on the issues. We found missing documentation and failure to report serious adverse events. We also substantiated the allegation that the IRB failed to identify and address serious and/or continuing noncompliance and failed to ensure that investigators had the requisite skills to conduct their research. We identified a number of systemic issues which placed human subjects at risk and substantiated that the facility's Research and Development (R&D) Committee failed to protect human subjects. While we found that current facility leadership has made significant improvements to the R&D program, the persistence of problems indicates that the R&D program as a whole at this facility may reflect a culture of noncompliance. We recommended that the Under Secretary for Health should determine if it is appropriate to continue human research at the facility, and if the decision is to continue, should provide a plan to ensure that research complies with VHA standards.

We are currently working on a review of VHA's human research protocols to determine if veterans have given their consent to participate in research studies. We have conducted an online survey of VA facilities that conduct research as well as randomly visiting 30 sites. This report will be issued by late Spring.

In May 2008, we issued an audit report, *Audit of Veterans Health Administration's Oversight of Nonprofit Research and Education Corporations*, addressing the need to improve VA oversight of their Nonprofit Research and Education Corporations (NPCs). VA has almost 90 NPCs located in about 40 states with an oversight and management structure that is multi-layered including responsibilities at the Department level, within VHA, and at the NPC level. We found that because VHA did not provide the needed oversight of NPCs by establishing clear lines of authority, implementing effective oversight procedures, and requiring minimum control requirements for activities, NPCs did not implement adequate controls to properly manage funds, safeguard equipment, and guard against conflicts of interest.

As a result of this audit, the Under Secretary for Health agreed to convene a steering committee to clearly define the associated oversight authorities of the VHA Nonprofit Corporation Oversight Board, the Nonprofit Research and Education Corporation Program Office (NPPO), and VHA's Chief Financial Officer. This steering committee was also tasked with the development of a policy that can provide

programmatic direction to the NPCs. The NPPO was tasked to work with the Office of General Counsel to further develop and implement additional administrative controls to enforce NPC compliance on issues related to conflict of interest.

Community Based Out-Patient Clinics, Vet Centers, and Contracted Care

This Subcommittee recognized the importance of CBOCs and Vet Centers in providing care for veterans. With your support, we have completed a national review of Vet Centers and we are currently analyzing data and plan to issue a report this Spring. We will begin a series of reviews of CBOCs to ensure that veterans receive quality care at these facilities. The inspections will be performed in a similar fashion as our CAP reviews of VA Medical Centers.

We have initiated an audit to examine whether VHA has adequate management controls to oversee CBOC operations including performance measures, monitoring, and reporting mechanisms. Six years ago, CBOC operations were buried amidst the primary care lines of the various facilities, transparency was lacking, and VHA did not have basic information about CBOC operations. Generally, we expect this audit to identify opportunities to improve national and local management controls needed to ensure the effective operation of CBOCs. We plan to identify whether there are any gaps in national or local policies. Controls may vary based on whether CBOCs are VA or contractor-operated. We will focus on differences in the way these facilities are managed between VA and contractor-operated clinics.

We reported on the failures of a VA contractor to properly ensure veterans who underwent endoscopy were provided quality medical care, *Healthcare Inspection Gastroenterology Service Issues at the VA Southern Nevada Healthcare System, Las Vegas, Nevada*. As the use of contracted medical care is likely to increase as VA expands its provision of health care beyond fixed facilities, through Project Hero and related health care contracts, we will begin to review the quality of care provided to veterans under these programs. We will work with VA as they begin to more actively address the issue of health care quality provided under contract services.

Quality Management

VA is taking steps to improve internal controls over selected quality improvement processes. In a January 2008 report on the Marion, Illinois, VA Medical Center, we recommended and VA agreed to issue a national quality management directive that would standardize the collecting and reporting of VA hospital quality management data. The OIG has actively contributed to VA's effort to establish the directive and looks forward to its issuance. As a result of events at Marion, Illinois, and several smaller VA hospitals, VA agreed to develop and implement a mechanism to ensure that VHA's diagnostic and therapeutic procedures are appropriate to the capabilities of the medical facility. The OIG believes that the tailoring of diagnostic and treatment procedures to the capabilities of the hospital is an important national safeguard that will help ensure that VA facilities practice within their "comfort" level. This internal control, when in

place, should improve the consistency in the quality of more complex procedures that often require significant hospital support in addition to the skill required by the physicians and support team that perform the procedure.

The OIG is focused on improving the hospital privileging process. During our CAP reviews, we are reviewing the privileging process and the requirement that appropriate data be used to support the hospital's decision to privilege a physician to provide care or perform procedures at VA hospitals. VA's peer review process was reviewed by OIG. Oversight of hospital performance from the Veterans Integrated Service Networks' level of command was significantly lacking when viewed from the perspective of standards and requirements for performance in VA directives. We made recommendations to strengthen and improve the peer review program.

We recently completed an evaluation of VHA medical facilities' quality management (QM) programs which will be published this month. The purpose of the evaluation was to determine whether VHA facilities had comprehensive, effective QM programs designed to monitor patient care activities and coordinate improvement efforts, and whether VHA facility senior managers actively supported QM efforts and appropriately responded to QM results. The OIG conducted this review at 44 VA medical facilities during CAP reviews performed across the country during FY 2008. This reports notes that there were two facilities with significant weakness in their quality assurance program, and makes recommendations regarding other quality assurance programmatic findings.

DOD/VA Transition to Care

The transition of active duty servicemen and women to VA remains an important topic of OIG review. We published a joint report with the DOD Inspector General that made recommendations for improvement of the care provided to returning OIF/OEF veterans, one of which was enacted into law, a provision allowing VA to provide Home Improvements and Structural Alterations grants to eligible veterans prior to discharge from military service. An outgrowth of prior OIG work in 2007 is the DOD/VA Reporting and Analysis Data Mart which, when it is fully populated, will permit the analysis of transition to care issues by creating cohorts of veterans based upon their year of discharge from DOD. This data mart requires additional attention on the business rules that are used to incorporate the various files into the database.

We have continued to improve the data available in our previously published data set and will report on access to mental health care in one state later this month. This report will demonstrate the importance of contracted care to supplement fixed VA facilities and clinics to provide timely access to medical care. In addition, the analysis of data in this cohort fashion permits contrasts to be drawn between OIF/OEF and veterans who were not assigned to these theaters, between active and reserve/national guard soldiers, and between medical diagnoses made before and after discharge from DOD. When fully operational, the DOD/VA Reporting and Analysis Data Mart should

provide an important resource for research, budget modeling, and health care planning for VA and DOD.

GI Bill Implementation

The OIG has provided oral briefings to the relevant congressional oversight committees' staff on VA's progress in implementing the Post 9/11 Veterans Educational Assistance Act of 2008 (new GI Bill) (Public Law 110-252). After a long planning period, VA has made progress in the current quarter; however successful implementation remains a difficult and risky challenge due to the inherent difficulties in creating the software tools, limited VA Office of Information and Technology (OI&T) development resources, vulnerabilities in VBA staffing estimates, and aggressive project scheduling requirements. In the coming months, VA will need to complete its primary plans for software development and implement contingency plans.

We have some concerns that VBA may need more staff than currently planned since officials have acknowledged reducing planned hiring by 48 employees (8 percent) due to space limitations. Further, VBA's estimate is based on annualized workload, rather than the peak seasonal workload expected during the beginning of the school year. Also, VBA's projected workload estimate did not include consideration of greater participation because of the current economic climate. Inadequate staffing can potentially delay claims processing. However, VBA is exploring possible solutions, such as rehiring annuitants with needed expertise.

VA's contingency plan identifies significant project risks, mitigation strategies, decision dates to deploy alternate plans, and estimated resource requirements. We are continuing to monitor the feasibility of some mitigation strategies that are more resource intensive, such as adding more employees to support the use of manual processes. For example, if the functionality to make recurring housing payments is delayed, the contingency plan calls for hiring 263 additional employees to initiate these monthly education payments. Clearly, implementing a manual process would lack the controls an automated system could offer.

Completion of the business requirements for the long-term solution may be delayed because many VA subject matter experts are focused on the interim solution. We will continue to monitor plan adjustments and additional planning/project deliverables, including the Integrated Master Schedule, to assess further potential impediments to program implementation. We will focus our efforts on identifying and evaluating potential weaknesses in assumptions underlying project feasibility determinations, schedule, costs, and risk assessments.

VBA Claims Processing Operations

Large inventories of pending claims for compensation and pension benefits have presented VBA with its most difficult challenge. Making headway has proven difficult because VA faces an increasing disability claims workload from returning OIF/OEF veterans, reopened claims from veterans with chronic progressive conditions, and additional claims from an aging veteran population. The complexity of benefits laws, court decisions interpreting those laws, technology issues, workload, and staffing issues contribute to VA's benefits processing challenges. Increases in VA funding levels has enabled VA to hire additional claims examiners that may help reduce the backlog of pending claims, but the increase in staff requires training and development to incorporate it into a productive workforce. Recent revelations of claim-related documents being found in shredders and intentional misdating of claims to improve productivity statistics can diminish the public trust of VBA. All of these factors will continue to present VA with major challenges in timely and accurate processing of disability claims.

Included in our FY 2009 appropriations was additional funding to create an inspections unit to perform systematic reviews of VBA's Regional Offices (VARO). This Division will conduct inspections to evaluate how well VAROs are accomplishing their mission of providing accurate and timely benefits and services to veterans and their dependents. The goal of the inspection program is to complete at least 12 inspections each fiscal year, allowing coverage of all 57 VAROs within a 5-year period. We plan to conduct our first inspection by the end of this month.

In FY 2008 and continuing in FY 2009, we have increased our presence in and oversight of VAROs through our national audits and reviews. OIG teams conducted evaluations onsite at 16 VAROs during FY 2008. The focus of much of our work is to help identify opportunities to improve the accuracy and timeliness of VBA's claims processing. For example, we recently issued a review of claim-date accuracy, *Audit of VA Regional Office Compensation and Pension Benefit Claim Receipt Dates*. We are also finalizing several audits related to VBA claim-related mail and mailroom processing, the "Site Visit" program that reviews Compensation and Pension functions, and a special review of management controls to prevent fraudulent payments for retroactive benefits of \$25,000 and above. The last three reports should be issued within the next month and will be provided to the Subcommittee.

This week we expect to issue a final report on the Systematic Technical Accuracy Review (STAR) program which measures the accuracy of claim processing decisions made in all regional offices. Our results indicated the STAR process did not effectively identify and report errors in compensation claim rating decisions and overstated the compensation rating claim accuracy. Additionally, VBA did not fully implement rating consistency review plans.

We are currently evaluating a sizable number of claims that have been pending more than 365 days to determine how VBA can improve its timeliness in processing

these claims. We are also initiating an audit to evaluate the effectiveness of VBA's Control of Veterans Record System, which tracks the location of claims folders within VBA offices. Because a lost or misplaced folder can lead to unnecessary delays in claims processing, we believe this audit will provide helpful recommendations to improve services to veterans.

With regard to VBA staffing, in September 2008, the OIG issued a report, *Audit of the Impact of the Veterans Benefits Administration's Special Hiring Initiative*, on VBA's hiring initiative to reduce the claims backlog. We are planning to begin another review to examine the effectiveness of VBA's efforts integrating new staff into their workforce.

Information Technology Issues

VA faces significant challenges in meeting the requirements of the Federal Information Security Management Act (FISMA). In our FY 2008 FISMA audit, we reported that VA had made no progress toward eliminating the material weakness in information technology (IT) security controls and little progress toward remediating the major deficiencies in IT security. VA has identified over 17,000 system security risks and developed corresponding Plans of Action & Milestones that need to be remediated to improve its overall information security posture. Consequently, our audit results support that a material weakness still exists related to the implementation of VA's agency-wide information security program. Legacy IT infrastructure and longstanding control weaknesses continue to place financial information and veterans' medical and benefits information at risk of unauthorized use and disclosure. OI&T has acknowledged that much work remains, especially in the areas of data security and privacy and infrastructure improvements.

Although the consolidation of IT functions and activities under the CIO has addressed some security issues, VA was not in full compliance with the requirements of FISMA in FY 2008. While progress has been made implementing components of the agency-wide information security program, we continue to identify significant deficiencies related to access controls, configuration management controls, change management controls, service continuity practices designed to protect major applications, and general support systems from unauthorized access, alteration, or destruction.

VA did define policies and procedures supporting its agency-wide information security program with the issuance of various information security directives and handbooks. Additionally, VA met several major milestones during the implementation of its information security program during this period. Specifically, VA has certified and accredited over 600 of its major applications and general support systems, initiated privacy impact assessments of its major applications and general support systems to identify and reduce unnecessary holdings of personally identifiable information, and implemented some technological solutions, such as secure remote access, application filtering, and portable storage device encryption to improve the security control protections over its mission critical systems and data.

We are currently performing another audit to evaluate whether VA is managing its information technology capital investments effectively and efficiently and to determine why VA was late in submitting Exhibit 300s (an agency's funding justifications for IT capital investments) to the Office of Management and Budget (OMB) for budget year 2010. Without a defined and disciplined process for managing IT investments, VA will continue to lack reasonable assurance that annual funding decisions for IT capital investments make the best use of VA's available IT resources. Our primary focus is to identify whether VA had implemented the corrective actions needed to prevent delinquent Exhibit 300 submissions in the future.

IT capital investments can provide solutions that significantly enhance the delivery of veteran health services and benefits. On the other hand, if not properly planned and managed, they can become costly, risky, and unproductive. The risks inherent in VA's current capital investment control environment and VA's current inability to identify IT capital investment needs by the established deadlines make it vital for VA to take immediate actions to strengthen its oversight to ensure the overall success of the IT capital investment program.

Procurement

We continue to identify deficiencies in VA's procurement process, including the solicitation, award, and administration of its contracts. In the past year, we have issued over 10 reports illustrating these deficiencies and have provided information on individual contracting actions to the Deputy Assistant Secretary for Acquisition, Logistics, and Construction. These deficiencies are identified during pre-award and post-award reviews of Federal Supply Schedule (FSS) contracts. Although VA's Office of Acquisition, Logistics, and Construction has made an effort to identify and correct problems, and institute policies to improve VA's acquisition program, the decentralization of VA's acquisition program makes this difficult to accomplish. VA does not have a system that can accurately report what was purchased, when it was purchased, how it was purchased, from whom it was purchased, and at what price it was purchased.

Our report, *Review of Enterprise-Wide PC Lease Awarded to Dell Marketing, L.P.*, on VA's contract with Dell to standardize personal computers, as well as installation and other services, showed that the solicitation and award processes were technically compliant with Federal Acquisition Regulations. However, the review also found that the contract was not necessary or in the best interest of VA because the approach limited competition, did not fully consider the needs of VA customers, and would not achieve one of the stated goals of VA-wide standardization. In addition, we found that the decision to lease the personal computers was based on a faulty pricing analysis that incorrectly showed that leasing was more cost effective than purchasing.

Another report involving gastroenterology services for the VA Southern Nevada Healthcare System in Las Vegas, Nevada, revealed that a contract was inappropriately

entered into by the Chief of Medicine, as opposed to a warranted contracting officer as required by law.

With regard to VA's difficulties administering contracts, we issued three reports that illustrate VA's challenges in monitoring performance. Our September 2008 report, *Audit of Veterans Health Administration Noncompetitive Clinical Sharing Agreements*, showed that VA lacks reasonable assurance that it received the services it paid for because of ineffective controls to monitor performance. Strengthening controls over performance monitoring of these sharing agreements could save VHA about \$9.5 million annually or \$47.4 million over 5 years. In a July 2008 report, *Healthcare Inspection - Alleged Research Funding Irregularities at the Central Texas Veterans Health Care System Temple, Texas*, we found that VA failed to properly administer a contract for the use of a magnetic imaging scanner. In a March 2008 report, *Audit of QTC Medical Services, Inc.'s Settlement Offer for Overcharges under Contract V101(93)P-2099*, we found that VA was overcharged \$6 million by QTC Medical, Inc., because QTC was not following the terms of the contract and VA had not established appropriate controls to monitor charges.

We plan to issue a report later this month on the implementation and effectiveness of e-CMS, which is VA's electronic contracting management system. e-CMS was designed to standardize the procurement process and provide visibility regarding VA procurements but our audit found that the system was not being used by VHA as directed.

A sample of our ongoing work includes a review of VA's interagency agreement with the Navy Space and Warfare Systems Command for IT services, an audit of disability examinations conducted by VA and those conducted by contractors, and a report summarizing issues identified in pre-award reviews of non-competitive health care resource contracts and compliance with VA policy.

In March 2008, the General Service Administration convened a Multiple Award Schedule Advisory Panel to review the structure, use, and pricing for FSS contracts. VA awards and administers FSS contracts valued at approximately \$7.5 billion annually, about 60 percent of which represent pharmaceuticals, medical/surgical supplies, and medical equipment. In August 2008, at the invitation of the panel, we made a presentation demonstrating the significance of key contract clauses, such as the price reduction clause, which ensures fair and reasonable prices throughout the term of the contract. Industry panel members have recommended that GSA remove this clause from the contracts. We have concerns that such actions would result in the Government paying significantly higher prices than similar commercial customers.

VA's Office of Acquisition, Logistics & Construction has implemented some and proposed other additional policies to improve and provide better oversight of the VA acquisition program. These include the establishment of the Acquisition Academy in Frederick, Maryland, to improve the quality and efficiency of training initiatives and development for the acquisition workforce; the utilization of contract review boards to

improve the oversight of large dollar procurements prior to award; increased oversight of field procurement activities by conducting onsite reviews; and the training of Regional Counsel attorneys to provide advice and guidance to local contracting entities.

The decentralization of VA's acquisition functions often results in inconsistent application of these policies and initiatives as evidenced by our findings relating to the implementation of e-CMS. In 2008, VA employed the services of a contractor to review and make recommendations regarding VA's acquisition structure. Although the contractor submitted a detailed report that delineated several reorganization options to improve VA's procurement activities, none have been implemented.

American Recovery and Reinvestment Act Funds

VA received \$1.4 billion under the American Recovery and Reinvestment Act of 2009 for non-recurring maintenance across VHA facilities; repairs and other projects in the National Cemetery Administration (NCA); hiring of VBA employees and VBA IT systems. As a proactive step, we plan to assess risk, internal controls, and planning processes in areas that receive stimulus funds, for the purpose of identifying the potential for improper payments, and to assess VA's ability to execute its plan in a cost effective and timely manner. We also plan to audit VHA and NCA contract and grant programs to identify improper payments, provide accountability for expended funds, and evaluate the success of specific projects; and evaluate other Recovery Act projects.

Conclusion

The OIG will continue to work with VA in addressing these challenges in meeting the needs of veterans for quality and timely health care and benefits. We appreciate the strong support and interest of the Subcommittee in our independent oversight work, and we will continue to focus our efforts in priority areas such as mental health, medical research, and implementation of the new GI Bill.

Thank you again for the opportunity to appear before the Subcommittee. We would be pleased to answer your questions.

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Military
Construction, Veterans Affairs, and
Related Agencies, Committee on
Appropriations, House of Representatives

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VA HEALTH CARE

**Challenges in Budget
Formulation and Execution**

Statement of Randall B. Williamson
Director, Health Care

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March 12, 2009

VA HEALTH CARE

Challenges in Budget Formulation and Execution



Highlights of GAO-09-459T, a testimony before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Veterans Affairs (VA) estimates it will provide health care to 5.8 million patients with appropriations of \$41.2 billion in fiscal year 2009. The President has proposed an increase in VA's health care budget for fiscal year 2010 to expand services for veterans. VA's patient population includes aging veterans who need services such as long-term care—including nursing home and noninstitutional care provided in veterans' homes or community—and veterans returning from Afghanistan and Iraq. Each year, VA formulates its medical care budget, which involves developing estimates of spending for VA's health care services. VA is also responsible for budget execution—spending appropriations and monitoring their use.

GAO was asked to discuss challenges related to VA's health care services budget formulation and execution. This statement focuses on (1) challenges VA faces in formulating its health care budget, and (2) challenges VA faces in executing its health care budget.

This testimony is based on three GAO reports: *VA Health Care: Budget Formulation and Reporting on Budget Execution Need Improvement* (GAO-06-958) (Sept. 2006); *VA Health Care: Spending for Mental Health Strategic Plan Initiatives Was Substantially Less Than Planned* (GAO-07-66) (Nov. 2006); and *VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement* (GAO-09-145) (Jan. 2009).

View GAO-09-459T or key components. For more information, contact Randall B. Williamson at (202) 512-7114 or williamsanr@gao.gov.

What GAO Found

VA faces challenges formulating its health care budget each fiscal year. As noted in GAO's 2006 report on VA's overall health care budget, these include making realistic assumptions about the budgetary impact of policy changes, making accurate calculations, and obtaining sufficient data for useful budget projections. For example, GAO found that VA made unrealistic assumptions about how quickly it would realize savings from proposed changes in nursing home policy. While VA took steps to respond to GAO's 2006 recommendations about VA budgeting, recent GAO work found similar issues. In 2009, GAO reported on VA's long-term care budget—namely, on challenges in projecting the amount and cost of VA long-term care. GAO found that in its fiscal year 2009 budget justification, VA used assumptions about the cost of nursing home and noninstitutional care that appeared unrealistically low given recent VA experience and other indicators. VA said it would complete an action plan responding to GAO's 2009 recommendations by the end of March 2009.

VA also faces challenges executing its health care budget. These include spending and tracking funds for specific initiatives and providing timely and useful information to Congress on budget execution progress and problems. GAO's 2006 report on VA funding for new mental health initiatives found VA had difficulty spending and tracking funds for initiatives in VA's mental health strategic plan to expand services to address service gaps. The initiatives were to enhance VA's larger mental health program and were to be funded by \$100 million in fiscal year 2005. Some VA medical centers did not spend all the funds they had received for the initiatives by the end of the fiscal year, partly due to the time it took to hire staff and renovate space for mental health programs. Also, VA did not track how funding allocated for the initiatives was spent. GAO's 2006 report on VA's overall health care budget found that VA monitored its health care budget execution and identified execution problems for fiscal years 2005 and 2006, but did not report the problems to Congress in a timely way. GAO also found that VA's reporting on budget execution to Congress could have been more informative. VA has not fully implemented one of GAO's two recommendations for improving VA budget execution.

Sound budget formulation, monitoring of budget execution, and the reporting of informative and timely information to Congress for oversight continue to be essential as VA addresses budget challenges GAO has identified. Budgeting involves imperfect information and uncertainty, but VA has the opportunity to improve the credibility of its budgeting by continuing to address identified problems. This is particularly true for long-term care, where for several years GAO work has highlighted concerns about workload assumptions and cost projections. By improving its budget process, VA can increase the credibility and usefulness of information it provides to Congress on its budget plans and progress in spending funds. GAO's prior work on new mental health initiatives may provide a cautionary lesson about expanding VA programs—namely, that funding availability does not always mean that new initiatives will be fully implemented in a given fiscal year or that funds will be adequately tracked.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today as you discuss the Department of Veterans Affairs' (VA) health care programs and consider the President's budget request for fiscal year 2010. These programs form one of the largest health care delivery systems in the nation and provide, for eligible veterans, a range of services, including preventive and primary health care, outpatient and inpatient services, and prescription drugs. For example, VA provides a variety of outpatient and inpatient mental health services for veterans with conditions such as depression, post-traumatic stress disorder, and substance abuse disorders. VA also provides a range of long-term care services—including nursing home care and noninstitutional care provided in veterans' homes or in the community—for veterans needing assistance due to chronic illness or physical or mental disability. VA estimated that in fiscal year 2009, its health care programs would serve 5.8 million patients with appropriations of \$41.2 billion. The President recently proposed an increase in VA's health care budget for fiscal year 2010 to expand health care services for veterans.

VA formulates its health care budget by developing annual estimates of its likely spending for all of its health care programs and services, and includes these estimates in its annual congressional budget justification to the appropriations subcommittees. VA's formulation of its budget is by its very nature challenging, as it is based on assumptions and imperfect information on the health care services VA expects to provide. For example, VA is responsible for anticipating the service needs of two very different populations—an aging veteran population and a growing number of veterans returning from the military operations in Afghanistan and Iraq, known as Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), respectively—calculating the future costs associated with providing VA services, and using these factors to develop the department's budget request submitted to the Office of Management and Budget (OMB).¹ VA uses an actuarial model to develop the annual budget estimates for most, but not all, of its health care programs, including inpatient acute surgery, outpatient care, and prescription drugs. This model estimates future VA health care costs by using projections of veterans' demand for VA's health care services as well as cost estimates

¹VA begins to formulate its own budget request approximately 18 months before the start of the fiscal year to which the request relates and about 10 months before transmission of the President's budget request, which usually occurs in early February.

associated with particular health care services.² In fiscal year 2006, VA used the actuarial model to estimate about 86 percent of its projected health care spending for that year. VA uses other approaches to develop its spending estimates for its remaining health care services, such as long-term care. Long-term care accounted for about 10 percent of VA's estimated health care spending for fiscal year 2006.

VA is also responsible for executing its budget—a responsibility that includes spending appropriated funds efficiently and effectively and monitoring the use of funds throughout the fiscal year to ensure that those funds are used to provide health care services as authorized. VA typically receives appropriations that support all its health care services rather than appropriations specifically for certain types of services. As a result, VA has considerable discretion in how it allocates its resources among its various health care services. VA allocates most of the appropriations for its health care services to VA's 21 health care networks, which in turn allocate funds to the medical centers within their networks.³

In 2006 and 2009, we issued three reports that examined some of the challenges VA faces in budget formulation and execution; these reports pertained to VA's overall health care budget as well as portions of its budget that pertain to long-term care and to specific mental health initiatives.⁴ You asked us to discuss budget challenges VA faces related to its health care programs, and today my remarks are based on our issued work on this subject.⁵ Specifically, I will discuss (1) challenges VA faces

²The actuarial model reflects factors such as the age, sex, and morbidity of the veteran population as well as the extent to which veterans are expected to seek care from VA rather than health care providers reimbursed by other payers such as Medicare and Medicaid.

³VA delegates decision making regarding health care financing and service delivery to its health care networks, including most budget and management responsibilities concerning medical center operations.

⁴See GAO, *VA Health Care: Budget Formulation and Reporting on Budget Execution Need Improvement*, GAO-06-358 (Washington, D.C.: Sept. 20, 2006); GAO, *VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement*, GAO-08-145 (Washington, D.C.: Jan. 23, 2008); and GAO, *VA Health Care: Spending for Mental Health Strategic Plan Initiatives Was Substantially Less Than Planned*, GAO-07-56 (Washington, D.C.: Nov. 21, 2006).

⁵We currently have work underway on other VA health care related issues, including aspects of VA's mental health programs.

formulating its health care budget, and (2) challenges VA faces executing its health care budget.

For our 2006 report on VA's overall health care budget for fiscal years 2005 and 2006, we analyzed and reviewed budget documents, including VA's budget justifications for health care programs for fiscal years 2005 and 2006, and interviewed VA officials responsible for VA health care budget issues and for developing budget projections. In addition, from August to September 2008, we reviewed VA documents to determine whether VA had implemented the recommendations we made in our 2006 report. For our other 2006 report, on VA's budget for specific mental health initiatives, we reviewed documents related to the funding of these initiatives. We interviewed VA headquarters officials responsible for VA's mental health services and budget functions. We also conducted site visits and phone interviews with officials from selected VA health care networks and VA medical centers. In September 2008, we reviewed VA documents to determine whether VA had implemented the recommendations we made in that report. For our 2009 report on VA's long-term care budget, we reviewed VA's fiscal year 2009 congressional budget justification and related documents. We also interviewed VA officials. We conducted our work for these performance audits in accordance with generally accepted government auditing standards.⁶ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

VA Faces Challenges in Formulating Its Health Care Budget

Our prior work highlights some of the challenges VA faces in formulating its budget. As we reported in 2006, these challenges include making realistic assumptions about the budgetary impact of some of its policies, making accurate calculations, and obtaining sufficient data for useful budget projections. In 2009, we again reported on VA's budget formulation challenges—specifically, VA's challenges projecting the amount of long-term care it will provide and estimating the costs of this care.

⁶We conducted our work on VA's overall health care budget from October 2005 through September 2006, our work on VA's mental health initiative funding from January through November 2006, and our work on VA's long-term care budget from November 2007 through January 2009.

Challenges Making Realistic Assumptions Related to Proposed Policy Changes, Making Accurate Calculations, and Obtaining Sufficient Data

Our 2006 report on VA's overall health care budget illustrated that in formulating its budget, VA faces challenges making realistic assumptions about the budgetary impact of its proposed policies. We reported that the President's requests for additional funding for VA's medical programs for fiscal years 2005 and 2006⁷ were in part due to unrealistic assumptions VA made about how quickly the department would realize savings from proposed changes in its nursing home policy.⁸ Specifically, we found that:

- VA's fiscal year 2005 budget justification included a proposal to reduce the amount of care VA provides—known as workload—in VA-operated nursing homes, one of three settings which provide VA nursing home services.⁹ VA assumed that savings from this reduction in workload would be realized on the first day of fiscal year 2005. VA officials later told us that this assumption had been unrealistic because of the accelerated time frame of the planned policy change. The change would have required transferring or discharging veterans from the nursing homes in an extremely compressed time frame; moreover, achievement of substantial savings from this policy would have also likely required reducing the number of VA employees.
- VA's fiscal year 2006 budget justification included a policy proposal to reduce patient workload and costs by prioritizing the veterans who would receive a certain type of VA nursing home care.¹⁰ VA assumed that savings resulting from the policy change could be realized before the start of the 2006 fiscal year; however, VA officials said they later realized that time frame was unrealistic.

⁷In June 2005, the President requested a \$975 million supplemental appropriation for fiscal year 2005, and in July 2005, the President submitted a \$1.977 billion budget amendment for the fiscal year 2006 appropriation.

⁸See GAO-06-958.

⁹VA also provides nursing home services through community nursing homes and state veterans' nursing homes.

¹⁰This policy proposal was related to long-stay nursing home care provided in all three of VA's nursing home settings. Long-stay care includes nursing home care needed by veterans who cannot be cared for at home because of severe, chronic physical or mental impairments such as the inability to independently eat or the need for supervision because of dementia. Under the proposed policy, many veterans receiving VA nursing home care would no longer have qualified for long-stay care.

In our 2006 report, we recommended that VA improve its budget formulation processes by explaining in its budget justifications the relationship between the implementation of proposed policy changes and the expected timing of cost savings to be achieved. VA agreed with this recommendation and acted on this recommendation in VA's fiscal year 2009 budget justification.

Our 2006 report also illustrated that VA faces challenges making accurate calculations during budget formulation. As we reported, VA made computation errors when estimating the effect of its proposed fiscal year 2006 nursing home policy, and this contributed to requests for supplemental funding that year. We found that VA underestimated workload and the costs of providing care in all three of its nursing home settings. VA officials said that the errors resulted from calculations being made in haste during the OMB appeal process,¹¹ and that a more standardized approach to long-term care calculations could provide stronger quality assurance to help prevent future mistakes. In 2006, we recommended that VA strengthen its internal controls to better ensure the accuracy of calculations it uses in preparing budget requests. VA agreed with and implemented this recommendation and had the savings estimates from proposed policy changes in its fiscal year 2009 budget justification validated by an outside actuarial firm.

In formulating its budget, VA also faces the challenge of obtaining sufficient data for useful workload projections, as illustrated in our 2006 report. We reported that the President's requests for additional funding for VA health care programs in fiscal years 2005 and 2006 were, in part, due to the lack of sufficient data on how many OEF/OIF veterans VA would care for in those fiscal years. In its fiscal year 2005 budget justification, VA projected that it would need to provide care to about 23,500 returning OEF/OIF veterans. VA subsequently revised its projections to indicate that VA would serve nearly 100,000 OEF/OIF veterans. According to VA officials, the original projections for providing care to OEF/OIF veterans had been understated for fiscal year 2005 in part because the projections were based on insufficient data on veterans returning from Iraq and Afghanistan. Insufficient data on returning OEF/OIF veterans continued to be a challenge in formulating VA's fiscal year 2006 budget justification. VA

¹¹In late November, OMB "passes back" budget decisions to the agencies on the President's budget requests for their programs, a process known as "passback." These decisions may involve, among other things, funding levels, program policy changes, and personnel ceilings. The agencies may appeal decisions with which they disagree.

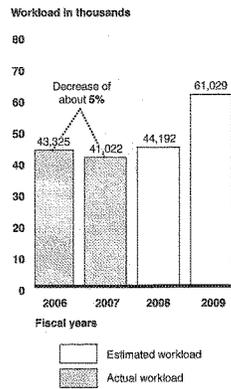
officials told us they did not have sufficient data for that fiscal year due to challenges obtaining data needed to identify these veterans from the Department of Defense (DOD). After the President submitted the fiscal year 2006 budget request, VA determined that it expected to provide care to approximately 87,000 more veterans than initially projected for fiscal year 2006. According to VA officials, the agency subsequently began receiving the DOD data it requires to identify OEF/OIF veterans on a monthly basis rather than the quarterly reports it used to receive.

Challenges Projecting the Amount and Cost of Long-Term Care Services

Our recent work on VA's budget showed how VA continued to face challenges formulating its budget for long-term care services.¹² In January 2009, we reported on VA's challenges developing realistic assumptions to project the amount of noninstitutional long-term care services it would provide to veterans. We found that, in its fiscal year 2009 budget justification, VA included a spending estimate for noninstitutional long-term care services that appeared unreliable, in part because this spending estimate was based on a workload projection that appeared to be unrealistically high, given recent VA experience providing these services. Specifically, in an effort to help meet veterans' demand for noninstitutional services, VA projected that it would increase its noninstitutional workload 38 percent from fiscal year 2008 to fiscal year 2009. VA included this projection in the budget despite the fact that from fiscal year 2006 to fiscal year 2007—the most recent year for which workload data are available—VA's actual workload for these services decreased about 5 percent, rather than increasing as projected. (See fig. 1.) In its fiscal year 2009 budget justification, VA did not provide information regarding its plans for how it will increase noninstitutional workload 38 percent from fiscal year 2008 to fiscal year 2009.

¹²See GAO-09-145.

Figure 1: VA Actual and Estimated Noninstitutional Workload, Fiscal Year 2006 through Fiscal Year 2009



Source: GAO analysis of VA data.

Note: Workload is measured in average daily census. Average daily census reflects the average number of veterans in VA noninstitutional long-term care services on any given day during the course of a year.

To strengthen the credibility of the estimates of long-term care spending in VA's budgeting proposals and increase transparency for Congress and stakeholders, we recommended that in future budget justifications VA use workload projections for estimating noninstitutional long-term care spending that are consistent with VA's recent experience or report the rationale for using projections that are not. In commenting on a draft of our report, VA did not indicate whether it agreed with this recommendation, but stated it would complete an action plan that responds to the recommendation by the end of March 2009.

In addition to having difficulty developing reliable projections on the amount of long-term care services it will provide, VA also faces challenges developing realistic assumptions about the cost of providing these services when formulating its budget. In January 2009, we reported that VA may have underestimated its nursing home spending for fiscal year 2009 because it used a cost assumption that appeared unrealistically low, given

both recent VA experience and economic forecasts of increases in health care costs. To formulate its nursing home spending estimate, VA assumed that the cost of providing a day of nursing home care would increase 2.5 percent from fiscal year 2008 to fiscal year 2009. However, from fiscal year 2006 to fiscal year 2007—the most recent year for which actual cost data are available—the cost to provide this care increased approximately 5.5 percent. Similarly, for fiscal year 2007 to fiscal year 2008, VA estimated that its nursing home costs would increase approximately 11 percent. In addition to its recent experience, VA's 2.5 percent cost increase is also less than the rate provided in OMB guidance to VA to help with its budget estimates—which forecasted a rate of inflation for medical services of 3.8 percent for the same time period.

In our January 2009 report, we also found that VA's estimate of the amount it would spend for noninstitutional long-term care services in fiscal year 2009 appeared to be unreliable—in part because VA based this estimate on a cost assumption that appeared unrealistically low, when compared to VA's recent experience and to economic forecasts of increases in health care costs. Specifically, VA assumed that the cost of providing a day of noninstitutional long-term care would not increase from its fiscal year 2008 level. VA used this assumption to formulate its noninstitutional long-term care spending estimate despite the fact that from fiscal year 2006 to fiscal year 2007—the most recent year for which actual cost data are available—the cost of providing these services increased 19 percent. VA's cost assumption is also inconsistent with the OMB guidance provided to VA. In its fiscal year 2009 budget justification, VA did not provide information regarding its nursing home or noninstitutional cost assumptions. However, VA officials told us that they made these assumptions in order to be conservative in VA's fiscal year 2009 budget estimates.

To strengthen the credibility of the estimates of long-term care spending in VA's budgeting proposals and increase transparency for Congress and stakeholders, we recommended that VA, in future budget justifications, use cost assumptions for estimating both nursing home and noninstitutional long-term care spending that are consistent with VA's recent experience or report the rationale for using cost assumptions that are not. In commenting on a draft of our report, VA did not indicate whether it agreed with these recommendations, but stated it would complete an action plan that responds to the recommendations, again by the end of March 2009.

VA Faces Challenges in Executing Its Budget for Health Care Services

Our prior work highlights some of the challenges VA faces in executing its health care budget. These challenges include spending and tracking funds designated by VA for specific health care initiatives as well as providing timely and useful information to Congress regarding budget execution progress and problems.

Challenges Spending and Tracking Funds Designated for VA Health Care Initiatives

After formulating its estimates of likely spending on its health care services, VA is also responsible for executing its budget efficiently and effectively. However, our 2006 report on VA's funding for specific mental health initiatives¹³ showed that in executing its budget, VA faces challenges spending and tracking the use of funds designated by VA for specific VA health care initiatives, in particular funds that VA intends to use to expand services to improve access to care for its veteran population. For example, in 2006, we reported that in fiscal years 2005 and 2006, VA had difficulty spending and tracking funds it had designated for new initiatives included in VA's mental health strategic plan, which were to expand mental health services in order to address gaps previously identified by VA. These initiatives—which were to be funded by \$100 million in fiscal year 2005 and \$200 million in fiscal year 2006—were intended to enhance VA's larger mental health program.¹⁴ In both fiscal years, VA allocated funds to VA medical centers and offices that were to be used for mental health strategic plan initiatives during those fiscal years, as part of VA's efforts to expand these services. As we reported in 2006, VA faced challenges in both spending the funds and tracking their use in fiscal years 2005 and 2006:

- **Challenges in spending funds**—We found that, by the end of fiscal years 2005 and 2006, some VA medical centers had not spent all of the funds they had received for mental health strategic plan initiatives for those fiscal years, according to VA medical center officials and other available information. In fiscal year 2005, this was due to factors such as the length of time it took the medical centers to hire new staff and locate or renovate space for new mental health programs.

¹³See GAO-07-06.

¹⁴These funds represented a small portion of the overall funds available to support VA mental health services in those two fiscal years. For example, VA expected to spend more than \$2 billion on mental health services in fiscal year 2006.

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- **Challenges in tracking the use of funds**—In both fiscal years, VA did not have an adequate method in place for tracking spending for its new mental health strategic plan initiatives. VA did not track how funds allocated for plan initiatives were spent, and as a result, VA could not determine to what extent the funds for plan initiatives were spent on those initiatives.

To provide information for improved management and oversight, we recommended that VA track the extent to which the funds allocated for mental health strategic plan initiatives are spent for those initiatives. Since we reported on this issue in November 2006, VA has implemented a tracking system to monitor spending on mental health strategic plan initiatives and help determine the extent to which funds allocated for mental health strategic plan initiatives are spent for those initiatives.

Although VA took steps to address its challenges tracking its spending on mental health initiatives, our more recent work in 2009 shows how VA continues to face spending challenges when the department undertakes efforts to expand services for veterans. In January 2009 we reported that VA's fiscal year 2009 budget justification included plans to increase VA's spending on noninstitutional long-term care services, in order to partially close previously identified gaps in the provision of these services. VA assumed it would be able to increase its noninstitutional workload by 38 percent from fiscal year 2008 to fiscal year 2009. However, in our report we raised questions about VA's ability to achieve this increase in workload. As we noted in our report, VA officials stated that increasing noninstitutional workload is challenging. Similar to VA's prior mental health initiatives, many of VA's noninstitutional services are provided by VA personnel, and as a result, VA must take the time to hire and train new personnel before it has the capacity to serve an increased workload. These factors suggest that VA may have difficulty spending its resources as planned. In its budget justification, VA did not explain how it plans to achieve this increase in noninstitutional workload.

**Challenges Providing
Timely and Useful
Information to Congress
Regarding Budget
Execution Progress and
Problems**

As VA executes its budget, VA also faces the challenge of providing timely information to Congress about the agency's progress and any problems the agency encounters during this process. For example, in our 2006 report on VA's overall health care budget, we reported that although VA staff had closely monitored its budget execution and identified problems for fiscal years 2005 and 2006, VA did not report this information to Congress in a timely manner. For example, anticipating challenges in managing within its resources, VA had closely monitored the fiscal year 2005 budget as

early as October 2004. However, Congress did not learn of the budget challenges facing VA until April 2005.

In addition, VA faces a challenge in providing information to Congress that would be useful for congressional oversight of VA's budget. For example, in 2006, we also found that VA's reporting of its budget execution progress and problems to Congress could have been more informative. In the appropriations act for fiscal year 2006, Congress included a requirement for VA to submit quarterly reports regarding the status of the medical programs budget during that fiscal year.¹⁵ In addition, the conference report accompanying the appropriations act directed VA to include waiting list performance measures, among other things.¹⁶ We found that VA did not include in its quarterly reports certain types of information that would have been useful for congressional oversight. For example, in its reports to Congress, VA used a patient workload measure that counted patients only once no matter how many times they used VA services within the fiscal year. This measure did not capture the difference between patients predominantly using low-cost services such as primary care outpatient visits and those using high-cost services such as acute inpatient hospital care. In contrast, VA provided in its reports to OMB other workload measures that provided a more complete picture of whether new patients were receiving low- or high-cost services. Some of those measures provided to OMB included a measure of one type of inpatient care—nursing home workload—and the number of outpatient visits.

In addition, in one of its quarterly reports to Congress, VA reported access measures for existing VA patients—the percentage of primary care and percentage of specialty care appointments scheduled within 30 days of the desired date—where VA was exceeding its performance goals. However, VA did not provide one access measure identified in the conference report: the time required for new patients to get their first appointment. Although not the same measure, a similar measure VA produced for other purposes showed the number of new patients waiting for their first appointment to be scheduled. This measure showed that the number of new patients waiting for their first appointment to be scheduled almost doubled from April 2005 to March 2006, indicating a potential problem in the first quarter of fiscal year 2006.

¹⁵Pub. L. No. 109-114, § 222, 119 Stat. 2372, 2391 (2005).

¹⁶See H.R. Conf. Rep. No. 109-305, at 50 (2005).

We recommended that VA improve its reporting of budget execution progress to Congress by incorporating measures of patient workload to capture the costliness of care and a measure of waiting times. These measures might help alert Congress to potential problems VA may face in managing within its budget in future years. VA implemented part of this recommendation in the quarterly report it submitted to Congress in May 2008, in which VA reported two measures related to waiting times. Although the inclusion of these measures in VA's quarterly reports can help facilitate congressional oversight, VA could provide additional information to inform Congress about the costliness of VA care.

Concluding Observations

Sound budget formulation, monitoring of budget execution, and the reporting of informative and timely information to Congress for oversight continue to be essential as VA addresses budget challenges we have identified in recent years. While the budget process inevitably involves imperfect information and uncertainty about future events, VA has the opportunity to improve the credibility of its budgeting process by continuing to address problems that we have identified in recent years. Doing so can increase the credibility and usefulness of information that VA provides to Congress and affected stakeholders on its annual budget plans and the progress it makes in spending appropriated funds as planned. This is particularly the case for long-term care services, where budget workload assumptions and cost projections, as highlighted by our work for several years, raise questions regarding the credibility and usefulness of projected spending estimates. In addition, our prior report on new VA mental health initiatives to address identified gaps in services may provide a cautionary lesson regarding the expansion of new VA health care programs more generally. Namely, that the availability of funding for new health care initiatives does not in itself mean that these initiatives will be fully implemented within a given fiscal year—in part because new initiatives can bring challenges in hiring and training new staff—or that monitoring and tracking of such funding will be adequate to report the extent to which new initiatives are being implemented as planned.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions you or other members of the Subcommittee may have.

**Contact and
Acknowledgments**

For more information regarding this testimony, please contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. In addition, James C. Musselwhite, Assistant Director; Deirdre Brown; Robin Burke; and Krister Friday made key contributions to this testimony.

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**INFORMATION
TECHNOLOGY**

**Challenges Remain for
VA's Sharing of Electronic
Health Records with DOD**

Statement of Valerie C. Melvin, Director
Information Management and Human Capital Issues

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March 12, 2009

INFORMATION TECHNOLOGY

Challenges Remain for VA's Sharing of Electronic Health Records with DOD



Highlights of GAO-09-427T, a testimony before the Subcommittee on Military Construction, Veterans' Affairs, and Related Agencies; House Committee on Appropriations

Why GAO Did This Study

For over a decade, the Department of Veterans Affairs (VA) and the Department of Defense (DOD) have been engaged in efforts to improve their ability to share electronic health information. These efforts are vital for making patient information readily available to health care providers in both departments, reducing medical errors, and streamlining administrative functions. In addition, Congress has mandated that VA and DOD jointly develop and implement, by September 30, 2009, electronic health record systems or capabilities that are fully interoperable and compliant with applicable federal interoperability standards. (Interoperability is the ability of two or more systems or components to exchange information and to use the information that has been exchanged.)

The experience of VA and DOD in this area is also relevant to broader efforts to advance the nationwide use of health information technology (IT) in both the public and private health care sectors—a goal of both current and past administrations.

In this statement, GAO describes VA's and DOD's achievements and challenges in developing interoperable electronic health records, including brief comments on how these apply to the broader national health IT effort.

View GAO-09-427T or key components. For more information, contact Valerie Melvin at (202) 512-6304 or melvin@gao.gov.

What GAO Found

Through their long-running electronic health information sharing initiatives, VA and DOD have succeeded in increasing their ability to share and use health information. In particular, they are sharing certain clinical information (pharmacy and drug allergy data) in computable form—that is, in a format that a computer can understand and act on. This permits health information systems to provide alerts to clinicians on drug allergies, an important feature that was given priority by the departments' clinicians. The departments are now exchanging this type of data on over 27,000 shared patients—an increase of about 9,000 patients between June 2008 and January 2009. Sharing computable data is considered the highest level of interoperability, but other levels also have value. That is, data that are only viewable still provide important information to clinicians, and much of the departments' shared information is of this type. However, the departments have more to do: not all electronic health information is yet shared, and although VA's health data are all captured electronically, information is still captured on paper at many DOD medical facilities.

To share and use health data has required, among other things, that VA and DOD agree on standards. At the same time, they are participating in federal standards-related initiatives, which is important both because of the experience that the departments bring to the national effort, and also because their involvement helps ensure that their adopted standards are compliant with federal standards. However, these federal standards are still emerging, which could complicate the departments' efforts to maintain compliance.

Finally, the departments' efforts face management challenges. Specifically, the effectiveness of the departments' planning for meeting the deadline for fully interoperable electronic health records is reduced because their plans did not consistently identify results-oriented performance goals (i.e., goals that are objective, quantifiable, and measurable) or measures that would permit progress toward the goals to be assessed. Further constraining VA's and DOD's planning effectiveness is their inability to complete all necessary activities to set up the interagency program office, which is intended to be accountable for fulfilling the departments' interoperability plans. Defining goals and ensuring that these are met would be an important part of the task of the program office. Without a fully established office that can manage the effort to meet these goals, the departments increase the risk that they will not be able to share interoperable electronic health information to the extent and in the manner that most effectively serves military service members and veterans. Accordingly, GAO has recommended that the departments give priority to fully establishing the interagency program office and develop results-oriented performance goals and measures to be used as the basis for reporting interoperability progress. The departments concurred with these recommendations.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the efforts of the Department of Veterans Affairs (VA) to advance the use of health information technology to achieve interoperable electronic health records with the Department of Defense (DOD). VA has been working with DOD for over a decade to pursue initiatives to share data between the two departments' health information systems. To expedite the departments' efforts, the National Defense Authorization Act for Fiscal Year 2008¹ included provisions directing VA and DOD to jointly develop and implement, by September 30, 2009, fully interoperable electronic health record systems or capabilities that are compliant with applicable federal interoperability² standards. Such systems and capabilities are important for making patient information more readily available to health care providers in both departments, reducing medical errors, and streamlining administrative functions.

The experience of VA and DOD in this area is also relevant to broader efforts to advance the nationwide use of health information technology (IT) in both the public and private health care sectors — a goal of both current and past administrations. As you are aware, a nationwide effort is currently under way to promote the use of health IT to help improve the efficiency and quality of health care. In April 2004 an executive order called for widespread adoption of interoperable electronic health records by 2014,³ and it set up the Office of the National Coordinator for Health Information Technology within the Department of Health and Human Services (HHS) to help guide efforts leading to this goal. Most recently, in February, the American Recovery and Reinvestment Act of 2009

¹The National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, Section 1635 (Jan. 28, 2008).

²Interoperability is the ability of two or more systems or components to exchange information and to use the information that has been exchanged. Further discussion of levels of interoperability is provided later in this testimony.

³Executive Order 13335, *Incentives for the Use of Health Information Technology and Establishing the Position of the National Health Information Technology Coordinator* (Washington, D.C.: Apr. 27, 2004).

established the office in law, giving the National Coordinator responsibility for coordinating health IT policy and standards, among other things.⁴

Since 2001, we have been reviewing aspects of the various federal efforts undertaken to implement IT for health care and public health solutions. We have reported on VA's and DOD's electronic health information sharing initiatives, as well as on HHS's national health IT initiatives.⁵ Overall, our studies have recognized progress made by these departments, but we have also pointed out challenges and other areas of concern. At your request, in this statement, we will describe some of VA's and DOD's achievements and challenges in developing interoperable electronic health records, including brief comments on how these apply to the broader national health IT effort.

In developing this testimony, we relied largely on our previous work. We conducted our work in support of this testimony during February 2009 and March 2009, in Washington, D.C. All work on which this testimony is based was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴Health Information Technology for Economic and Clinical Health (HITECH) Act, sec. 13101, Title XIII of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, Feb. 17, 2009, adding sec. 3001 to the Public Health Service Act, 42 U.S.C. sec. 300jj-11.

⁵GAO, *Computer-Based Patient Records: Better Planning and Oversight by VA, DOD, and IHS Would Enhance Health Data Sharing*, GAO-01-459 (Washington, D.C.: Apr. 30, 2001); *Computer-Based Patient Records: VA and DOD Efforts to Exchange Health Data Could Benefit from Improved Planning and Project Management*, GAO-04-687 (Washington, D.C.: June 7, 2004); *Health Information Technology: HHS Is Continuing Efforts to Define its National Strategy*, GAO-06-1071T (Washington, D.C.: Sept. 1, 2006); *Information Technology: DOD and VA Have Increased Their Sharing of Health Information, but More Work Remains*, GAO-08-954 (Washington, D.C.: July 28, 2008); and *Electronic Health Records: DOD's and VA's Sharing of Information Could Benefit from Improved Management*, GAO-09-268 (Washington, D.C.: Jan. 28, 2009).

Background

The use of IT to electronically collect, store, retrieve, and transfer clinical, administrative, and financial health information has great potential to help improve the quality and efficiency of health care and is critical to improving the performance of the U.S. health care system. Historically, patient health information has been scattered across paper records kept by many different caregivers in many different locations, making it difficult for a clinician to access all of a patient's health information at the time of care. Lacking access to these critical data, a clinician may be challenged to make the most informed decisions on treatment options, potentially putting the patient's health at greater risk. The use of electronic health records can help provide this access and improve clinical decisions.⁶

Electronic health records are particularly crucial for optimizing the health care provided to military personnel and veterans. While in military status and later as veterans, many VA and DOD patients tend to be highly mobile and may have health records residing at multiple medical facilities within and outside the United States. Making such records electronic can help ensure that complete health care information is available for most military service members and veterans at the time and place of care, no matter where it originates.

VA Has Been Working with DOD to Exchange Health Information for Over a Decade

VA and DOD have been working to exchange patient health data electronically since 1998. As we have previously noted,⁷ their efforts have included both short-term initiatives to share information in existing (legacy) systems, as well as a long-term initiative to develop modernized health information systems—replacing their legacy systems—that would be able to share data and, ultimately, use interoperable electronic health records.

⁶An electronic health record is a collection of information about the health of an individual or the care provided, such as patient demographics, progress notes, problems, medications, vital signs, past medical history, immunizations, laboratory data, and radiology reports.

⁷GAO-08-964.

In their short-term initiatives to share information from existing systems, the departments began from different positions. VA has one integrated medical information system—the Veterans Health Information Systems and Technology Architecture (Vista)—which uses all electronic records and was developed in-house by VA clinicians and IT personnel.⁸ All VA medical facilities have access to all Vista information.

In contrast, DOD uses multiple legacy medical information systems, all of which are commercial software products that are customized for specific uses. For example, the Composite Health Care System (CHCS) which was formerly DOD's primary health information system, is still in use to capture pharmacy, radiology, and laboratory information.⁹ In addition, the Clinical Information System (CIS), a commercial health information system customized for DOD, is used to support inpatient treatment at military medical facilities.

The departments' short-term initiatives to share information in their existing systems have included several projects. Most notable are two information exchange projects:

- The Federal Health Information Exchange (FHIE), completed in 2004, enables DOD to electronically transfer service members' electronic health information to VA when the members leave active duty.
- The Bidirectional Health Information Exchange (BHIE), also established in 2004, was aimed at allowing clinicians at both departments viewable access to records on shared patients (that is, those who receive care from both departments—veterans may receive outpatient care from VA clinicians and be hospitalized at a

⁸Vista began operation in 1983 as the Decentralized Hospital Computer Program. In 1996, the name of the system was changed to the Veterans Health Information Systems and Technology Architecture.

⁹According to DOD, CHCS applications are now accessed through its modernized health information system, AHLTA.

military treatment facility).¹⁰ The interface also allows DOD sites to see previously inaccessible data at other DOD sites.

As part of the long-term initiative, each of the departments aims to develop a modernized system in the context of a common health information architecture that would allow a two-way exchange of health information. The common architecture is to include standardized, computable data; communications; security; and high-performance health information systems: DOD's AHLTA¹¹ and VA's HealtheVet. The departments' modernized systems are to store information (in standardized, computable form) in separate data repositories: DOD's Clinical Data Repository (CDR) and VA's Health Data Repository (HDR). For the two-way exchange of health information, in September 2006 the departments implemented an interface named CHDR,¹² to link the two repositories.

Beyond these initiatives, in January 2007, the departments announced their intention to jointly determine an approach for inpatient health records. On July 31, 2007, they awarded a contract for a feasibility study and exploration of alternatives. In December 2008, the contractor provided the departments with a recommended strategy for jointly developing an inpatient solution.

¹⁰To create BHIE, the departments drew on the architecture and framework of the information transfer system established by the FHIE project. Unlike FHIE, which provides a one-way transfer of information to VA when a service member separates from the military, the two-way interface allows clinicians in both departments to view, in real time, limited health data (in text form) from the departments' existing health information systems.

¹¹The department considers AHLTA the official name of the system. (It was formerly an abbreviation for Armed Forces Health Longitudinal Technology Application). Previously, AHLTA was known as CHCS II.

¹²The name CHDR, pronounced "cheddar," combines the names of the two repositories.

VA and DOD Have Increased Information Sharing, but Continue to Face Challenges in Developing and Implementing Interoperable Health Records

VA and DOD have increased their ability to share and use health information, sharing both computable and viewable data. This achievement has required years of effort by the two departments, involving, among other things, agreeing on standards and setting priorities for the kind of information to be shared and the appropriate level of interoperability to work toward.

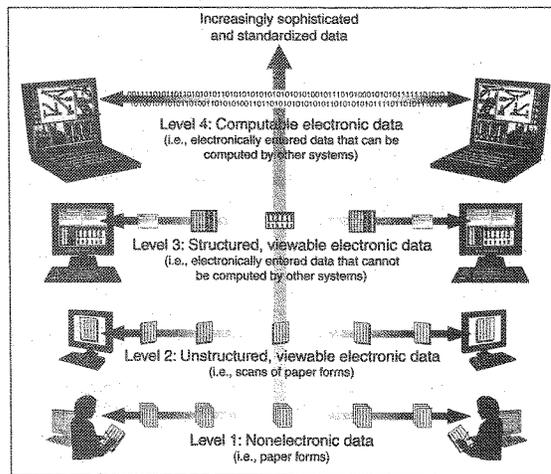
Interoperability—the ability to share data among health care providers—is key to sharing health care information electronically. Interoperability enables different information systems or components to exchange information and to use the information that has been exchanged. This capability is important because it allows patients' electronic health information to move with them from provider to provider, regardless of where the information originated. If electronic health records conform to interoperability standards, they can be created, managed, and consulted by authorized clinicians and staff across more than one health care organization, thus providing patients and their caregivers the necessary information required for optimal care. (Paper-based health records—if available—also provide necessary information, but unlike electronic health records, do not provide decision support capabilities, such as automatic alerts about a particular patient's health, or other advantages of automation.)

Interoperability can be achieved at different levels.¹³ At the highest level, electronic data are computable (that is, in a format that a computer can understand and act on to, for example, provide alerts to clinicians on drug allergies). At a lower level, electronic data are

¹³These levels were identified by the Center for Information Technology Leadership, which was chartered in 2002 as a research organization established to help guide the health care community in making more informed strategic IT investment decisions. According to VA and DOD, the different levels of interoperability have been accepted for use by the Office of the National Coordinator for Health Information Technology.

structured and viewable, but not computable. The value of data at this level is that they are structured so that data of interest to users are easier to find. At still a lower level, electronic data are unstructured and viewable, but not computable. With unstructured electronic data, a user would have to find needed or relevant information by searching uncategorized data. Beyond these, paper records can also be considered interoperable (at the lowest level) because they allow data to be shared, read, and interpreted by human beings. Figure 1 shows the distinction between the various levels of interoperability and examples of the types of data that can be shared at each level.

Figure 1: Levels of Data Interoperability



Source: GAO analysis based on data from the Center for Information Technology Leadership.

VA and DOD have adopted a classification framework like the one in the figure to define what level of interoperability they are aiming to

achieve in various information areas. For example, in their initial efforts to implement computable data, VA and DOD focused on outpatient pharmacy and drug allergy data because clinicians gave priority to the need for automated alerts to help medical personnel avoid administering inappropriate drugs to patients. As of January 31, 2009, the departments were exchanging computable outpatient pharmacy and drug allergy data through the CHDR interface on over 27,000 shared patients—an increase of about 9,000 patients since June 2008.

However, according to VA and DOD officials, not all data require the same level of interoperability, nor is interoperability at the highest level achievable in all cases. For example, unstructured, viewable data may be sufficient for such narrative information as clinical notes. According to the departments, much of the information being shared today is currently at the structured, viewable level. For example, through BHIE, the departments exchange surgical pathology reports, microbiology results, cytology reports, chemistry and hematology reports, laboratory orders, vital signs, and other data in structured, viewable form. Some of this information is from scanned documents that are viewable but unstructured. With this format, a clinician would have to find needed or relevant information by scanning uncategorized information. The value of viewable data is increased if the data are structured so that information is categorized and easier to find. Nonetheless, achieving even a minimal level of electronic interoperability is valuable for potentially making all relevant information available to clinicians.

However, the departments have more to do: not all electronic health information is yet shared. In addition, although VA's health data are all captured electronically, information is still captured on paper at many DOD medical facilities.

VA and DOD Have Adopted Standards to Allow Sharing and Are Taking Steps to Follow Evolving Federal Standards

Any level of interoperability depends on the use of agreed-upon standards to ensure that information can be shared and used. In the health IT field, standards may govern areas ranging from technical

issues, such as file types and interchange systems, to content issues, such as medical terminology.

- For example, *vocabulary standards* provide common definitions and codes for medical terms and determine how information will be documented for diagnoses and procedures. These standards are intended to lead to consistent descriptions of a patient's medical condition by all practitioners. Without such standards, the terms used to describe the same diagnoses and procedures may vary (the condition known as hepatitis, for example, may be described as a liver inflammation). The use of different terms to indicate the same condition or treatment complicates retrieval and reduces the reliability and consistency of data.
- Another example is *messaging standards*, which establish the order and sequence of data during transmission and provide for the uniform and predictable electronic exchange of data. For example, they might require the first segment to include the patient's name, hospital number, and birth date. A series of subsequent segments might transmit the results of a complete blood count, dictating one result (e.g., iron content) per segment. Messaging standards can be adopted to enable intelligible communication between organizations via the Internet or some other communications pathway. Without them, the interoperability of health IT systems may be limited, reducing the data that can be shared.

VA and DOD have agreed upon numerous common standards that allow them to share health data. These are listed in a jointly published common set of interoperability standards called the Target DOD/VA Health Standards Profile, updated annually. The profile includes federal standards (such as data standards established by the Food and Drug Administration and security standards established by the National Institute of Standards and Technology); industry standards (such as wireless communications standards established by the Institute of Electrical and Electronics Engineers and Web file sharing standards established by the American National Standards Institute); and international standards (such as the Systematized Nomenclature of Medicine Clinical Terms, or SNOMED CT, and security standards established by the International Organization for Standardization).

For the two kinds of data now being exchanged in computable form through CHDR (pharmacy and drug allergy data), VA and DOD adopted the National Library of Medicine data standards for medications and drug allergies, as well as the SNOMED CT codes for allergy reactions. This standardization was a prerequisite for exchanging computable medical information—an accomplishment that, according to the Department of Health and Human Services' National Coordinator for Health IT, has not been widely achieved.

Further, VA and DOD are continuing their historical involvement in efforts to agree upon standards for the electronic exchange of clinical health information by participating in ongoing initiatives led by the Office of the National Coordinator under the direction of HHS. These initiatives have included the designation of standards-setting organizations tasked to reach consensus on the definition and use of standards. For example, these organizations have been responsible for, among other things,

- developing *use cases*,¹⁴ which provide the context in which standards would be applicable;
- identifying competing standards for the use cases and *harmonizing* the standards;
- developing interoperability specifications that are needed for implementing the standards;¹⁵ and
- creating certification criteria to determine whether health IT systems meet standards accepted or recognized by the Secretary of HHS, and then certifying systems that meet those criteria.

¹⁴Use cases are descriptions of events that detail what a system (or systems) needs to do to achieve a specific mission or goal; they convey how individuals and organizations (actors) interact with the systems. For health IT, use cases strive to provide enough detail and context for follow-up activities to occur related to specific health care areas of high priority, such as standards harmonization, architecture specification, certification consideration, and detailed policy discussions to advance the national health IT agenda.

¹⁵An interoperability specification codifies detailed implementation guidance that includes references to the identified standards or parts of standards and explains how they should be applied to specific health care topic areas, called use cases.

The involvement of the two departments in these initiatives is important both because of the experience that the departments can offer the national effort, and also because their involvement helps ensure that the standards they adopt are consistent with the emerging federal standards. DOD and VA have made progress toward adopting health data interoperability standards that are newly recognized and accepted by the Secretary of HHS. The departments have identified these new standards, which relate to three HHS-recognized use cases,¹⁶ in their most recent Target Standards Profile.

Nonetheless, the need to be consistent with the emerging federal standards adds complexity to the task faced by the two departments of extending their standards efforts to additional types of health information. The National Coordinator recognized the importance of their participation and stated it would not be advisable for VA and DOD to move significantly ahead of the national standards initiative; if they did, the departments might have to change the way their systems share information by adjusting them to the national standards later, as the standards continue to evolve.

VA and DOD Plans Lack Results-Oriented Performance Goals and Measures, and Interagency Program Office Is Not Fully Set Up

Using interoperable health IT to help improve the efficiency and quality of health care is a complex goal that requires the involvement of multiple stakeholders in both departments, as well as numerous activities taking place over an expanse of time. In view of this complexity, it is important to develop comprehensive plans that cover the full scope of the activities needed to reach the goal of interoperable health capabilities or systems. To be effective, these plans should be grounded in results-oriented goals and performance measures that allow the results of the activities to be monitored and assessed, so that the departments can take corrective action if needed.

¹⁶ Specifically, the profile now includes the use cases for Electronic Health Records Laboratory Results Reporting, Biosurveillance, and Consumer Empowerment.

In the course of their health IT efforts, VA and DOD have faced considerable challenges in project planning and management. As far back as 2001 and 2002, we reported management weaknesses, such as inadequate accountability and poor planning and oversight, and recommended that the departments apply principles of sound project management.¹⁷ The departments' efforts to meet the recent requirements of the National Defense Authorization Act for Fiscal Year 2008 provide additional examples of such challenges, raising concerns regarding their ability to most effectively meet the September 2009 deadline for developing and implementing interoperable electronic health record systems or capabilities.

The departments have identified key documents as defining their planned efforts to meet this deadline: the November 2007 *VA/DOD Joint Executive Council Strategic Plan for Fiscal Years 2008–2010* (known as the VA/DOD Joint Strategic Plan) and the September 2008 *DOD/VA Information Interoperability Plan* (Version 1.0). These plans identify various objectives and activities that, according to the departments, are aimed at increasing health information sharing and achieving full interoperability. However, of the 45 objectives and activities identified in their plans, we previously reported that only 4 were documented with results-oriented (i.e., objective, quantifiable, and measurable) performance goals and measures that are characteristic of effective planning.¹⁸

- An example of an objective, quantifiable, and measurable performance goal is DOD's objective of increasing the percentage for inpatient discharge summaries that it shares with VA from 51 percent as of March 2009, to 70 percent by September 30, 2009.
- However, other goals in the plans are not measurable: For example, one objective is the development of a plan for interagency sharing of essential health images. Another objective is to review national health IT standards. In neither case are tangible deliverables

¹⁷GAO, *Veterans Affairs: Sustained Management Attention Is Key to Achieving Information Technology Results*, GAO-02-703 (Washington, D.C.: June 12, 2002) and GAO-01-459.

¹⁸GAO-09-268.

described that would permit the departments to determine progress in achieving these goals.

In view of the complexity and scale of the tasks required for the two departments to develop interoperable electronic health records, the lack of documented results-oriented performance goals and measures hinder their ability to measure and report their progress toward delivering new capabilities. Both departments agreed with our January 2009 recommendation that they develop results-oriented goals and associated performance measures to help them manage this effort.¹⁹ Until they develop these goals and measures, the departments will be challenged to effectively assess their progress.

In addition, we previously reported that the departments had not fully set up the interagency program office that was established in the National Defense Authorization Act for Fiscal Year 2008. According to department officials, this office will play a crucial role in coordinating the departments' efforts to accelerate their interoperability efforts. These officials stated that having a centralized office to take on this role will be a primary benefit. Further, defining results-oriented performance goals and ensuring that these are met would be an important part of the task of the program office. However, the effort to set up the program office was still in its early stages. The departments had taken steps to set up the program office, such as developing descriptions for key positions and beginning to hire personnel, but they had not completed all necessary activities to meet their December 2008 deadline for the office to be fully operational. Both departments agreed with our July 2008 recommendation that the departments give priority to fully establishing the interagency program office.²⁰ Since we last reported, the departments have continued their efforts to hire staff for the office with 18 of 30 positions filled as of March 5, 2009, but the positions of Director and Deputy Director are not yet filled with permanent hires.

¹⁹GAO-09-268.

²⁰GAO-08-954.

Until the departments complete key activities to set up the program office, it will not be positioned to be fully functional, or accountable for fulfilling the departments' interoperability plans. Coupled with the lack of results-oriented plans that establish program commitments in measurable terms, the absence of a fully operational interagency program office leaves VA and DOD without a clearly established approach for ensuring that their actions will achieve the desired purpose of the act.

In closing, Mr. Chairman, VA and DOD have made important progress in achieving electronic health records that are interoperable, but the departments continue to face challenges in managing the activities required to achieve this inherently complex goal. These include the need to continue to agree on standards for their own systems while ensuring that they maintain compliance with federal standards, which are still emerging as part of the effort to promote the nationwide adoption of health IT. In addition, the departments' efforts face managerial challenges in defining goals and measures and setting up the interagency program office. Until these challenges are addressed, the risk is increased that the departments will not achieve the ability to share interoperable electronic health information to the extent and in the manner that most effectively serves military service members and veterans.

This concludes my statement. I would be pleased to respond to any questions that you or other members of the subcommittee may have.

Contacts and Acknowledgements

If you have any questions on matters discussed in this testimony, please contact Valerie C. Melvin, Director, Information Management and Human Capital Issues, at (202) 512-6304 or melvinv@gao.gov. Other individuals who made key contributions to this testimony are Mark Bird, Assistant Director; Barbara Collier, Neil Doherty; Rebecca LaPaze; J. Michael Resser; Kelly Shaw; and Eric Trout.

Questions Submitted by Chairman Chet Edwards**New GI Bill**

- 1. Can you describe the role that the Navy Space and Warfare Systems (SPAWAR) Command has in the development of automation for the GI Bill? What, if any, are your concerns with the interagency agreement between SPAWARS and the Department?**

Response: In November 2007, VA signed an Interagency Agreement (IAA) with SPAWAR to provide "government employee and contractor technical support for analysis, planning, program review, and engineering services for Information Management/Information Technology (IM/IT) initiatives." Under the agreement, SPAWAR is essentially providing program and project management and other support to the Office of Enterprise Development in the Office of Information & Technology. The IAA is very general in nature in that it does not contain a statement of work or identify the prices to be charged. When we began our review, VA had issued 22 amendments to the IAA to purchase the services of Government and contractor personnel to support the program functions and projects identified in the respective amendments. Two of the amendments related to the implementation of the Post 9/11 GI Bill benefits. However, neither amendment nor the accompanying statements of work identify specific deliverables. We have learned that SPAWAR is to provide program management and oversight, develop and define a database for GI Bill benefits, and identify and extract data from VA legacy systems to establish the GI Bill database. This work is related to the short term solution. We understand that the long term solution is to be addressed in future amendments to the IAA.

It appears that the vast majority of the work under the amendments is being performed by contractors hired by SPAWAR. Because VA is not and has not been involved in the award or administration of these contracts, we needed to visit the SPAWAR facility to review the contract files and other documentation.

Our concerns with the agreement between SPAWAR and VA are: the lack of specifics in the IAA, the amendments, and the statements of work with regard to nature of the work to be performed, performance monitors, cost estimates, and identifiable deliverables; the lack of control over the work being performed and the costs; the lack of accountability; and the lack of controls in the administration of the IAA and the amendments.

Benefits Claims Processing

- 2. What do you see as the most important actions that the Department can take this year to improve the timeliness of claims processing?**

Response: VBA can improve claim-processing timeliness by more aggressively monitoring its claims workload and by training and efficiently integrating recently hired

VA Regional Office (VARO) staff into the claim establishment, development, rating, adjudication, and authorization process. VBA needs to provide more oversight to ensure the proper development of claims, especially for those employees with less than 2 years of experience. Additionally, VBA could focus on working the oldest claims and more recent claims simultaneously instead of always focusing on older claims. This balance would ensure that newer, less complicated claims could be completed in a timely manner.

Transition Assistance for OEF/OIF Veterans

- 3. The OIG's July 2008 report on transition assistance OEF/OIF veterans indicated that the Department did not meet its 30-day claims processing goal for 76 percent (3,776) of seriously disabled OEF/OIF veterans. What recommendations did the OIG make to address this problem and have you seen any improvement?**

Response: We recommended improved monitoring mechanisms. The Under Secretary for Benefits said that enhancements to VETSNET operations reports will provide regional offices with improved tracking over seriously disabled OEF/OIF claims. It is difficult to determine how much improvement VBA has made compared to our report because we reported on timeliness of claims from veterans leaving service in FY 2006 while VBA reports on all claims processed during a fiscal year. VBA reported that in FY 2007, it took an average of 111.2 days to process a claim from a seriously injured veteran versus 71.2 days in FY 2008. Further, VBA reported that through June 2008 more than 30 percent of claims from seriously injured veterans were processed in 30 days or less. These statistics represent an improvement of 6 percent from January 2008 as reported by VBA.

Questions Submitted by Ranking Member Zach Wamp

Community Based Out-Patient Clinics (CBOCs), Vet Centers, and Contracted Care

1. **Reviewing CBOCs similar to the way you review VA Medical Centers is a good thing. Why has it taken the last 6 years to conclude that transparency was lacking and that VA did not have basic information about CBOCs? What specifically are you going to be looking to ensure the effective operation of CBOCs?**

Response: The OIG believes that CBOCs are an important element of VA's health care delivery plan. CBOCs have been the subject of intermittent review, however, because of the large number and geographical dispersion of these clinics, regular comprehensive reviews were not practical until the FY 2009 Appropriations provided resources for this endeavor.

We plan to evaluate VHA's oversight and management of CBOCs through a national review looking at VHA, the Veteran Integrated Service Networks, and the VA Medical Centers (VAMC). Specifically, we will determine whether VHA has effective management controls in place to oversee, monitor, and evaluate key operational areas at VA and contractor-operated CBOCs.

We will also look at individual CBOCs with the following list of goals for this first year of reviews:

- Determine if the CBOCs' quality of care measures are comparable to the parent VAMC clinics.
- Determine whether CBOC providers are appropriately credentialed and privileged in accordance with VHA Handbook 1100.19, *Credentialing and Privileging*.
- Determine whether CBOCs maintain the same standard of care as their parent facility to address the mental health needs of OEF/OIF veterans.
- Determine whether CBOCs are in compliance with standards of operations according to VHA Handbook 1006.1, *Planning and Activating Community-Based Outpatient Clinics*, in the areas of environmental safety and emergency plan.
- Determine whether the CBOC contracts were administered in accordance with contract terms and conditions.

This data will be presented in a series of reports, which will be provided to the Subcommittee. Next year, the topics for review will change and include a review of CBOC mental health care services.

DoD/VA Transition to Care

2. **You stated in your testimony that the VA and DoD are working on a Reporting and Analysis Data Mart which will permit the analysis of transition to care issues by creating cohorts of veterans based on their year of discharge. How much more work does this system need? When will this system become operational? What technical issues need to be addressed? How will the system be a resource for research, budget modeling, and health care planning for VA and DOD?**

Response: While, the DoD and VA files have been identified, the required memorandum of understanding (MOU) between DoD and VA have not been negotiated and finalized. Also, the specific business rules to be used for this effort have not been finalized, and identified data quality issues remain to be evaluated. At a recent meeting on this topic, VA gave assurances that they are working with DoD on these issues. However, timelines are not available.

The prototype is operational within OIG. VA had been slow to initiate the MOUs required between DoD and VA to permit the data mart to become operational with all the required files. OIG does not have a timeline to demonstrate when the data mart will be operational with the files identified in OIG publications.

This data permits the creation of veterans cohorts based upon the year of eligibility for VA services as a veteran. The data contains information on the health care veterans received from DoD and VA, in addition to other epidemiologic data.

There are many epidemiological research efforts of importance to the military and VA that would best be accomplished with the use of this data. For example, if military unit A used a protocol to address the mental health needs of its servicemen and women, and military unit B used a different protocol, the health care outcomes of these servicemen and women could be studied to determine best practices and thereby improve the care provided by DoD in the future.

One example of budget modeling would be the determination of the future cost of disability payments. The future disability cost of the injuries sustained by servicemen and women in OIF/OEF can be modeled by comparing the rates and types of service connected disability sustained by cohorts of veterans over time. Such an analysis would improve the Government's ability to forecast these future costs.

Health care planning for VA could be improved in a variety of areas with the use of this data. VA should be able to better predict the health care demands of future veterans by considering the health status of prospective veterans who are about to leave DoD. The ability to identify who is a veteran, their location, and associate this population data with veterans' needs permits a focused analysis of the impact of VA actions upon veteran requirements. A recent OIG publication, *Healthcare Inspection – Access to VA Mental*

Health Care for Montana Veterans (Report Number 08-00069-102, 3/31/2009), demonstrates the value of this type of analysis where travel time access to mental health care was the issue of concern.

VBA Claims Processing Operations

3. **You noted in your testimony that making headway is difficult because of increasing claims workload from returning OEF/OIF veterans, reopened claims from veterans with progressive conditions, and additional claims from an aging veteran population. At the same time, this Subcommittee has provided the VA with significant funding increases to hire an additional 3,000 claims processors over the last 2 years, and even then it takes time to train and develop that staff so that they become productive. Can you provide the Committee with your sense of how the VA is going to get through the large inventories of pending claims for compensation and pension benefits?**

Response: It is difficult to predict what might happen to VA's claims inventory in the future, especially given the number of variables involved. However, we believe that VBA's short-term success in processing the inventory of pending claims for compensation and benefits hinges on three main factors. First, VBA needs to train the thousands of recently hired VA Regional Office (VARO) staff; second, it must effectively deploy and supervise this new staff; and third, it must aggressively monitor its claim processing workload. As VBA takes these steps, VAROs will reduce the pending claim inventory and improve claim processing timeliness.

We believe it is possible that VBA's inventory of pending claims could be significantly reduced by the end of FY 2011 based upon the following assumptions: the number of full-time equivalent employees will remain steady; employees will generally work the same number of hours each year; employees hired in FY 2007 and FY 2008 will be fully productive by FY 2010; and the number of claims received will grow at an annual rate of 2 percent, which is the growth rate estimated by VBA in its FY 2009 budget submission, without any significant events that would increase claims, such as increased military engagements, court cases, or legislative changes that affect eligibility.

DoD/VA Computable Data

4. **VA is exchanging computable data with DoD on 27,000 patients. VA projected last year that it would treat almost 5.8 million patients, 333,000 of those OIF/OEF vets. With the large increase in vets from our ongoing operations around the world and with the projected withdrawal from Iraq by 2010, how is the VA planning to keep up with the health records coming in as well as process those vets whose records are already in the system but have not been put in electronic form? Do you have a plan for dealing with this?**
5. **What percentage of troops returning from the projected OIF withdrawal in 2009/2010 are expected to be integrated into VA's system?**

6. How does this affect VA and the VA health care system?

7. Have any plans been made to, as seamlessly as possible, move these veterans into VA's health care and records system?

Response: Testimony on computable data was presented by the Government Accountability Office at this hearing. The OIG has not addressed these questions in recent oversight work.

VA Information Technology Risks

8. I read in your testimony that the VA was late in submitting its agency funding justifications (Exhibit 300s) to OMB for its 2010 budget. Can you please expand on that statement and tell the Committee why this is a concern?

Response: The Exhibit 300 is the agency's funding justification for an Information Technology (IT) capital investment and should demonstrate that a major IT capital investment is based upon a strong business case; has well-defined cost, schedule, and performance goals; and is well planned with sound project management. VA's difficulty in preparing these justifications leads us to question whether VA can adequately identify VA's IT capital investment needs and manage those investments.

9. Has this been an issue in the past?

Response: To the best of our knowledge, the delay in submitting the Exhibit 300s has not been an issue for VA in the past. In addition, the Office of Management and Budget has told us that although it is uncommon, other agencies have missed the deadline in the past.

10. What does this tell us as we begin to consider the President's FY '10 budget request for VA-IT, which I am assuming will be at least at the current spending level of \$2.7 billion?

Response: This situation should raise questions about VA's ability to effectively identify and manage its IT capital investments, make appropriate investment decisions, and ensure that annual funding decisions for IT capital investments make the best use of VA's available IT resources.

Federal Information Security Management

- 11. Your testimony points out that the VA has made no progress toward eliminating material weakness in IT security controls, and little progress toward remediating major deficiencies in IT security, and that over 17,000 security risks exist that need to be remediated. What recommendations have you made to correct these deficiencies, and why haven't they been acted upon?**

Response: The FY 2008 Federal Information Security Management (FISMA) audit report provided 42 recommendations for improving VA's information security program. In relation to the 17,000 plus security risks identified by the VA, we recommended that the Assistant Secretary for Information and Technology dedicate resources to remediate the significant number of unresolved Plan of Actions & Milestones in the near term, while focusing efforts on addressing high-risk system security deficiencies and vulnerabilities. Without successfully remediating the considerable number of system security risks in the near term, management cannot provide assurance that system security controls adequately protect VA systems and cannot enforce information security controls throughout the life cycle of each system, in accordance with FISMA.

Our assessment revealed that VA has made progress in implementing components of the agency-wide information security program; however, VA faces significant challenges in meeting the requirements of FISMA. For instance, our contractor continues to identify significant deficiencies related to access controls, configuration management controls, change management controls, and service continuity practices designed to protect major applications and general support systems from unauthorized access, alteration, or destruction.

While VA has not presented the OIG with formal corrective action plans in response the 2008 FISMA audit report, officials have communicated that numerous activities are ongoing to remediate system security deficiencies and address the security risks identified by the OIG. VA officials estimate that it will successfully remediate 50 percent of the OIG's findings and recommendations by September 2009. Because our FISMA assessment has identified many security weaknesses that are systemic in nature and impact over 600 systems, developing and implementing effective corrective action plans are time consuming and resource-intensive efforts.

Enclosure I

**Responses to Post-Hearing Questions for the Record
Review of Veterans Affairs Challenges**

**Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
House of Representatives
March 12, 2009**

**Questions for Randall B. Williamson
Director, Health Care
United States Government Accountability Office**

Questions for the Record Submitted by Chairman Chet Edwards

- 1. GAO's review of VA's third-party collections process has found "billing delays; coding, billing, and documentation errors, and a lack of adequate management oversight and accountability" in VA's billing of third party health care insurance policies. Some have suggested that permitting VA to collect Medicare payments for veterans who are eligible for Medicare would be advantageous. This would require, among other things, that VA bill Medicare. Given the difficulties identified in GAO's reviews of the Department of Defense pilot project on Medicare subvention, including limitations in DOD's data and data systems, how likely is it that a similar pilot Medicare subvention pilot with VA would be successful?**

A Medicare subvention pilot for VA could increase VA's collections difficulties, which GAO's work has shown are substantial, because of the additional requirements such billing would bring and the potential magnitude of VA's workload that could be affected depending on which veterans' care would be subject to Medicare billing. Because a large number of veterans currently receiving care from VA are 65 years and older, the Medicare eligible workload for VA would be considerable, and could be larger if Medicare reimbursement to VA encouraged more older veterans to seek health care at VA. In addition, VA may have to meet Medicare's reporting requirements. Also, if Congress required VA to spend as much of its own funds serving veterans 65 years and older as it had in recent years before VA could receive Medicare payments for serving such veterans—as was required in the Medicare subvention pilot for DOD—the required data capacity for VA to comply with this requirement could create additional challenges.

- 2. GAO's January 2009 report on VA Health Care indicated that "in its 2007 long-term care strategic plan, VA reported planned increases for some of**

its long-term care workload, but...VA did not report its nursing home workload plans for most of the veterans VA currently services – veterans who receive such care on a discretionary basis, as resources permit.” It is my understanding that many of the veterans who are receiving care on a “discretionary basis” are veterans who require postacute care following hospitalization (like a veteran who has had a stroke and needs rehabilitative services). Isn’t this shift to short stay care really the new “standard of care” for these patients as hospitals try to reduce costs by reducing the length of inpatient stays? If this is the case, shouldn’t the Department plan and budget these stays?

In our recent report on VA long-term care services—*VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement*, [GAO-09-145](#) (Washington, D.C.: January 23, 2009)—we noted that while VA is required by law to provide nursing home care to certain veterans needing such care, VA provides most of its nursing home care to veterans who receive it on a discretionary basis, as resources permit. Many of the veterans receiving nursing home care on a discretionary basis require postacute short-stay care—care less than 90 days—such as rehabilitation care following hospitalization in a VA hospital. For example, VA may provide short-stay nursing home care to a veteran who has had a stroke and needs intensive, short-term rehabilitative services, once the veteran is medically stable. While we did not specifically examine VA’s provision of short-stay nursing home care, as we reported, according to VA officials, VA’s usual clinical practice is to try to provide short-stay care to all veterans who need such care following discharge from a VA hospital, regardless of the veterans’ priority category.

Planning and budgeting for nursing home care provided to veterans on a discretionary basis—including the short-stay care mentioned in this question—is an important element of VA’s long-term care program. We reported that VA has plans for the total amount of nursing home care it intends to provide in future years, but that it did not report this information in its 2007 long-term care strategic plan. Further, VA did not report its nursing home workload plans for veterans who receive such care on a discretionary basis. We recommended that VA include in its forthcoming long-term care strategic plan its planned total nursing home workload, including care provided to veterans on a discretionary basis, in order to make available to Congress and others more complete information regarding VA’s plans for the provision of long-term care. VA stated in a March 23, 2009, letter to GAO responding to our long-term care report that it concurs in principle with this recommendation and will provide total estimated nursing home demand for enrolled veterans in its forthcoming long-term care strategic plan, which VA anticipates will be approved by June 2009.

In regard to VA’s budgeting for long-term care, as highlighted in our testimony before this Subcommittee—*VA Health Care: Challenges in Budget Formulation and Execution*, [GAO-09-459T](#) (Washington, D.C.: March 12, 2009)—VA faces challenges in developing realistic assumptions about the cost of providing nursing home services when formulating its budget. We reported that VA may have underestimated its nursing home spending for fiscal year 2009 because it assumed

nursing home costs would increase 2.5 percent from fiscal year 2008 to fiscal year 2009, an amount that appeared unrealistically low compared to VA's recent experience and other indicators. To strengthen the credibility of the estimates of long-term care spending in VA's budgeting proposals and increase transparency for Congress and stakeholders, we recommended that VA, in future budget justifications, use cost assumptions for estimating nursing home spending that are consistent with VA's recent experience or report the rationale for using cost assumptions that are not. In its March 23, 2009, letter to GAO, VA stated it concurs with this recommendation and will implement this recommendation in future budget submissions. Although our findings pertained to VA's estimate of its overall nursing home spending and were not specific to VA's spending for discretionary nursing home care, our findings underscore the importance of using realistic assumptions when formulating VA's long-term care budget.

3. **GAO's September 2008 report on Defense Health Care indicated that "DOD's quality assurance program cannot provide decision makers with reasonable assurance that servicemembers complete PDHRA". Given that this tool "is designed to identify and address their health concerns – including mental health concerns", how can the Department of Defense and the Department of Veterans Affairs ensure that they are prepared to care for these servicemembers and veterans if this data is not accurate? What do you think is the most important action that the Department of Defense can take to improve this process?**

We found in our 2008 report—*Defense Health Care: Oversight of Military Services' Post-Deployment Health Reassessment Completion Rates Is Limited*, [GAO-08-1025R](#) (Washington, D.C.: September 4, 2008)—that DOD's quality assurance (QA) program that oversees the military services' implementation of the post-deployment health reassessment (PDHRA) process has limitations and does not allow DOD to know if all servicemembers who are eligible to complete the PDHRA complete it. In its response to our report, DOD suggested that oversight can include supervision or management, and so this function would be beyond the scope of its QA program. DOD noted that the actual management and execution of PDHRAs are the responsibility of commanders and the Military Health System. We acknowledged in our report that commanders bear responsibility for implementing the program; however, DOD's QA program is required by statute to evaluate the success of DOD's deployment health assessment system and ensure that servicemembers receive these assessments, including the PDHRA. We think oversight by DOD's QA program is an important part of evaluating the success of the PDHRA process, including completion of the assessment.

DOD stated that it is working to develop high quality data feeds from the military services to DOD's central database to help improve the completeness and accuracy of the military services' data. However, DOD did not provide relevant details pertaining to these efforts or set a date by which these efforts are to be fully implemented.

We are currently doing work that will help us determine how successful the military services have been in developing these data feeds from their databases to

DOD's central repository, so that documentation of completed PDHRA forms by each of the military services are in DOD's central repository, as required by DOD. This work will help us determine the extent of the problem and what action(s) DOD should take to improve the process.

Questions for the Record Submitted by Ranking Member Zach Wamp

4. **Please highlight for the Committee what the GAO views to be the top health care challenges currently facing the VA, and to the best of your knowledge share with us the steps that VA is taking to address these challenges? Are there any recommendations that the GAO has made to the VA to improve health care delivery that the VA has not acted on?**

Based on our prior work on VA health care, some of the key health care challenges VA faces are improving health care for service members and veterans, enhancing health care delivery, improving controls over third party insurers, and recruiting and retaining health care professionals. The challenges of improving health care services include meeting the health care and disability evaluation needs of service members and veterans returning from Iraq and Afghanistan and meeting their health care needs including care for injuries such as amputations and burns, treatment of traumatic brain injury (TBI), and post-traumatic stress disorder (PTSD). The challenge of enhancing health care delivery includes managing resources consistent with workload in VA's budget execution and formulation as highlighted in our testimony before this Subcommittee—*VA Health Care: Challenges in Budget Formulation and Execution*, [GAO-09-459T](#) (Washington, D.C.: March 12, 2009). The challenge of improving controls over third party insurers includes significant internal control weaknesses and inadequate management oversight that limit VA's ability to maximize revenue from private insurance companies (third-party insurers). The challenge of recruiting and retaining health care professionals, such as certified registered nurse anesthetists and registered nurses, is also critical to VA in order to provide quality care to its veteran population. (For more detail on these challenges, please see GAO's web page on Congressional and Presidential Transition issues for the Department of Veterans Affairs at http://www.gao.gov/transition_2009/agency/vad/.)

While VA has implemented a number of recommendations we have made to address these challenges, including several recommendations on budgeting we have made in our past work, it has not addressed all our recommendations. For example, although in its March 23, 2009, letter to GAO VA concurred with recommendations we made to improve VA's strategic planning and budgeting for long-term care in our recent report on this subject—*VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement*, [GAO-09-145](#) (Washington, D.C.: January 23, 2009)—it has not yet implemented those recommendations. VA has the opportunity to implement some of these recommendations in its forthcoming fiscal year 2010 budget justification to Congress. (For information on the current status of VA's implementation of other GAO recommendations that are not yet complete, please see GAO's Status of Open Recommendations pertaining to the Department of Veterans Affairs at

<http://www.gao.gov/docdblite/openrecs.php?fy=&recflag=2&query=1&subhead=Veterans+Affairs.>)

5. **The VA estimated that it would provide health care to 5.8 million patients in fiscal year 2009. How accurate would you say that this estimate is? In your view, is the \$41.2 billion that was appropriated for health care in FY '09 going to be adequate to meet the health care needs of our veterans for this fiscal year?**

We are not able to comment on the accuracy of VA's fiscal year 2009 estimate of patients it will serve or whether the funds appropriated are adequate to meet health needs of veterans for that period because we have not evaluated this information. However, information that VA is expected to include in its fiscal year 2010 budget justification to Congress on its actual fiscal year 2008 patient workload and expenditures, and updated estimates on fiscal year 2009 patient workload and expenditures, could shed light on the extent to which VA's fiscal year 2009 budget formulation estimates are consistent with the fiscal year's budget execution realities.

6. **The FY '09 bill provided significant increases to the VA for Medical Services, and in particular provided funding for some initiatives: \$375 million to increase enrollment for Priority 8 veterans; \$133 million to increase the mileage reimbursement rate; \$200 million to increase fee-based services; and an additional \$250 million for a rural health initiative just to name a few. Based on your testimony that funding availability does not always mean that new initiatives will be fully implemented in a given fiscal year and that funds will be adequately tracked, what recommendations can you make to us here today that will help give the VA the tools they need to improve their performance in this area, and how confident can this Subcommittee be that these initiatives are going to be carried out in fiscal year 2009 year?**

Based on our work on new VA mental health initiatives in fiscal years 2005 and 2006, we know that it is important to monitor spending for new initiatives, such as the ones mentioned in this question, to ensure that the goals of the initiatives are met within the fiscal year and that funds are spent on the initiatives as VA planned. We do not know how confident the Subcommittee can be that fiscal year 2009 new initiative goals will be met and that funds are spent as planned in the current fiscal year. Based on our work on VA's overall budget formulation and execution in fiscal years 2005 and 2006, we think it is important for VA to provide timely information in the budget execution process to Congress regarding VA's progress in implementing its budget. This would include progress in implementing new initiatives such as those underway in fiscal year 2009.

7. **Your testimony cites three instances in the VA's budget where the OMB guidance was actually higher than the assumptions the VA used to submit its FY '09 budget—noninstitutional longer-term care, medical services, and nursing home care—but we often hear how OMB forces agencies to low-ball certain cost estimates. Can we feel confident that the VA will**

present a budget in FY '10 that will reflect the cost assumptions based on most recent experience and OMB guidance, and not based on assumptions in order for VA to be conservative in its budget estimates.

We are not able to say what cost assumptions VA will use in its 2010 budget request regarding long-term care. However, in response to our recommendations in our January 2009 report on long-term care planning and budgeting issues that VA use cost assumptions or provide a rationale for using other assumptions, VA stated in its March 23, 2009 letter to GAO that it concurs with the recommendations and plans to implement them in future budget submissions.

Questions Submitted by Representative Sam Farr

Backlog of Benefits Claims

It is well known and documented that the Benefits Claims process needs substantial improvement. The Office of Inspector General (OIG) testimony reports that the OIG is examining claims that have been pending for more than a year. The OIG testimony also indicates that some delays are caused by errors in mail and mailroom processing, which I find appalling.

1. As of today, how many backlogged claims are there?

Response: The answer varies on the criteria used to define backlog. In our report, *Audit of the Impact of the Veterans Benefits Administration's Special Hiring Initiative* (issued September 5, 2008), the OIG disagreed with how the Veterans Benefits Administration (VBA) defines the backlog of rating claims. VBA defines the rating claims backlog as the "actual inventory" (that is, the number of claims awaiting decisions at any point in time) minus "normal running inventory" (that is, the number of claims VBA expects to have if it is meeting its processing performance target). We believe VBA's definition of backlog is difficult to understand, is not consistent with how other Federal agencies define backlog, and relies heavily on average days instead of actual days.

We believe backlog should be defined as claims that exceed a target time period derived from an analytical assessment of the number of days it should take to process rating claims as opposed to the average number of days it actually takes. We used 150 days as a target time period for this question because data for claims older than 150 days was readily available. We note that VBA's strategic goal is 125 days.

As of April 4, 2009, VBA had 402,427 rating claims in its inventory. By VBA's definition of backlog, they would consider their backlog as 62,808 rating claims. The OIG's suggested definition of backlog considers backlog to be the number of claims over a certain age. As of April 4, 2009, 115,677 claims were older than 150 days. Of the 115,677 claims older than 150 days, 84,126 claims were older than 6 months, and 11,241 claims were older than 1 year.

VBA has a different performance goal for completion of non-rating claims, which is 82 days in fiscal year (FY) 2009. (Non-rating claims are claims that Veteran Service Representatives can process without a rating such as dependency changes and claims for veterans' burial benefits and initial death pensions for widows.) As of April 4, 2009, 80,101 non-rating claims were older than 90 days. Of these, 65,606 were older than 120 days; 51,359 were older than 150 days; 40,380 were older than 180 days; and 2,013 were older than 1 year.

2. What previous reforms have been effective in reducing the backlog?

Response: We have not conducted any comparative analyses of how effective previous claims processing reforms have been on reducing claims backlogs. Given the number of variables involved (for example, the number of claims filed in any given time period; the number of employees dedicated to claims processing over that given time period; the consistency of the claims processing structure from office to office; the impact of court decisions on pending cases, etc.), it would be difficult to accurately assess which reforms have been most successful.

3. After the additional claims examiners become fully trained, what effect will they have in reducing the backlog of claims?

Response: Based on analyses conducted during our *Audit of the Impact of the Veterans Benefits Administration's Special Hiring Initiative*, we concluded that by the end of FY 2011, VBA could complete about 27 percent more claims than in FY 2007 and theoretically eliminate the inventory, including its backlog of older claims. Our estimate is based on historical workload data and assumes that the number of full time equivalent employees (FTE) will remain steady; employees will generally work the same number of hours each year; employees hired in FY 2007 and FY 2008 will be fully productive by FY 2010; and the number of claims received will grow at an annual rate of 2 percent, which is the growth rate estimated by VBA in its FY 2009 budget submission, without any significant events that would increase claims, such as increased military engagement, court cases, or legislative changes that affect eligibility and rating decisions.

We expect VBA will always have an inventory of pending claims because it cannot control the number or timing of claims received. Further, other factors can delay claims processing such as delays in obtaining evidence from third parties. The OIG is planning additional work in the next few months to assess the integration of newly hired employees involved in processing claims.

4. When can the Committee reasonably expect the elimination of the claims backlog?

Response: While VBA projects that the new hires will be fully productive by FY 2010, it is hard to predict a date since events such as increased military engagements, court cases, or legislative changes will affect the number of claims filed.

Community Based Outpatient Clinics (CBOCs)

Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) veterans will soon be entering the VA system in large numbers. It is important that the VA be prepared for this influx of demand for services for in-patient VA hospitals and in

CBOCs. I am also concerned that rural veterans will not have access to the same services as urban/suburban veterans.

5. How does the VA determine where the demand for services will be?
 - How accurate is VA's assessment?
 - What recommendations can you provide to improve VA's assessment process? (Recall VA had a \$1.7 billion shortfall several years ago.)
6. If the VA determines that there are inadequate facilities and insufficient services, how long will it take to provide enough new clinics and services to meet demand?
7. Specifically, once the VA decides to build a new CBOC, how long does it take to get that clinic on line?
 - How could this process be improved?
 - How does VA handle the excess demand in the meantime?
8. If the VA were to begin to provide services to Priority 6, 7, and 8 veterans in FY 2010, would there be sufficient funding for CBOCs to handle this increased demand?
 - How long will it take the VA to meet this demand?

Response: The OIG has not conducted any oversight work in these areas, and we believe VA would be better able to provide this information.

Health Care Center Facilities

I am aware that the VA is exploring a new model to fund more medical facilities called Health Care Center Facilities (HCCF). In this model, VA would commit to funding the long-term lease (approximately 50 years) from an independent developer, who would commit to building the facility and lease back the facility to the VA.

9. How do these new facilities fitting in to the more traditional system of VA facilities?
10. Can you tell me how many of these HCCFs the VA intends to fund in FY 2010?

Response: The OIG has not conducted any oversight work in these areas and believes VA would be better able to provide this information.

Joint Incentive Fund

This committee is very concerned about streamlining related to VA and Department of Defense (DoD) operations. The Joint Incentive Fund (JIF) receives funds from both the VA and the DoD to develop innovative DoD/VA sharing initiatives at the facility, regional and national levels.

11. Does sharing resources actually save the VA money?

Response: The OIG has not conducted any oversight work in this area and believes VA would be better able to provide this information.

12. Is the \$15 million a year the VA puts into the JIF adequate?

- **Given the spike in construction costs, should the amount be increased?**
- **How many JIF projects have been funded?**
- **Can you make any recommendations on "right sizing" JIF projects?**

Response: The OIG has not conducted any work in this area and believes VA would be better able to provide this information.

Access to Mental Health Resources

Dr. Daigh said in his statement that "all health care is local." I appreciate your interest, and I would like you to look at the website www.networkofcare.org. Network of Care is an internet program that lists all health care providers by county. The organization has paid special attention to locating community based mental health services, with targeted outreach to veteran's health care services in the near future. I ask that you look at the Alameda County, California, section and the mental health resources listed there.

13. If the VA wants to expand access to mental health care for all veterans, particularly those who don't live near a regional VA health care facility, how can the VA incorporate Network of Care?

Response: The Network of Care has information on a wide number of health care providers who offer their services to the public. VA would need to take steps to ensure that inclusion of such information on a Government web site is not construed as an advertisement, endorsement, or willingness for the Government to pay for services provided.

VA can expand access to mental health care for all veterans by contracting with clinics to provide veterans a defined range of benefits. In Montana, as documented in our recent publication, *Healthcare Inspection – Access to VA Mental Health Care for Montana Veterans* (Report Number 08-00069-102, 3/31/2009) contracts with local

groupings of mental health clinics dramatically improved veterans' access to mental health treatment as determined by analysis of "drive times" between the veterans residence and location of treatment.



DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON DC 20420

APR 24 2009

The Honorable Chet Edwards
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

At the March 12, 2009, hearing before the Subcommittee on *VA Challenges*, we indicated that we would provide additional information for the record on the percentage of community based out-patient clinics (CBOCs) run by VA and by contractors, the material weaknesses identified during the fiscal year (FY) 2008 audit of VA's consolidated financial statements, and the amount of miscellaneous obligations in VA's budget.

According to VA reports, 75 percent of CBOCs are run by VA and the remaining 25 percent are contractor run.

We reported three material weaknesses in our Audit of VA's FY 2008 Consolidated Financial Statements. The three are:

- Financial Management System Functionality – System limitations made preparing timely and reliable financial statements more difficult. For example, VA systems could not provide detailed information related to benefit expenses to support certain amounts in the accounting records.
- Financial Management Oversight – Accounting processes in nine areas were not always reliable. For example, the auditors found problems with data used to calculate VA's \$1 trillion liability for veteran benefits.
- Information Technology (IT) Security Controls – IT security weaknesses in five key areas put VA financial data at risk. Those areas are VA's agency-wide information security program, system access controls, system change controls, segregation of duties, and service continuity plans.

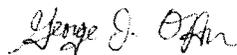
Page 2
Chairman Edwards

For FY 2008, miscellaneous obligations totaled approximately \$11.3 billion. This is based on data VA provided from the Veterans Health Administration's (VHA) Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) system. This figure includes transactions from VHA and other VA components based on the use of VA Form 1358, "Estimated Miscellaneous Obligation or Change in Obligation," and is limited to obligations recorded in IFCAP. According to VA, IFCAP currently is the best source of information on miscellaneous obligations.

Enclosed are responses to the additional questions that we received following the hearing. We have also provided this information to Congressman Zach Wamp, Ranking Republican Member.

Thank you for your interest in the Department of Veterans Affairs.

Sincerely,



GEORGE J. OFFER

Enclosures



April 9, 2009

The Honorable Chet Edwards
Chairman
The Honorable Zach Wamp
Ranking Member
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
House of Representatives

Subject: *Challenges Remain for VA's Sharing of Electronic Health Records with DOD: Responses to Post-Hearing Questions*

This letter responds to your March 16, 2009, request that we answer questions relating to our testimony on March 12, 2009.¹ During that hearing, we discussed the challenges and achievements of the Departments of Veterans Affairs (VA) and Defense (DOD) in sharing electronic health information. Your questions, along with our responses, follow.

Questions Submitted by Chairman Chet Edwards

1. *GAO's September 2008 report indicated that the Benefits Delivery at Discharge Program has allowed veterans who participate to begin receiving benefits within 2-3 months, instead of the 6-7 months that it would typically take under the traditional claims process. What do you think the Department of Defense and the Department of Veterans Affairs can do to allow more Reserve and National Guard soldiers to participate in this program?*

Although certain demobilizing servicemembers, including Reserve and National Guard soldiers, cannot meet some of the logistical requirements necessary to participate in the Benefits Delivery at Discharge (BDD) Program, the Departments of Defense (DOD) and Veterans Affairs (VA) can do more to improve awareness of and accountability for (1) this program and (2) an alternative program supporting servicemembers who cannot meet the BDD's logistical requirements. Participation in the BDD program by Reserve and National Guard soldiers, in particular, is complicated by challenges that they face in initiating VA disability claims and completing exams within the time frame required to participate in the program. As

¹GAO, *Information Technology: Challenges Remain for VA's Sharing of Electronic Health Records with DOD*, GAO-09-427T (Washington, D.C.: Mar. 12, 2009).

we reported in September 2008, the process in which Reserve and National Guard soldiers are demobilized does not allow them enough time to initiate their claim within the required 60- to 180-day time frame.²

Recognizing these challenges, VA has developed an alternative program, the pre-discharge program, which provides another option for these servicemembers to apply for disability benefits before they are discharged. Typically, under this program, local VA personnel develop servicemembers' claims as much as possible prior to discharge and then send the claim to the VA regional office closest to where the servicemember will reside. However, while the pre-discharge program may help to ease the transition for these servicemembers, we reported that VA cannot be sure of this due to data limitations. Specifically, because VA had not been separately tracking Guard and Reserve claims, the agency was not able to report how effectively it was serving these members.

Our September 2008, report, recommended actions that DOD and VA should take to improve awareness of the BDD program, and accountability for performance in this and the alternative pre-discharge program.³ Specifically, we recommended that DOD establish (1) an accurate measure of servicemembers' participation in the Transition Assistance Program (TAP) that is intended to inform servicemembers on topics related to benefits and services available upon discharge and help them transition to veteran status and (2) a plan with specific time frames for meeting the department's goal of 85 percent participation in TAP. In addition, we recommended that VA collect data for all claims filed according to component (e.g., Reserve and National Guard) and analyze the extent to which different components are filing claims and receiving timely benefits under BDD, as well as the pre-discharge and traditional claims processes. To the extent that VA and DOD do not address challenges to participation in the BDD program, these agencies are missing opportunities to further this program's success and ensure that the most effective assistance is being provided to all servicemembers in their transition from military duty to civilian life.

2. *GAO's July 2008 report on Electronic Health Records indicated that the National Coordinator for Health Information Technology "stated that it would not be advisable for VA and DOD to move significantly ahead of the national standards initiative". Do you feel that the Departments have taken the necessary steps to ensure that they are integrated into the larger, national plan or will they be forced to make costly adjustments to their systems [as] the standards continue to evolve?*

VA and DOD have taken important steps that should help ensure that they are integrated into the national health information technology plan. The departments have been participating since 2005 in initiatives led by the Office of the National Coordinator for Health Information Technology to help promote the adoption of federal standards and broader use of electronic health records. This has included participation on several committees and groups, including the Healthcare Information Technology Standards Panel: a public-private partnership tasked to

²VA established this time requirement to provide local VA personnel at BDD intake sites enough time to assist members with their disability applications, including scheduling their exams.

³GAO, *Veterans' Disability Benefits: Better Accountability and Access Would Improve the Benefits Delivery at Discharge Program*, GAO-08-901 (Washington, D.C.: Sept. 9, 2008).

identify and “harmonize” competing health information technology standards and to develop interoperability specifications needed to implement the standards.⁴ Further, the departments have been working to ensure that their health information systems comply with national standards. In this regard, they have developed a Target DOD/VA Health Standards Profile, a jointly published common set of interoperability standards, which they intend to update annually.⁵ In September 2008, the profile was updated to include new standards recognized and accepted by the Secretary of the Department of Health and Human Services for Electronic Health Records Laboratory Results Reporting, Biosurveillance, and Consumer Empowerment.

Nevertheless, federal standards are continuing to evolve, which will necessitate aligning electronic health records with the new standards to ensure their successful integration into a national plan for interoperable health information technology. Thus, as VA and DOD pursue further development of their health information systems, it will be critical for the departments to continue to ensure that their modernization plans are consistent with the federal standards.

Questions Submitted by Ranking Member Zach Wamp

3. *Often Directors set the tone and goals for an office or agency. What have been the difficulties in finding permanent hires for the Director and Deputy Director roles in the DOD/VA IPO?*

According to the former Acting Director of the DOD/VA Interagency Program Office (IPO), finding permanent hires for the positions of Director and Deputy Director was dependent on gaining the Deputy Secretary of Defense’s approval of a delegation of authority memorandum to formally establish the office. This official stated that the memorandum was necessary before the office could be chartered and the departments could take steps to find permanent hires for the Director and Deputy Director positions. The memorandum, authorizing formation of the IPO, was not approved until December 30, 2008. Subsequently, the departments have taken steps to permanently fill these positions. Specifically, DOD announced the hiring of a permanent Director and accepted applications through March 17, 2009; VA announced the hiring of a permanent Deputy Director and will accept applications through April 17, 2009.

4. *What are the key interoperability issues facing VA and DOD at this stage of the process?*

The key interoperability issues facing VA and DOD are in the areas of performance measurement, standards setting and compliance, and program office operation. First, as our testimony noted, the departments’ interoperability plans lack the results-oriented (i.e., objective, quantifiable, and measurable) performance goals and measures that are characteristic of effective planning.⁶ For example, of the 45

⁴Harmonization is the process of identifying overlaps and gaps in relevant standards and developing recommendations to address these overlaps and gaps.

⁵The profile includes federal standards (such as security standards established by the National Institute of Standards and Technology) and international standards (such as the Systematized Nomenclature of Medicine Clinical Terms).

⁶GAO-09-427T.

objectives and activities identified in the plans,⁷ we found that only 4 were documented in results-oriented terms. Thus, the extent to which the departments' progress could be assessed and reported was largely limited to reporting on activities completed and increases in data exchanged (e.g., increases in the number of patients for which certain types of data are exchanged). Second, as previously discussed, federal standards are still evolving, which could complicate VA's and DOD's efforts to maintain compliance. The need to be consistent with emerging federal standards adds complexity to the task faced by the two departments of extending their standards efforts to additional types of health information. Third, we noted that the departments had not completed all necessary activities required for the IPO to be fully operational. Department officials stated that this office will be crucial in coordinating VA's and DOD's efforts to accelerate their interoperability initiatives. However, in addition to finding permanent hires for the positions of Director and Deputy Director as we previously discussed, a key activity that remained incomplete was hiring program staff to fill all positions in the office. Until the departments complete key activities to set up the office, it will not be positioned to be fully functional, or accountable for fulfilling the departments' interoperability plans.

5. *In your view, will the mandate to have interoperable records be met by the September 30, 2009 deadline?*

It is uncertain as to whether the mandate—which called for fully interoperable electronic health records or capabilities—will be met by the September 30, 2009 deadline because VA and DOD have agreed to a definition for full interoperability that is subject to interpretation. Specifically, they have defined full interoperability as: “The ability of users to equally interpret (understand) unstructured or structured information which is shared (exchanged) between them in electronic form.” With regard to this definition, the departments have achieved certain levels of interoperability (that is, the ability to share data among health care providers). This includes sharing pharmacy and drug allergy data at the highest level of interoperability—that is, in computable form, a standardized format that a computer application can act on—as well as structured and unstructured data in viewable form.⁸ Moreover, the departments have plans to increase their sharing of electronic health information before September 30, 2009. For example, DOD identified an objective to increase sharing of inpatient discharge summaries with VA by then. Nonetheless, because their definition does not reflect a need to report progress in quantitative terms (e.g., interoperability levels to be provided, locations and types of medical facilities to be included, and number and types of patients for whom data is to be shared), the extent to which the departments will achieve fully interoperable capabilities by September 30, 2009 is uncertain. Instead, progress reporting is largely limited to describing activities completed and increases in interoperability over time.

⁷The plans are the November 2007 VA/DOD Joint Executive Council Strategic Plan for Fiscal Years 2008–2010 (known as the VA/DOD Joint Strategic Plan) and the September 2008 DOD/VA Information Interoperability Plan (Version 1.0).

⁸GAO, *Electronic Health Records: DOD's and VA's Sharing of Information Could Benefit from Improved Management*, GAO-09-268 (Washington, D.C.: Jan. 28, 2009).

6. *Given the task, does GAO have a view as to whether or not the deadline set by the NDAA of 2008 was a realistic deadline?*

The deadline of September 30, 2009 (to implement electronic health record systems or capabilities that allow for full interoperability of personal health care information between DOD and VA) set by the National Defense Authorization Act (NDAA) of 2008 could be viewed as realistic, given that the departments have been working to exchange patient health data electronically for over a decade.⁹ However, as previously stated, because the departments have not defined full interoperability in quantitative terms (e.g., interoperability level to be provided, locations and types of facilities to be included, and number and types of patients for whom data is to be shared), it is uncertain what levels of interoperable capabilities they will achieve by this date.

7. *According to your testimony, the interoperability plans being developed by DOD/VA do not contain results-oriented performance goals. Without explicit goals, how do you anticipate VA and DOD's ability to track progress toward increasing interoperability? What goals would GAO recommend be used?*

Without explicit goals, VA and DOD will be limited in their ability to effectively assess and report their progress toward increasing interoperability. As we pointed out in our testimony and earlier in our responses, to be effective, the departments' interoperability plans should be grounded in results-oriented goals and performance measures.¹⁰ An example of a results-oriented goal identified by DOD is to increase the percentage of inpatient discharge summaries that it shares with VA from 51 percent as of March 2009, to 70 percent by September 30, 2009. These percentages should allow the departments to measure and report their progress toward delivering this capability. In contrast, within the plans, another objective related to scanning medical documents calls for providing an initial capability, but does not define "initial capability" in quantifiable terms, such as the number or percentage of paper documents to be scanned within a specified timeframe. As such, this objective cannot be used as a basis to effectively measure results-oriented performance. For this reason, we recommended in our January 2009 report that the departments develop results-oriented goals and associated performance measures that can be used as the basis for reporting on their progress toward achieving interoperability.¹¹

8. *Have you found any evidence that VA and DOD are working to establish results-oriented performance goals?*

Our studies found that VA and DOD had not begun working to establish results-oriented performance goals. However, the departments concurred with our recommendation made in January 2009 that they develop results-oriented goals and performance measures.¹² In this regard, they stated that high priority would be given to (1) the establishment and use of such goals and measures for the departments' interoperability objectives and (2) documentation of these goals in interoperability plans. VA's Chief of Staff stated that the department, along with DOD, would review

⁹The National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, Section 1635 (Jan. 28, 2008).

¹⁰GAO-09-427T.

¹¹GAO-09-268.

¹²GAO-09-268.

the VA/DOD Joint Strategic Plan and provide results-oriented goals and objectives for the plan update that is targeted for September 2009.¹³ We will monitor how the departments are working to address this recommendation as part of our recommendation follow-up activities and semi-annual study of VA's and DOD's progress toward achieving interoperability.

In responding to these questions, we relied on previously reported information that was compiled in support of our January 28, 2009, report and our March 12, 2009, testimony. Should you or your staffs have any questions on matters discussed in this letter, please contact me at (202) 512-6304 or melvinv@gao.gov.

Valerie C. Melvin



Director, Information Management
and Human Capital Issues

¹³The Joint Strategic Plan, together with the DOD/VA Information Interoperability Plan, identifies various objectives and activities that are aimed at increasing health information sharing and achieving full interoperability.

THURSDAY, MARCH 12, 2009.

FAMILY AND TROOP HOUSING

WITNESSES

WAYNE ARMY, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT
KEITH EASTIN, ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS AND ENVIRONMENT
B.J. PENN, ASSISTANT SECRETARY OF THE NAVY, INSTALLATIONS AND ENVIRONMENT
KEVIN W. BILLINGS, ACTING ASSISTANT SECRETARY OF THE AIR FORCE, INSTALLATIONS, ENVIRONMENT, AND LOGISTICS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Thank you for all being here. I want to call the subcommittee back to order and say good afternoon to everyone.

I want to welcome you to today's hearing on the issue of family and troop housing in our military. The goal of today's hearing is to establish the current state of family and troop housing in our military and to ascertain additional resources or decisions that have to be made in order to ensure that every serviceman and woman, every family, has an adequate place to live.

Several years ago the Department of Defense set a goal of having the funds in place to eliminate all inadequate housing—family housing—by fiscal year 2009. This goal was to be accomplished primarily through the Military Housing Privatization Initiative.

In the meantime, the Department of Defense has embarked on an expansion of the Army and Marine Corps, and the Air Force will begin to increase its numbers again after years of decline. This will certainly result in additional demands for both family housing and a greater requirement for barracks and dormitories. So our committee thought that it would be a good time to assess how far we have come in addressing quality of housing for both military families and single servicemembers and identify challenges as we move forward under a new administration.

Before I introduce our witnesses, I would like to recognize our ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, our morning hearing was quite a bit cooler in this room, so I don't know if it is our witnesses or the topic, or just the afternoon sun coming through, but it is a little warm—

Mr. EDWARDS. Running up and down those stairs, voting, may be it too.

Mr. WAMP. In any event, Mr. Secretaries, thank you for your time. I look forward to this most important hearing, and I have no further opening statement. Just go straight to questions.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Wayne Army is the Deputy Under Secretary of Defense for Installations and Environment, and no stranger to our subcommittee.

Welcome back, Mr. Secretary.

He was appointed to his current post in February of 2008. He previously served as Deputy Assistant Secretary of the Navy for Installations and Facilities. He is a 1964 graduate of the Naval Academy, and active duty naval aviator until 1981. How many hours?

Mr. ARNY. Three thousand.

Mr. EDWARDS. 3,000 hours of flying time. In those responsibilities he ultimately achieved the rank of commander in the Navy. He served as a staff member of the Senate Armed Services Committee from 1981 to 1984 and was program associate director for national security and international affairs at OMB from 1986 to 1989.

And I would note, as with so many who testify before our committee who have served our country in uniform, Secretary Army has two sons currently serving in the Navy. Where are they stationed right now?

Mr. ARNY. They are both in Lemoore, California. One is coming east and going to—

Mr. EDWARDS. Thank them on our behalf.

Keith Eastin is the Assistant Secretary of the Army for Installations and Environment. Again, welcome back to our subcommittee. He has served in his current position since August of 2005. He previously served as Principal Deputy Assistant Secretary of the Navy, and as Deputy Under Secretary and Chief Environmental Council at the Department of the Interior.

He worked as a senior consultant to the State Department in organizing a ministry of the Iraqi government. His private sector experience includes PricewaterhouseCooper, Deloitte & Touche, and the American Arbitration Association.

Mr. B.J. Penn, Assistant Secretary of the Navy for Installations and Environment, is returning to the subcommittee once again, having been appointed to his current position in March of 2005. He previously served as director of the Industrial Base Assessments from October 2001 to March of 2005. He is a naval aviator of over 6,500 flight hours.

So, over 9,000 hours between the two of you. That is impressive.

His private sector experience includes having worked with Loral and Lockheed Martin.

Mr. Kevin W. Billings, Assistant Secretary of the Air Force for Installations, Environment, and Logistics.

Mr. Billings, welcome. You are no stranger to the Hill. Welcome to our subcommittee today.

He was appointed as acting assistant secretary in 2008. He previously served as the Deputy Assistant Secretary of the Air Force for Energy, Environmental Safety, and Occupational Health from 2007 to 2008. He has extensive private sector experience, including Westinghouse, Alliance Group, and Interior Solutions. And notably,

to former chairman, now ranking member of the full Appropriations Committee in the House, he worked as a special assistant to Representative Jerry Lewis, who has been such a champion on behalf of our military men and women.

I again want to thank all of you for being here. As you well know, your full statements will be included in the record, and we would like to begin by asking each of you if you could make an opening statement of 5 minutes or less.

And Secretary Army, we will begin with you.

STATEMENT OF WAYNE ARMY

Mr. ARMY. Thank you, Mr. Chairman, Mr. Wamp, distinguished members of the subcommittee. I am pleased to appear before you today with my colleagues from the other services to discuss the housing initiatives for the department.

First I want to thank this committee and your colleagues here in the House and in the Senate for the authorities that you provided us under the Military Housing Privatization Initiative. These authorities have allowed us to greatly improve the quality of housing available to our military families.

We have been able to make these improvements much faster than through the use of traditional military construction, because we were able to leverage private capital to augment appropriated funding. And the rental streams created in these projects ensure sustainment and recapitalization of these houses well into the future.

We have been extremely pleased with the performance of our development partners on the 94 existing projects across the department. Besides bringing great expertise to the construction and operation of our housing, our partners are proud to be serving military families and offer many services to enhance the sense of community on our bases.

Our one underperforming partner, American Eagle, has been replaced in all six of our projects—in all six of its projects—by three experienced and solidly performing partners. While no government funds were put at risk in these projects, the bases involved have not yet seen the new construction they had expected. The new partners are quickly moving to get those projects back on track.

In response to congressional direction, and consistent with the lessons we have learned from this experience, we have added increased oversight to the privatization program. This oversight includes on-scene procedures at the base level as well as increased program reporting to my office and to the Congress.

Because of BRAC restructuring, global re-posturing, joint basing, and Grow the Force requirements, this is a time of great change in DoD installations. All of these efforts have significant effects on housing requirements at many of our bases for both families and unaccompanied servicemembers. The military departments are closely reviewing those requirements at all bases, and together we believe we can support our servicemembers and their families as we grow the force over the next 3 to 5 years with both military construction and with privatization.

Unfortunately, however, the stagnation in the housing and overall financial markets has somewhat affected our use of the privat-

ization program in addressing these changes. Market forces have led to increased costs and tightening of credit standards. While the effect on our 94 existing projects has been minimal, finding financing for future projects presents new challenges.

The viability of military housing projects remains high in the view of the private sector, but lending is limited across the board due to the general lack of liquidity in the financial markets. Military departments have been meeting with the financial community to seek new sources of capital, and we have revisited some of our guarantee authorities in an attempt to make our projects even more attractive.

Additionally, we are considering executing our new projects in such a manner that we will start the private sector operation while delaying taking down private sector debt until it is more efficiently priced. This will allow the department to stop the deterioration of the housing stock of our newer projects while waiting to maximize private capital available to the project's income stream.

We also greatly appreciate your continued support of our unaccompanied personnel housing program. We are currently completing an inventory of all our unaccompanied housing to better identify the shortfalls and ensure proper funding to provide quality housing for our unaccompanied servicemembers. We plan to establish goals for improvement, as we did for family housing, and we will also continue to pursue additional use of our privatization authorities to improve our barracks, and also to learn from the Navy's first two pilot projects at Norfolk and San Diego. While we have had some limited success with unaccompanied projects for senior enlisted in the Army, the Navy pilot authorities include an ability to pay members partial housing allowances that make projects for junior enlisted more financially viable, which we will work to extend to the other Services.

In closing, Mr. Chairman, I would like again to thank—to express—appreciation for the strong support of military housing programs that are crucial to a decent quality of life for our service members.

[Prepared statement of Wayne Arny follows:]

**HOLD UNTIL RELEASED
BY THE COMMITTEE**

STATEMENT OF

**MR. WAYNE ARNY
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)**

**BEFORE THE SUBCOMMITTEE ON
MILITARY QUALITY OF LIFE AND VETERANS AFFAIRS
OF THE HOUSE APPROPRIATIONS COMMITTEE**

March 12, 2009

**HOLD UNTIL RELEASED
BY THE COMMITTEE**

INTRODUCTION

Chairman Edwards, Mr. Wamp, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the housing initiatives of the Department of Defense (DoD). I want to express the Department's appreciation for the privatization authorities which have enabled the Department to provide higher quality housing by making use of a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers than traditional military construction methods.

Improving the quality of life of military personnel and their families is a priority for the Department and military housing privatization is a key enabler to providing more housing options for our military personnel.

Improving Quality of Life

Currently, consistent with our long standing policy to rely on local community housing, approximately 63 percent of military families reside in private sector housing off base. Where local community housing is insufficient, another 26 percent now occupy privatized housing constructed under the Military Housing Privatization authorities. Only eight percent now reside in government-owned housing, with another three percent in leased housing, primarily overseas. Tenant satisfaction for privatized family housing is high, particularly for revitalized and newly constructed housing. The degree of satisfaction service personnel experience in privatized housing units is a critical indicator of overall program success and, since the Department provides Basic Allowance for Housing (BAH) at all 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 quality, affordable housing. Additionally, the Services regularly survey occupants and the results show a steady improvement in member satisfaction after housing is privatized.

A number of installations face changes and challenges as military family housing requirements expand and contract due to Base Realignment and Closure (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 ensuring that our service members and their families have access to safe and affordable housing will remain the primary goal in all cases.

The Department has used privatization to obtain maximum benefits from its funding for housing and rapidly improve the quality of life for our Service members. As existing inventories of family housing are revitalized installation commanders and servicemembers are increasingly appreciative of privatization efforts which remains the preferred method to address the Department's housing needs.

Family Housing Privatization

The Military Housing Privatization Initiative (MHPI) was established to help the Department meet its goals to eliminate all inadequate military family housing by 2010 (subsequently advanced to 2007) and to reduce the growing deficit of military family housing and to improve the quality of life for our servicemembers and their families. The program encourages high quality construction, sustainment, and renovation of military family housing by leveraging private sector capital and expertise. The methodology includes: diligent scrutiny of selection of developers, sound legal documents, strong oversight and monitoring procedures, and inclusion of protections for the government in terms and conditions of agreements.

Privatization has allowed rapid demolition, replacement, or renovation of units and for disposal of inadequate units no longer needed. Privatization has also allowed the Department to leverage better business practices as well as private capital and expertise to improve the management of military installations.

Under the Military Housing Privatization Initiative (MHPI), the Department has awarded 94 privatization projects, leveraging private sector funding and expertise to address what was a significant housing problem. These privatization projects, in addition to a small number of military construction (MILCON) projects, have allowed the Department to eliminate nearly all inadequate domestic family housing. The remaining inadequate units will be eliminated through Air Force MHPI projects scheduled in FY 2009 and FY 2010.

To date, 28 development entities have participated in one or more projects as owner or general partner since the MHPI program began in Fiscal Year 1996. Nine different developers successfully competed for the Army's 28 projects; 12 different developers successfully competed for the 16 Navy projects; and 14 different developers successfully competed for the 28 Air Force projects. Joint ventures of two or more developers working together successfully competed on 12 projects. Six developers successfully competed on projects for more than one Military Department and three of those developers successfully competed on projects for all three Departments. We have been extremely pleased with the performance of our development partners with only one exception. Besides bringing great expertise to the construction and operation of our housing, our partners are proud to be serving military families and offer many functions to enhance the sense of community on our bases. One partner, American Eagle Communities, won six projects in 2004 but was quickly unable to perform as proposed.

Working through the bondholders, the Services have successfully transferred ownership of those six projects to new partners.

The housing privatization program was created to address the poor condition of DoD-owned housing and the shortage of affordable private housing of adequate quality for military service members and their families. Much attention was paid to newly constructed and renovated houses as the projects developed and approximately 50% of the construction and renovation has been completed. But just as importantly, these projects are structured to sustain themselves for 50 years or more.

Sustainment and Recapitalization

Privatization makes sustainability a reality. In today's environment, when we are challenged to both devote the necessary resources within the Department and Military Services to meet requirements and to stretch available resources. The income streams created for these projects, combined with the expertise of our private partners, promise to ensure new housing is in as good a shape in 2040 as it is today. Housing privatization is not just about building better houses faster – it is also about keeping them in good condition for the long term.

Developers and installation leaders are taking measures to ensure that the MHPI is a successful proposition over the long haul mainly by ensuring that homes are well-maintained and operated over the life of the 50-year deals. Private developers are incentivized to make up-front capital investment to save long term operating costs in a way that is difficult to replicate in the federal budget process which concentrates on only a six year horizon. These housing projects leverage government assets and transfer existing housing and land to the private sector to offset the need for government cash subsidies. Dedicated funding streams from rents support a high quality, responsive maintenance and repair program.

Through privatization, homes are built to private market standards and revenues are captured for future recapitalization. With privatization deal structures and an income stream in place, full revitalization is completed within a ten-year development period.

Economic Climate Change

As would be expected, the stagnation in the housing and overall financial markets has had an impact on the MHPI program. Market forces have led to increased costs and tightening of credit standards. This means that while our 94 existing projects are operating normally, finding financing for new projects presents new challenges. This is not a reflection of distrust in MHPI projects but simply a lack of liquidity in the market as a whole. Financial institutions recognize that MHPI projects continue to have high occupancy and strong operation and maintenance performance while continuing to execute their renovation and new construction schedules. Our one underperforming partner, American Eagle Communities, was successfully replaced in all six projects where they were involved, while keeping bondholders in place in five of the six projects. We continue to work closely with private markets to ensure that our excellent track record puts us at the head of the line when market liquidity returns.

The \$24 billion of private capital that has been infused into our housing program is ten times more than if we had continued to fund it through the budget process. While this leveraging may be less in the future, we expect to continue to stretch our appropriated dollars. We continue to adapt projects to the changing economic climate. For example, some projects may turn houses over to private sector operation but delay inserting private sector debt until it is more efficiently priced. This will allow the Department to stop the deterioration of the housing stock while waiting to maximize funds available to the income stream.

Post-Award Monitoring

As privatization increases, we are no longer in the business of managing housing inventory, but rather are monitoring projects. The oversight provided by the ODUSD(I&E) emphasizes fiscal/physical oversight and monitoring of awarded projects via a framework known as the Program Evaluation Plan (PEP).

The PEP monitors how well housing privatization is providing quality housing for our families, as well as protecting other government interests such as repayment of loans. Because the primary relationship is between military tenants and private landlords, the Department works hard to limit its involvement to only essential protection of the Department's interests. At every step, responsibility for day-to-day management of the housing is shifted to the private partner; including shifting the requirement to attract member tenants. At the same time our partnership agreements allow the Services to protect our interest in housing our military families.

Since implementation of the PEP eight years ago, the Department has continued to refine its oversight and ensure the quality of information collected is relevant and timely. Detailed, real time monitoring of projects is the responsibility of the Military Services and is implemented at each location in accordance with the management structure for that project. Programmatic data is collected semi-annually to allow headquarters oversight. Based on the PEP evaluations to date, we are confident that the program is meeting expectations and that projects are fiscally and financially sound.

Overseas Housing

In the United States, the Defense Department relies on the private sector to provide quality housing options. Only when the private market demonstrates that it cannot supply

sufficient levels of quality housing, does the Department provide housing to our military families using privatization as its preferred option. In the absence of privatization authority, the Department addresses housing needs overseas through military construction and leasing. One innovative exception is the Army housing initiative in Korea known as the Humphreys Housing Opportunity Project (HHOP). This initiative involves private sector development, financing, design, construction, operations, maintenance, and long-term property management. The program requires no capital construction investment by the Army and housing units will be rented by soldiers through the use of their overseas housing allowance. The HHOP is expected to ultimately provide 2,400 new family housing units at the US Army Garrison Humphreys.

Unaccompanied Personnel Housing

With over 600,000 beds, the Department manages more Unaccompanied Personnel Housing (UPH) inventory than the world's largest hotel chain. The Administration is committed to improving housing for our unaccompanied Service members and continues to encourage the sustainment and modernization of UPH around the world to improve privacy and provide greater amenities. To that end, the Department conducted a worldwide barracks survey to document the extent barracks meet established Department standards; the reasons why facilities may fail to meet these standards; and an estimate for the funding required. We are currently evaluating the impact of the recently enacted American Recovery and Reinvestment Act of 2009, which provides supplemental barracks funding. Your continued support of our unaccompanied personnel housing program is greatly appreciated.

The Military Housing Privatization Initiative (MHPI) includes authority to privatize unaccompanied housing similar to that of the privatization of family housing. In FY 2007, the Army added bachelor officer quarters and senior enlisted bachelor quarters to its existing

privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; Fort Bliss, Texas/White Sands Missile Range, New Mexico, and Fort Irwin, California.

At three sites, the Navy has executed successful unaccompanied privatization projects using a pilot authority that authorized a flexible payment of a partial housing allowance to unaccompanied residents. These pilot projects have so successfully improved the quality of life of unaccompanied personnel that it is now time to make them permanent and expand them to the other Services.

The Department appreciates the support from the Congress in efforts to extend the principles of privatization to our critical bachelor housing needs. We envision that privatization will prove to be as successful in accelerating improvements in living conditions for our single Service members as it has been for family housing.

CONCLUSION

The housing privatization program is crucial to a decent quality of life for our Service members. The Department has aggressively used privatization to advance the goal of eliminating inadequate housing and obtaining maximum benefit from housing investments. The Services continue to evaluate installation housing requirements and the opportunities to meet additional housing needs through privatization continue to expand.

In closing Mr. Chairman, I again express the Department's appreciation for the strong support of military housing programs. I look forward to working with you Mr. Edwards, and all members of this committee as we continue to improve the quality of life of military personnel.

Mr. EDWARDS. I thank you, Secretary Army.
Secretary Eastin.

STATEMENT OF KEITH EASTIN

Mr. EASTIN. I don't want to feel left out here, but I have 192 hours in a Cessna 172. [Laughter.]

Mr. EDWARDS. Well, I have got my thousand in a 210, so between the two of us—

Mr. EASTIN. Let me try to be a little short with my opening remarks. I will give you a little overview: The Army's campaign plan is predicated on rebalancing the Force in an era of persistent conflict. A renewed focus and investment in our housing—single soldier and family—programs are key elements for finding that balance.

Among the challenges we face are a high op tempo, frequent deployments, and aging barracks inventory that requires constant management attention, repairs, and maintenance until new construction projects are completed, the impact of the financial market turmoil on our ongoing privatization programs, and major stationing changes due to BRAC, Grow the Army, and global redeployments.

In family housing, we have come a long way with our Army housing facilities in terms of quantity, quality, and adequacy. Inadequate family housing will be eliminated in 2016 for privatized housing, 2010 for government-owned CONUS housing, and 2012 for overseas CONUS government-owned housing. For major Grow the Army sites, where our housing market analysis show an insufficient in-state of available family housing, we are programming additional government equity contributions to our existing residential communities initiatives to build additional family housing units.

With respect to barracks, our goal is to provide safe, clean, and functional barracks for all soldiers—permanent party, trainees, wounded warriors, and Guard and Reserve. Our overarching strategy is to buy out all inadequate permanent party barracks by 2013 by removing any barracks with common area latrines and improving our barracks complexes as a whole. The last inadequate buildings will be funded for construction and renovation in 2013 and occupied in 2015.

We are buying out our training barracks requirements by 2015, and those will be occupied in 2017. We are instituting improved procedures to assure that barracks are properly maintained, sustained, and renovated.

With respect to privatization of our housing, our family RCI program is comprised of 45 installations which are comprised into 35 combined projects and a planned instate of about 90,000 homes. As of this January we have privatized 39 of 45 installations, give or take 85,000 homes, we have built almost 18,000 homes and renovated another 13,000 homes. The last RCI projects will be awarded in 2010, and the remaining 14,000 privatized inadequate homes will be replaced and renovated by 2016.

Our private sector partners are not immune to the global financial industry turmoil affecting the entire credit market, but I am pleased to report that the Army has a proactive process and proce-

dures in place to detect problems, and as issues arise we will work with our partners to mitigate the impacts.

With respect to what we call warriors in transition—those returning from either Iraq or Afghanistan—we have about 85,000 warriors in transition, and they are currently housed in interim facilities that have been modified to remove barriers to improve accessibility. Every warrior in transition is assigned a suitable room, preferably on-post, close to the medical treatment facility.

W.T.s are assigned to the best available facilities we have at the post. The specific location is a decision reached by the senior mission commander at those posts. The new permanent warrior transition facilities we are programming will exceed the standards required by the Americans with Disabilities Act and other federal accessibility programs.

In conclusion, the Army has put policies, procedures, leadership focus, and additional resources into place to ensure that we continue to make steady progress towards buying out our family housing, barracks, and warriors in transition requirements, then maintaining them to standards. I await your questions. Thank you.

[Statement of Keith Eastin follows:]

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BY THE COMMITTEE**

STATEMENT OF

MR. KEITH E. EASTIN

ASSISTANT SECRETARY OF THE ARMY

(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE SUBCOMMITTEE ON

MILITARY CONSTRUCTION AND VETERANS AFFAIRS

OF THE HOUSE APPROPRIATIONS COMMITTEE

March 12, 2009

**HOLD UNTIL RELEASED
BY THE COMMITTEE**

Introduction. Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's housing programs and initiatives. The outcomes of our housing efforts are 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 the quality of their service. The right and necessary combination of funding, program execution, and oversight, will enable Soldiers and their Families to receive the facilities, care, and support they need to accomplish those tasks our national leaders ask them to perform.

Overview. The Army's Campaign Plan is predicated on rebalancing the force in an era of persistent conflict. A renewed focus and investment in our housing, single Soldier, and Family programs are key elements for finding that balance. Among the challenges we face are: high operations tempo, frequent deployments, an aging barracks inventory that requires constant management attention, repairs, and maintenance until new construction projects are completed, the impact of the financial market turmoil on our ongoing privatization and partnership efforts, and major stationing changes due to BRAC, Grow the Army, and Global redeployments.

Family Housing. While details on the forthcoming FY 2010 budget are still being finalized and have not been released, we expect it, when released in April, will continue our significant investment in our Soldiers and their Families by supporting our goal to have contracts and funding in place to build new homes at enduring overseas locations and provide the Army's investment at privatized sites to eliminate housing

deficits created by increased troop strength and restationing decisions. The forthcoming budget will also support staff and facilities required to enhance services to provide housing assistance for Soldiers and Families that live off post.

For major Grow the Army (GTA) sites where Housing Market Analyses (HMAs) show an insufficient end-state of available Family Housing, we are programming additional government equity contributions to our existing Residential Communities Initiative (RCI) partnerships to build additional Family Housing units.

Similarly, at GTA sites where we anticipate major community shortfalls in available private housing, we have hosted a community "Housing Industry Forum" to encourage private developers to consider building appropriate housing units to satisfy the likely demand for Family Housing in the community. We hosted a forum at Fort Drum, New York and will be hosting another at Fort Bliss, Texas in April. To avoid the risk of encouraging overdevelopment in a declining real estate market, we are very careful to schedule such Industry Forum events only in GTA communities where a large and verifiable housing shortfall exists.

Barracks. The President has made it clear in his recently released FY 2010 Budget Overview that funding for barracks will continue to be a priority: "Therefore, the Budget continues to sustain and modernize barracks and dormitories housing servicemembers around the world and works to end all inadequate housing for military families." (*A New Era of Responsibility*, February 2009)

The Army's goal is to provide Barracks for all Soldiers – permanent party, trainees, Wounded Warriors, and Guard and Reserve. Our overarching strategy is to buy out all inadequate Permanent Party barracks by 2013, by removing any Barracks with common area latrines and improving our Barracks complexes as a whole. The last inadequate buildings will be funded for construction and renovation in 2013, and occupied in 2015. We are buying out our Training Barracks by 2015; and will occupy them by 2017.

With all barracks, we are building fully-functional complexes which integrate living, working, and training. We are programming these complexes at major Grow the Army (GTA) installations.

Since last year, the Army has conducted a sweeping inspection of over 3,300 barracks worldwide, and 146,500 rooms, to ascertain the extent of the maintenance and facility issues we still have. All identified barrack deficiencies were ordered corrected throughout the Installation Management Command, and any soldier found living in a substandard room has been, and will be, relocated.

We have made changes to the way we manage our barracks by standing up maintenance teams at each installation to focus on barracks' quality of life. We placed sergeants major at directorates of public works, beginning with our 16 largest installations, to assist in barracks readiness. And we have transferred barracks ownership from deploying units to the garrison in order to better maintain them at an acceptable standard.

We are now centrally managing our barracks and our training, and tracking our barracks' quality of life monthly.

This collection of reforms now forms the backbone of what we call our First Sergeants Barracks Initiative (FSBI).

Additionally, we have reprioritized hundreds of millions of dollars since last year to address our most urgent priorities, representing dozens of projects across numerous installations. Mold is our largest problem, most prevalent in the southeast, but is an issue that must be vigilantly monitored across all of our installations.

Each installation has the capability to test mold and take immediate corrective measures, including Soldier reassignment. We are applying several engineering initiatives to reduce mold growth in the short, medium, and long term.

I'm confident we can improve the quality of life for our soldiers serving our nation so proudly. The Army has invested \$13 billion since 1994 to modernize our barracks, get soldiers out of the old barracks, and build new, modern barracks, with more space and amenities.

We are proud of these efforts, but still have several years and billions of dollars to go before our barracks will be brought to standard; 79.4 percent of our barracks were built in 1979 or earlier; 35 percent are 50 to 60 years old, just like the barracks that were brought to *You Tube* infamy.

We must continually triage these old barracks to keep them livable. To cope with this challenge, the Army has invested \$975 million since 2005 to sustain our barracks awaiting replacement. We will require a continual investment and sharp leadership focus to maintain these barracks until we complete our buyout plan in 2015 and have beneficial occupancy in 2017.

Army Family Covenant. The Secretary and Chief of Staff of the Army have established seven initiatives supporting the Army Campaign Plan. The second Army Initiative, termed "AI #2", recognizes the strength of our Army comes from the strength of our Army Families, and aims to enhance quality of support to Soldiers and Families to preserve the All Volunteer Force. Subsequently, Army leadership unveiled the Army Family Covenant. The Covenant, which articulates AI #2 goals, institutionalizes the Army's commitment to provide Soldiers and Families, active, Guard and Reserve, a quality of life commensurate with their commitment and service and recognize the important sacrifices they make every day to defend the Nation. The Covenant commits the Army to improve Family readiness by standardizing Family programs and services, increasing accessibility to health care, improving Soldier and Family housing, ensuring excellence in schools, youth and child services and expanding education and employment opportunities for Family members.

The Army Family Covenant has had significant progress to improve Family Readiness. The Covenant is enduring and continues a legacy of service and support to

Soldiers and Families. It reflects a continuum of Army dedication to sustain and partner with Soldiers and their Families to build an environment where they can prosper and realize their potential, all essential in sustaining an All-Volunteer Force.

Soldier and Family Action Plan and Military Housing. The Soldier and Family Action Plan provides the roadmap to make the Army Family Covenant a reality and improve and/or address gaps in existing Soldier and Family programs and services. Soldier and Family housing is an important line of operation within the plan and focuses on five sub initiatives; improving family housing, improving single Soldier housing, increasing housing opportunities for mobilized Guard and Reserve Soldiers, developing and resourcing housing for Warriors in Transition, and enhancing Army housing services.

Army Family Housing (AFH) Privatization. Focused funding and housing initiatives ensure we are providing the best possible housing for all of our Soldiers, married or single. Army Housing Programs build on our commitment to our Soldiers and Families, and these programs align with and support the Army Family Covenant (AFC) as a means to achieving and sustaining a deserved quality of life (QOL).

Military housing privatization is one of the Army's most important QOL initiatives for Soldiers and their Families. Housing privatization has capitalized on the idea of leveraging housing assets and Appropriated Funds to obtain private sector capital and expertise to build, renovate, operate and maintain quality military housing. To do this, the Army has partnered with nationally recognized developers, property managers and financial institutions who are assuming the responsibilities for managing, maintaining, renovating and constructing housing in accordance with a negotiated scope of work and fee structure.

The Residential Communities Initiative (RCI) program is the Army's primary military housing privatization initiative, and Army has experienced tremendous successes with RCI. Currently, the Family Housing RCI program is comprised of 45

installations (combined into 35 projects) with a planned end state of 90,272 homes. As of January 1, 2009, RCI has privatized 39 of 45 installations (85,734 homes at end state), built 17,948 homes, and renovated another 13,215 homes. The last RCI projects will be awarded by 2010, and the remaining 14,084 privatized inadequate homes will be replaced or renovated by 2016.

Privatization of Army Lodging (PAL). Building on the successes of the RCI Family Housing program and using its processes and model, the Army embarked on a program in 2003 to develop a privatization program for its lodging facilities and operations in the U.S. Lodging privatization leverages private sector resources, business practices and innovations to achieve and sustain quality transient accommodations for official travelers (temporary duty and permanent change of station).

PAL demonstrates Army's commitment to providing quality transient housing to improve the QOL of life of Soldiers and Families, many of whom stay in lodging for up to 6 months. The Group A project (one of three Groups) was awarded to Actus Lend Lease, who partnered with InterContinental Hotels Group (IHG). IHG brands that will be used in the project are Candlewood and Staybridge Suites (new hotels) and Holiday Inn Express (renovated rooms). An end state of 17,500 rooms is expected to be rolled out in three privatized groups. The first group, Group A, contains 10 installations and an end-state of 4,166 rooms.

Barracks Privatization. The Army in 2004 awarded its first military housing privatization project for senior single Soldiers. In March 2004, Fort Irwin RCI included 200 UPH apartments for senior single Soldiers due to the shortage of adequate, affordable off-post rentals. In 2005, Army approved expansion of the Fort Drum RCI project to include UPH apartments, and in 2006, the Army approved expansion of the program to Forts Stewart, Bragg and Bliss for a total of 1,396 apartments (total of 1,804 rooms). At Fort Irwin, the first apartments opened in September 2008 and all 200 will be available by July 2011. At Fort Stewart, the first apartments opened in November

2008 and all 334 will be available by January 2010. At Fort Ft Bragg, the first apartments opened in February 2009 and all 312 will be available by July 2010. At Fort Drum, the first apartments opened in February 2009 and all 192 will be available by May 2009. Finally, at Fort Bliss, that project includes 358 apartments and privatization and new construction are expected during 2009.

We are in the process of collecting and analyzing the lessons learned from these pilots. We are also aware that many Soldiers, Families, and their elected Members of Congress are interested in the question of whether the successes from the Residential Communities Initiative (RCI) can be more broadly applied to the barracks and unaccompanied personnel housing (UPH) area. Some have recommended that the Army expand barracks privatization to all ranks, including single junior enlisted Soldiers.

The Army has not formulated a formal position on expanding on its current pilot projects for barracks privatization and is working to complete a Congressionally directed feasibility study to assess whether there is a sufficient business case to justify undertaking UPH privatization to other sites or ranks. We had hoped to have this study in your hands already, but the estimated completion date has been postponed to the end of Fiscal Year 2009 in order to fully assess the stability and the unprecedented dynamics in the private capital markets, as well as update the results of the current UPH privatization pilot initiatives. The study will focus on possible ways that UPH privatization could help supplement, not supplant, housing initiatives and programs for the single Soldiers.

Taken as a whole, RCI Family Housing, PAL, and RCI UPH are focused on total residential communities, not just homes and lodging. Performance is measured by the Soldiers' satisfaction with housing and lodging, through established performance metrics, the continuous enhancement and preservation of the housing and lodging assets over the life of the project, the mitigation of project risks, the successful completion and sustainability of the housing and lodging development scope of work, and sound financial management for the 50-year periods of the projects.

Warrior Transition Unit Housing. The Army's 8,584 Warriors in Transition (WTs) at 36 Warrior Transition Units (WTU) are currently housed in interim facilities that have been modified to remove barriers to improve accessibility and amenities. Every WT is assigned a suitable room, preferably on-post, close to the Medical Treatment Facility (MTF). In general, WTs are assigned to the best available facilities on post. The specific location is a decision reached by the Senior Mission Commander, MTF, and Garrison Commander based on various factors (i.e., needs of WTs, proximity to MTFs, transportation network, and an environment that promotes healing).

The new permanent WT facilities we are programming will exceed the standards required in the Americans With Disabilities Act and the Uniform Federal Accessibility Standards (UFAS).

Conclusion. The Army has put policies, procedures, leadership focus, and additional resources into place to ensure that we continue to make steady progress towards buying out our barracks requirements, and then maintaining them to standard. We have successful privatization programs to build and maintain Family Housing, and we are implementing new oversight mechanisms to ensure that our RCI, PAL, and UPH privatization pilot projects weather the financial and credit market storms currently battering the global economy. And we will continue to program military construction and repair projects at overseas enduring locations so that Soldiers and Families defending our nation abroad receive the quality of life commensurate with their service.

Mr. EDWARDS. Thank you, Secretary EASTIN.
Secretary Penn.

STATEMENT OF B.J. PENN

Mr. PENN. Chairman Edwards, Representative Wamp, members of the subcommittee, it is a privilege to come before you today to discuss the Department of the Navy's housing programs. I would like to begin by expressing our deep appreciation to the Congress and this subcommittee for your unwavering support of housing for our Sailors, Marines, and their families. With your support, we have made tremendous progress in improving the quality of life, and specifically the living conditions, for our personnel.

I will briefly discuss those improvements, as well as the remaining challenges. The privatization of family housing within the Department of the Navy has been a resounding success. To date, we have executed 30 projects involving more than 61,000 homes for Navy or Marine Corps families. As a result of these projects, over 41,000 homes will be constructed or replaced.

These authorities have allowed us to leverage \$800 million in the Department of the Navy—to fund approximately \$8 billion in investments. To put it another way, each dollar that the Navy has contributed will yield \$10 of investment in better housing for our families.

Military housing privatization has been the cornerstone of our efforts to eliminate inadequate family housing in the department. Where privatization is not feasible, such as the foreign locations where the U.S. authorities do not apply, we have continued to use traditional military construction.

At the end of 2007, we met the OSD goal of having funds, programs, and contracts in place to eliminate inadequate family housing. The Navy currently expects that all work will be completed by 2011, and the Marine Corps by 2014. The latter period is extended because the Marine Corps plans to retain its housing in the interim to accommodate the increased requirements due to force structure initiatives, like Grow the Force, until sufficient additional housing can be built. We have made similar progress in unaccompanied housing.

This committee's support of the Commandant's Barracks Initiative and the resulting fiscal year 2009 appropriation of \$1.2 billion in MILCON funding for Marine Corps barracks will translate into approximately 12,300 permanent—party spaces at eight Marine Corps installations. The Marine Corps expects to satisfy the requirement by 2014.

We have also focused on the needs of our wounded warriors through the construction of wounded warrior barracks at Camp Lejeune and Camp Pendleton. These projects will provide critical temporary housing for our healing wounded warriors.

The Navy has successfully executed two unaccompanied housing privatization projects using the pilot authority provided by the Congress in 2003. These projects will result in a total of over 3,100 units, including over 2,100 new two-bedroom apartments for unaccompanied Sailors stationed in the San Diego and Hampton Roads areas. The Navy is continuing to evaluate candidate locations for the third pilot project, including the Mayport-Jacksonville, Florida

area, as well as additional phases at San Diego and Hampton Roads.

Our unaccompanied program still has its challenges. The Navy's Homeport Ashore Program, to provide housing ashore to junior unaccompanied sailors currently living aboard ships, remains a priority to the department. The Navy has thought to address this requirement through both MILCON and the use of pilot unaccompanied housing privatization authority.

However, there remain Sailors living onboard ships in our fleet concentration areas. The Navy continues to evaluate bachelor housing strategies to address this remaining requirement and enhance the quality of life for single sea-duty Sailors.

Returning to the subject of military housing privatization, there has been a great deal of attention focused by Congress on the service's oversight of housing privatization projects in the wake of difficulties experienced by some partners. We take seriously our responsibility to the Munzert Privatization Agreement 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.

Where our projects have encountered difficulties, appropriate corrective actions have been taken. For example, we had concerns regarding the performance of the private partner in our Pacific Northwest project. We worked with that partner to sell its interest to another company—with a good record of performance with military housing privatization projects. We are satisfied with the outcome.

Additionally, we are not insulated from the difficulties affecting the nation's economy. We have seen a dramatic curtailment in the amount of private financing available for our future military housing privatization projects and phases. This, in turn, affects plans for constructions and renovations. We are working with the office of the Secretary of Defense, the other services, and the lending community on ways to mitigate such impacts and preserve our ability to leverage private capital on future phases.

Mr. Chairman, that concludes my statement. I look forward to answering any questions that you or members of this committee may have.

[Prepared statement of B.J. Penn follows:]

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HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY
CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

STATEMENT OF
THE HONORABLE B.J. PENN
ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
OF THE
HOUSE APPROPRIATIONS COMMITTEE

12 March 2009

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Chairman Edwards, Mr. Wamp, and members of the Committee, I am pleased to appear before you today to provide an overview of the Department of Navy's housing program.

OVERVIEW

The following tenets continue to guide the Department's approach to housing for Sailors, Marines, and their families:

- All service members, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

With the support of Congress, and particularly this Committee, we have made great strides in improving the quality of life for our members and their families over the past years. These include:

- Funds programmed and contracts in place to eliminate inadequate family housing in the Navy and Marine Corps.
- A robust military construction program to meet the Marine Corps' unaccompanied housing needs.
- Successful execution of the first two unaccompanied housing privatization projects within the Department of Defense.

Despite these achievements, there remain challenges that we face as a Department. A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

FAMILY HOUSING

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

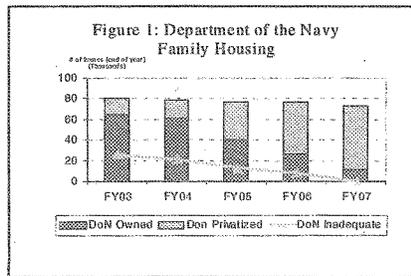
- Reliance on the Private Sector. In accordance with longstanding DoD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.

- 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 (MILCON) 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 feasible.

As of the end of Fiscal Year (FY) 2008, the Department owned, operated, and managed over 10,600 units world-wide. Eighty percent of this housing is overseas or at foreign locations. Additionally, the Department leases another 6,100 homes worldwide. These include short-term domestic and foreign leases, housing units obtained in the United States through the "Section 801" lease construction program and lease-construction units in foreign countries, principally Italy.

This Committee has had a long-standing interest in the Department's efforts to identify and eliminate inadequate family housing. As indicated in our December 29, 2008 report to Congress on this subject, the Department uses the following Department of Defense definition of an "inadequate" family housing unit:

"Any unit requiring whole-house repair, improvement, or replacement as identified by the Services' condition assessments, exceeding a per unit cost of \$50,000 adjusted by the area cost factor. Services' condition assessments shall utilize private sector housing industry construction codes and sizing standards as a basis for assessing inventory adequacy."



The Navy and Marine Corps met the OSD goal to eliminate inadequate family housing by programming the necessary resources and having contracts or agreements in place by the end of FY 2007. The Department relied principally on the use of military housing privatization authorities to address inadequate family housing in the United States and military

construction overseas where, with the exception of U.S. territories and possessions, the privatization authorities do not apply. Figure 1 is a chart depicting how the elimination of inadequate Navy and Marine Corps family housing units was programmed by FY 2007.

Although funding was provided and contracts or agreements were in place by the end of FY 2007, the actual work to eliminate the units (through renovations or replacement) extended beyond FY 2007. This is driven by the magnitude of the work involved and a desire to minimize displacement of Navy and Marine Corps families as units are taken off line for renovation and, therefore, become unavailable for occupancy. The Navy expects that all work will be complete by 2011. The Marine Corps expects that all work will be complete by 2014. The latter period is extended as the Marine Corps plans to retain housing, in the interim, to accommodate increased requirements due to its force structure initiatives until sufficient additional housing can be built.

It is important to note that, notwithstanding the definition used to distinguish inadequate from adequate housing, the Navy and Marine Corps intend to ensure the continued habitability and safety of its housing through accomplishment of needed maintenance and repair projects as requirements emerge and through the programming of improvement or replacement projects as part of an overall recapitalization program for Government-owned housing.

One challenge facing the Department, with respect to family housing, is the increased requirements associated with the Marine Corps' "Grow the Force" initiative. The Marine Corps will see a growth of almost 5,000 families as a result of this initiative. In accordance with long-standing Department of Defense policy, the Marine Corps plan for addressing the additional family housing requirement due to the Grow the Force program relies on the communities near the military installations as the primary source of housing. Housing for the additional families associated with the end-strength growth indicated in the Marine Corps Stationing Plan (or for families associated with pre-Grow the Force base loading) has been programmed in those cases where the Marine Corps has determined, through the conduct of housing market analyses, that the local community cannot support the housing needs of our military members. In those cases, the Marine Corps plans to provide housing through use of military housing privatization authorities. For all locations, including those with reported deficits, military family housing requirements are sensitive to prevailing market conditions and are subject to change. Prior to programming projects for the provision of additional housing, it is important to establish that the deficits reflect systemic, long-term requirements and are not reflections of short-term market fluctuations. Accordingly, the Marine Corps will continue to

update its analyses to monitor the housing markets' ability to accommodate the additional Marine Corps families.

UNACCOMPANIED HOUSING

There are over 157,000 unaccompanied housing spaces for permanent party personnel in the Navy and Marine Corps housing inventory. These represent a wide mix of unit configurations including rooms occupied by one, two, or more members.

The challenges in the area of unaccompanied housing are as follows:

- Provide Homes Ashore for our Shipboard Sailors. Junior single sailors assigned to sea duty, rank E3 and below, are by law not authorized a housing allowance. The Navy has historically met a portion of its single Sailor housing demand by berthing sailors on major combatant surface ships. The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction; privatization and intensified use of existing barracks capacity. However, there remain sailors living on board ships in our Fleet concentration areas. The Navy continues to evaluate bachelor housing strategies to enhance the quality of life for single sea duty sailors.
- 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. Although the Navy continues to hold to the OSD construction standard of a private sleeping room design for new single sailor barracks, it has recently constructed a number of permanent party barracks facilities to an enhanced 1+1 standard that allows assigning two Sailors to a room, in a 2+0 configuration, to support the higher priority of Homeport Ashore. These are private sector style apartments with two bedrooms, each with a bathroom and two closets, and a shared common area with eat-in kitchen, living room and clothes washer and dryer. The result is an improvement in living conditions for junior enlisted personnel, a unit comparable with commercial off-base apartments, and the ability to house 2 Sailors per bedroom until capacity allows the more desirable private sleeping room configuration.

It is the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed. Thanks to your previous support, in FY 2009 the Marine Corps will make significant progress toward fulfilling this priority. Your 2009 appropriation of \$1.2 billion in MILCON funding for Marine Corps barracks will result in the construction of approximately 12,300 permanent party spaces at eight Marine Corps installations. In the FY 2009 FYDP the Marine Corps has programmed the necessary funding to eliminate the BEQ deficit for the Marine Corps pre-Grow the Force end strength requirement by 2012. The Marine Corps expects 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.

- Eliminate Gang Heads. Although both Services have programmed funding to eliminate permanent party gang heads, the Marine Corps 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.
- Housing for Wounded Warriors. In 2008, Congress provided approximately \$60 Million for two Wounded Warrior barracks projects, one each at Camp Pendleton and Camp Lejeune. Each project has 100 rooms and is designed to comply with accessibility guidelines for the disabled. These projects will provide critical temporary housing for our healing Wounded Warriors. In accordance with new Department of Defense standards, the Marine Corps developed standards for the operation and maintenance of facilities that house Wounded Warriors and issued them in the Marine Corps Housing Manual. Recent inspections of existing Wounded Warrior facilities continue to validate their compliance with both DoD and USMC standards. In addition, our annual inspections and periodic, comprehensive follow-up programs, one-to-one interviews, focus groups and town-hall meetings serve to better inform our efforts for additional improvements to our Wounded Warrior housing facilities.

HOUSING PRIVATIZATION

As of the end of FY 2008, we have awarded 30 privatization projects involving over 61,000 homes. As a result of these projects, nearly 20,000 homes will be renovated and over 21,000 new or replacement homes will be built. (The remaining homes were privatized in good condition and did not require any work.) 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.

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of Title 10, United States Code. These projects are at San Diego (executed in December 2006) and Hampton Roads (executed in December 2007) and will result in a total of over 3,100 units, including over 2,100 new 2-bedroom apartments, for unaccompanied Sailors.

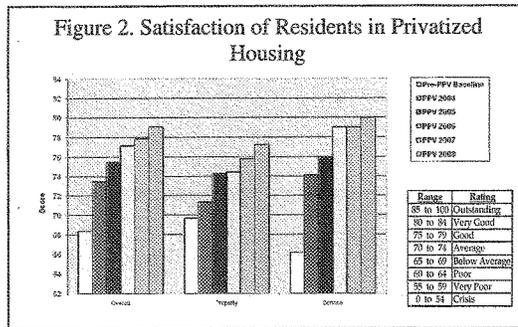
The Navy is continuing to evaluate candidate locations for the third pilot project, including the Mayport/Jacksonville, Florida area as well as additional phases at San Diego and Hampton Roads using the public/private entities previously established.

While the military housing privatization initiative has been overwhelmingly successful, there are challenges in this program area as well. They include:

- The current economic climate. In the current economic climate, we have seen a dramatic curtailment in the amount of private financing available for our future military housing privatization projects/phases. This, in turn, affects plans for future construction and renovations. We are working with the Office of the Secretary of Defense, the other Services, and the lending community on ways in which we might mitigate such impacts and preserve our ability to leverage private capital on future projects/phases.
- Program Oversight. There has been a great deal of attention focused by Congress on the Service's oversight of housing privatization projects in the wake of difficulties experienced by some partners. 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. 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. We worked with that partner to sell its interest to another company which has a record of good performance with military housing privatization projects.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown in Figure 2, the customer surveys show a steady improvement in member satisfaction after housing is privatized.



CONCLUSION

The Department of the Navy remains committed to improving the quality of life of Sailors, Marines, and their families wherever they serve. We are deeply grateful for this Committee's continued support and appreciative of the opportunity to testify before you today.

Mr. EDWARDS. Thank you, Secretary Penn.
Secretary Billings.

STATEMENT OF KEVIN W. BILLINGS

Mr. BILLINGS. Thank you, Mr. Chairman, Congressman Wamp, distinguished members of the subcommittee. Thank you for the opportunity to address the Air Force unaccompanied and family housing, both key quality of life issues for our Airmen and our families.

When Secretary Donley asked me to assume the role of Acting Secretary of the Air Force (Installations, Environment and Logistics) six months ago, I laid out four basic principles to guide our organization. First and foremost is compliance with the law. Second is to be good stewards of the environment, and equally importantly, to be good stewards of the taxpayers' dollars. The fourth is to do this all while remembering that taking care of our Airmen and their families is what allows us to accomplish our mission.

Real quickly, though, I would also like to thank my colleagues before the committee here, because without the guidance of Mr. Army and Mr. Eastin and Mr. Penn, I would have not been able to get up to speed as quickly on these issues as I have, and I want to publicly thank them.

With that fourth principle I want to reiterate what Chief Master Sergeant of the Air Force McKinley told you a couple weeks ago about our housing and dorms, and that is that the Air Force is committed to ensuring our Airmen and their families have quality housing in which to live and raise their families. We have almost 43,000 Airmen living in unaccompanied housing, or what we refer to as dormitories, and over 65,000 families living in Air Force family housing.

We truly appreciate the continued efforts of this subcommittee, the Congress, and the valuable support and leadership you have provided to the success of our housing program. First turning to unaccompanied housing, the Air Force continues our longstanding commitment to provide quality dormitories. As Chief McKinley also testified to this committee, dorms are not just a place where Airmen sleep; they are a place where we blue our newest and youngest Airmen, our future Air Force leaders.

Enlisted Airmen are the backbone of our Air Force, and we are currently aware of the vital importance quality living conditions contributes to morale and retention. Since fiscal year 2000, we have demonstrated our commitment by providing quality dormitories for our Airmen by funding 95 construction projects totaling almost \$1.3 billion.

We continue to replace dormitories at the end of their useful life with our standard Air Force design, Dorms for Airmen Program. The Dorms for Airmen design capitalizes on the wingman strategy that keeps the dorm residents both socially and emotionally fit. This is accomplished by providing our Airmen privacy and respect with their own bedroom and head, yet encouraging them to interact with their fellow Airmen through shared kitchen, laundry, and entertainment space.

The Air Force prides itself in saying that we recruit Airmen, yet we retain families, and we understand the importance of quality family housing to our members and their families. Our strategy for

providing quality family housing uses the Defense Department “off-base first” policy to determine what the local community can support and the need for on-base housing.

Where possible, we utilize the congressional authorities for privatization to meet our housing requirements. We will continue to privatize where it makes sense. However, when privatization is not feasible, such as at overseas bases, we rely on traditional military construction funding. We continue to make progress in the replacement or major improvement of our housing for Air Force families.

Since last spring, the Air Force completed new construction or major improvements on 1,161 units in the United States and 911 units overseas. Additionally, we have another 2,286 units under construction in the United States, and 2,783 units under construction overseas.

Using privatization to accelerate our family housing improvement program, we have seen delivery of over 10,000 new or renovated homes, and are currently bringing on-line over 200 quality homes a month. By the beginning of 2010 we will have privatized close to 38,900 housing units at 44 bases. Further, we plan to privatize 100 percent of our family housing inventory in the Continental United States, Hawaii, Alaska, and Guam by the end of fiscal year 2010. Current projections show by strategically leveraging more than \$402 million in government investment, we will have brought in almost \$6.3 billion in private sector total housing development.

Finally, I would like to thank you for your support of our Airmen in the American Recovery and Reinvestment Act of 2009. This important appropriation significantly supports the Air Force programs for providing quality housing for our Airmen and their families. Specifically, we thank you for providing the Air Force \$80 million for family housing and military construction, \$16 million for housing operations and maintenance, and \$100 million for dormitories. While this appropriation will help the Air Force improve its housing inventory and stimulate the local job market surrounding our various Air Force bases, there are still critical requirements to fund in future appropriations.

In closing, the Air Force would like to thank the committee for its continued strong support of the Air Force and unaccompanied and family housing. Through your support we are improving the quality of life for our Airmen and their families by bringing quality dormitories on-line faster than ever before, and at significant savings to the taxpayers through privatization.

Thank you, Mr. Chairman. I look forward to answering your questions.

[Prepared statement of Kevin W. Billings follows.]

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DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND
VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: AIR FORCE HOUSING PROGRAMS

**STATEMENT OF: MR. KEVIN W. BILLINGS
ACTING ASSISTANT SECRETARY OF THE AIR FORCE
FOR INSTALLATIONS, ENVIRONMENT AND LOGISTICS**

MARCH 12, 2009

**NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**



BIOGRAPHY



UNITED STATES AIR FORCE

KEVIN W. BILLINGS

Kevin W. Billings, a member of the Senior Executive Service, is Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C. He heads three division departments that deal at the policy level with Air Force facility and logistical issues. The department's responsibilities include installations, military construction, base closure and realignment; environment, energy, safety and occupational health issues; and all logistical matters.

Mr. Billings was born in London, England. He is a graduate of the University of Puget Sound, Tacoma, Wash., and the Executive Development Program at the Wharton School of the University of Pennsylvania. Mr. Billings has held multi-dimensional executive positions in public and private industry in strategic management, international and domestic business development, transformation and change management, corporate relations, and legislative policy development. His experience includes work on Capitol Hill, executive positions with Westinghouse Electric Corporation in the area of Federal Facilities, and an advisory role for the Secretary of the Army for matters relating to business process transformation and industrial safety.



EDUCATION

1977 Bachelor of Arts degree in political science, University of Puget Sound, Tacoma, Wash.
1987 Executive Development Program, University of Pennsylvania Wharton School of Business, Philadelphia

CAREER CHRONOLOGY

1. 1979 - 1981, special assistant, Congressman Jerry Lewis, Washington, D.C.
2. 1981 - 1983, legislative assistant, Congressman Sid Morrison, Washington, D.C.
3. 1983 - 1984, buyer, Westinghouse Hanford Company, Richland, Wash.
4. 1984 - 1989, Vice President, Legislative Affairs, American Nuclear Energy Council, Washington, D.C.
5. 1989 - 1990, Vice President, Washington Operations, the New England Council, Inc., Boston, Mass.
6. 1990 - 1992, Manager, Technology Communications, Westinghouse Hanford Company, Pittsburgh, Pa.
7. 1992 - 1995, Manager, Technology Communications, Government Operations Business Unit,

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8. 1995 - 1998, Director and General Manager, Government and Environmental Services Company, Westinghouse Electric Corporation, Pittsburgh, Pa.
9. 1998 - 1999, Vice President, ICF Kaiser International, Vienna, Va.
10. 1999 - 2004, private consultant, the Alliance Group, Washington, D.C.
11. 2004 - 2006, Senior Vice President, mCapitol management, Washington, D.C.
12. 2005 - 2006, adviser (unpaid), Secretary of the Army, Washington, D.C.
13. 2006 - 2007, Vice President, Business Development, Enterra Solutions, LLC, Yardley, Pa.
14. 2007 - 2008, Deputy Assistant Secretary of the Air Force for Energy, Environment, Safety and Occupational Health, Headquarters U.S. Air Force, Washington, D.C.
15. 2008 - present, Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C.

AWARDS AND HONORS

2007 Department of the Army Outstanding Civilian Service Award

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

University of Puget Sound Alumni Association Board of Directors
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(Current as of August 2008)

Introduction

The Air Force is committed to providing and maintaining high quality living accommodations for our Airmen and families at a cost that reflects good stewardship of the taxpayer's dollars. We have almost 43,000 Airmen living in unaccompanied housing, or what we refer to as dormitories, and over 65,000 families living in Air Force family housing. We truly appreciate the continued efforts of this subcommittee and Congress because of the valuable support and leadership they have provided to the success of our unaccompanied and family housing programs.

Unaccompanied Housing (Dormitories)

The Air Force continues our long standing commitment to improving our dormitory conditions. We recognize that enlisted Airmen are the backbone of our Air Force and are acutely aware of the vital importance quality living conditions plays in morale and retention. Since Fiscal Year 2000, the Air Force has demonstrated its commitment to providing quality dormitories to our Airmen by funding 95 construction projects totaling almost \$1.3 billion.

First accomplished in 1997 and updated every two to four years, the Air Force Dormitory Master Plan (DMP) captures the condition of our unaccompanied housing and serves as our roadmap for investment decisions. The planning process begins with on-site assessments of each dormitory along with the supporting facilities and infrastructure. The DMP captures the existing condition of all dormitories and identifies functional deficiencies in accordance with Air Force standards. A three tier rating system is used to categorize the condition of all dormitories and define the priority and type of investment needed.

A Tier 1 facility has exceeded its useful life. The best use of resources would be to replace this dormitory. The Air Force currently has 106 Tier 1 dormitories at 19 bases (53 enlisted, 8 training, 4 officer, and 41 contractor¹).

It is important to understand although a Tier 1 facility has reached a point where the best investment strategy would be to replace the building rather than continue to invest in repairs, it still provides safe and adequate rooms. Where Airman are assigned to Tier 1 dormitories, the Air Force continues to fund sustainment work to keep the facilities safe, clean and comfortable.

A Tier 2 dormitory has reached a point in its life cycle where major systems are in need of repair; however, through focused investment the dormitories have serviceable life remaining. The Air Force currently has 268 Tier 2 dormitories at 64 bases (211 enlisted, 7 training, 31 officer, and 19 contractor²).

Finally, Tier 3 facilities are deemed adequate and no major system repairs are anticipated within a ten year period. The Air Force currently has 418 Tier 3 dormitories at 81 bases (313 enlisted, 53 training, 31 officer and 21 contractor³).

We have made great progress using our investment strategy outlined in our Dormitory Master Plan. The Air Force has eliminated all central latrine dormitories and will eliminate the permanent party and pipeline dormitory room shortage next fiscal year. We will continue to

^{1,2,3} The Air Force has contractor dormitories (81 total) located at Thule, Ascension, and Antigua – these Air Force Stations conduct missile warning and space surveillance.

request funding to replace several of our worst dormitories. We also have developed a 'bridging strategy' to ensure we are making the best use of our sustainment, restoration and modernization funds so we continue to provide adequate facilities until military construction projects can be funded.

The Air Force will continue to replace dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the 'Dorms-4-Airmen' program. The 'Dorms-4-Airmen' concept capitalizes on a "wingman" strategy and keeps our dormitory residents socially and emotionally fit. This is accomplished by providing our Airmen privacy and respect with their own bedroom and bathroom, yet encouraging them to interact with their fellow Airmen with a shared kitchen, laundry, and entertainment space.

Family Housing

The Air Force recognizes how important families are to our Airmen and understand their living conditions play a huge role in quality of family life and retention of the service member. With our commitment to improve our family housing, we use a corporate housing investment strategy to integrate and prioritize traditional construction with private sector financing within a single "road map" to execute this program. Our strategy uses DoD's "off base first" policy to determine what the local community can support and the need for on-base housing. Where possible, we utilize the Congressional authorities for privatization to meet our housing requirements. If privatization is not feasible or possible, such as overseas bases, we then rely on traditional military construction funding. As a result, we now plan to privatize 100% of military family housing in the CONUS, Hawaii, Alaska and Guam by the end of Fiscal Year 2010.

The Air Force Family Housing Master Plan details our housing military construction, operations and maintenance, and privatization efforts. We anticipate having the funds needed to award

projects by Fiscal Year 2010 to eliminate all our inadequate homes, both here and abroad. Therefore, we are now focusing our investments on "keeping our good houses good."

We continue to make progress in the replacement or major improvement of housing for our Air Force families. Since this time last spring, the Air Force completed new construction or major improvements for 1,116 units in the United States and 911 units overseas. The Air Force has another 2,286 units under construction in the United States and 2,783 units under construction overseas. Other notable recent events include the award of two projects at Seymour-Johnson Air Force Base for a total of 415 replacement units. When completed, these construction projects will enable a three-base grouped privatization effort which includes Cannon Air Force Base, New Mexico; McConnell Air Force Base, Kansas; and Seymour-Johnson Air Force Base, North Carolina. Finally, the single largest military family housing project in Air Force history continues on track at Keesler Air Force Base, Mississippi. Since the devastation caused by Hurricane Katrina, 515 of the final 1,028 homes have been built and delivered to the Air Force ahead of schedule.

Family Housing Privatization

The Air Force uses the privatization authorities granted by Congress to accelerate our family housing improvement program. By the beginning of Fiscal Year 2010, we will have privatized close to 38,900 housing units at 44 bases. We've seen the delivery of over 10,000 new or renovated homes and are currently bringing on line over 200 quality homes a month. Current projections show by strategically leveraging more than \$402 million in government investment, we will have brought in almost \$6.3 billion in private sector total housing development, or sixteen dollars of private investment for each public tax dollar.

Every housing privatization project is unique, and is tailored to deal with a variety of housing assets in various states of age and repair, as well as their location in rural, suburban and urban communities. Our analysis indicates the following projects to be financially feasible and thus attractive to investors and developers: the Southern Group with Shaw Air Force Base, South Carolina; Keesler Air Force Base, Mississippi; Charleston Air Force Base, South Carolina; and Arnold Air Force Base, Tennessee; the Northern Group with Minot Air Force Base, Grand Forks Air Force Base, and Cavalier Air Force Station, all in North Dakota; Ellsworth Air Force Base, South Dakota; and Mountain Home Air Force Base, Idaho; the Eglin-Hurlburt-Edwards Group which consists of Eglin Air Force Base and Hurlburt Field, Florida, and Edwards Air Force Base, California; the Western Group with F. E. Warren Air Force Base, Wyoming; Whiteman Air Force Base, Missouri; and Malmstrom Air Force Base, Montana; and finally, the Cannon-McConnell-Seymour-Johnson Group with Cannon Air Force Base, New Mexico; McConnell Air Force Base, Kansas; and Seymour-Johnson Air Force Base, North Carolina.

American Eagle / Falcon Group Progress

The Air Force is proud of its housing privatization program; however, four of our 27 closed projects did not meet expectations. American Eagle had failed to meet their obligations under the terms of the transaction documents. The Air Force realized the problems in 2005 and informed the project owners and the bond holders; the Air Force also recommended corrective strategies which were not implemented. After lengthy discussions and negotiations with the bond holders and project owners, the four American Eagle projects at Hanscom Air Force Base, Massachusetts; Little Rock Air Force Base, Arkansas; Moody Air Force Base, Georgia; and Patrick Air Force Base, Florida consensually sold the project assets to HP Communities LLC. These four projects have been restructured into one grouped project now known as the Falcon Group. The sale and restructuring achieved several key objectives: transferring ownership to a company with a demonstrated record of success, resuming new construction and renovation

activities, aligning the inventory with the demand at the installations, and addressing the imbalances in sources and uses. The American Eagle restructuring confirmed that the rights and remedies granted to the Air Force in the Housing Privatization transaction documents work. Should a project company default on obligations owed to the Air Force, no action can be taken by the project company, its owner or senior lender to sell, restructure or refinance a housing privatization project without Air Force approval.

The Falcon Group project modified the scope of the four original projects; the current scope consists of construction of 308 new homes, renovation of 1,846 homes, and the completion of 148 homes that were partially constructed by the former American Eagle project owners. In addition, 317 existing homes will remain for an end-state of 2,619 with the construction period of 33 months at Hanscom Air Force Base; 40 months at Little Rock Air Force Base; 17 months at Moody Air Force Base; and 19 months at Patrick Air Force Base. Construction is scheduled to commence in April 2009 and the Falcon Group will be complete by March 2012.

The Air Force continues to evaluate and adjust its housing privatization oversight program to identify and mitigate risks as early as possible. While eight of 27 projects are construction complete, nineteen are in the initial development period (IDP). The Air Force Center for Engineering and the Environment (AFCEE) strengthened its construction oversight program to proactively assist the private sector in identifying and resolving project development issues and developed new responsibilities for on-site resident construction managers, who report directly to AFCEE. The AFCEE uses standardized procedures across the Air Force portfolio for quality assurance, financial reviews, construction schedule compliance reviews, and periodic development review visits to evaluate development practices. The Air Force has a vigorous program to share lessons learned and best practices from all its projects throughout the housing privatization portfolio and with the other Services.

Finally, the Air Force applied the lessons learned from previous housing privatization efforts to our nation's first joint base housing privatization project at McGuire Air Force Base and Fort Dix, New Jersey. We have since partnered with the Army to jointly privatize housing at McChord Air Force Base and Fort Lewis, Washington. We are now also working with the Navy to refine requirements for a housing privatization effort at Andersen Air Force Base, Guam and Navy Base Guam.

American Recovery and Reinvestment Act of 2009

This important appropriation significantly supports the Air Force priority for providing adequate housing for our Airmen and families. We thank you very much for your support to provide the Air Force \$80 million for military family housing construction, \$16 million for housing operations and maintenance, and \$100 million for unaccompanied housing (dormitories). This appropriation helped the Air Force reduce its backlog and stimulate the local job market surrounding various Air Force bases, but there are still other critical requirements which need funding.

The \$80 million for military family housing construction accelerates the replacement of housing at Eielson Air Force Base, Alaska and improvement of housing at Malmstrom Air Force Base, Montana. The Eielson Air Force Base project demolishes 72 old units and constructs 76 new units. The Malmstrom Air Force Base project repairs and restores the foundations of 179 military family housing units. Along with these projects, the ongoing family housing military construction projects at Eielson Air Force Base and Malmstrom Air Force Base will proceed in parallel, providing a dramatic improvement in our Airmen's quarters.

The \$16 million for housing operations and maintenance enables the Air Force to address key maintenance and repair requirements. This work includes repairing key infrastructure and heating/air conditioning systems, as well as upgrading housing finishes, and making essential life safety system improvements.

The \$100 million for dormitories provides the Air Force a significant amount of funding to construct or replace numerous dormitories. Our philosophy for determining our dormitory projects is to meet our greatest needs first, as identified in the Air Force Dormitory Master Plan, with dormitory condition being a significant criterion.

Conclusion

Once again, the Air Force would like to thank the Committee for its continuous strong support of the Air Force unaccompanied and family housing programs. Improving the quality of life for our young Airmen who live in the dormitories remains a high priority and our Dormitory Master Plan ensures we maintain visibility on these important facilities plus focuses our investments on the facilities with the greatest need. We are improving the quality of life for our families by bringing quality homes on line faster than ever before and at a significant savings to the American taxpayer through privatization. We believe these efforts are in line with providing our Airmen and families with the best possible housing and reflect the proper governmental stewardship.

Mr. EDWARDS. Thank you, Secretary Billings, and let me thank each of you for what you do every day. One of the reasons I consider it a privilege to be on this subcommittee is, I don't think there is any shortage of lobbyists running around Capitol Hill supporting various multi-billion dollar weapons programs, but in my 18 years in the House I think maybe two or three times at the most have I had anybody come by my office asking that we do more to provide better housing for our troops and their families, so you are the voice and leaders making a difference in their quality of life, and I thank each of you for that commitment.

I was going to recognize Mr. Wamp to start out the questioning, but do I understand that Mr. Crenshaw might have to leave after the next round of votes, and if that is necessary, I would be happy to—

Mr. WAMP. Mr. Chairman, if you are going to rotate back and forth I would ask that you let him go first in the event that he has to leave after this series of votes.

Mr. EDWARDS. You bet.

Mr. Crenshaw.

PRIVATIZED HOUSING

Mr. CRENSHAW. Thank you, Mr. Chairman.

And thank you all. I think privatized housing, as the chairman said, gives us all a sense of pride, and so often civilians look at military housing and say, "Gee, you know, that is not so good." And now they look at the privatized housing with a sense of envy, saying, "You know, we would like to live in those kind of houses."

I visited San Diego and saw the family housing, and I tell you what, it is awful nice. And I haven't seen the, the privatized bachelor quarters, but I think it is a great program. It leverages the money that we have and enables us to do good things that the private sector has been doing for a while. So I thank you all for working on this program.

Two quick questions. One has to do with Navy Region Southeast. Secretary Penn, I know you have done Bachelor Privatized Housing in San Diego, you have done it in Hampton Roads, are you still on track to do the Southeast project, part of those at Mayport, part of those at Kings Bay?

Mr. PENN. Yes, sir. We are looking at the options to provide fantastic homes for our troops, and we are doing an analysis, as you know, with a private program. We had three initial locations, and two of them fell out, and Mayport-Jax is in now, and we are doing the analysis on Mayport-Jax, based upon the requirements, yes, sir.

Mr. CRENSHAW. Is there anything you need—do we need to extend this program? As I understand it, it may expire at the end of this fiscal year.

Mr. PENN. It expires in September of 2009, sir.

Mr. CRENSHAW. So it would be important for us to extend this program

Mr. PENN. Yes, sir.

Mr. CRENSHAW. One of the things I wanted to ask you about Mayport: When you do a housing demand study, as you know the Navy has made a decision to homeport a nuclear carrier there, and

the carrier may come sooner, may come later, but when you do the demand part of your housing study, do you take into consideration the fact that there is a plan to have nuclear carrier there with 3,000 Sailors? Does that go into your study?

Mr. PENN. That may be part of our EIS, or environmental impact statement. We look at everything: schools, traffic.

Mr. CRENSHAW. But in taking into consideration it takes a little while to build a project, you don't want to end up with a shortage of housing.

Mr. PENN. We do analysis on Mayport, that is correct. We do.

Mr. CRENSHAW. Got you. And on the other side, I ask the Air Force, no program is perfect, but my colleagues in Florida, we have been informed that Patrick Air Force Base, that project down there hasn't gone as well as some of the other ones, and there is a new developer, and we were told they are going to open the housing up to non-defense people, and possibly living on base if you are not a military member could present problems.

Do you sense that? Is that something you are aware of? And have you done everything you can, been as creative as you can, to make sure that there aren't enough folks in the military to kind of fill those?

NON-MILITARY ON BASE HOUSING

Mr. BILLINGS. Yes, sir. The issue with the waterfalls, as it is called, at Patrick Air Force Base, Florida is larger than the developer wanted. There were operations to make sure that there are the right number of folks in the buildings, but when it falls below 95 percent we open it up first to other military families, then unaccompanied military, then to the Guard and Reserve, then after that to contractors, and then it falls down to the local community.

But before we let anybody from the local community in, we do background checks, we do financial checks, and we make sure the priority is to not have them on base. A lot of the privatized housing is off-base, and the civilians who are part of that privatized housing are in the off-base part first, as opposed to on the on-base part.

And finally, the commander has sole authority of who he lets on his base and who he doesn't, so as you put the processes together to make sure that these projects are viable—that is why we have the waterfall so that the developers can continue to do the work they need to do—we prioritize who can be part of that waterfall. The waterfall is in place in a number of other bases, and again, there are processes to make sure that anybody who is part of that is looked at very carefully.

HOUSING PRIVATIZATION STANDARDIZATION

Mr. CRENSHAW. Real quick, Mr. Chairman—also at Eglin. The Air Force is going to do a project there, and as I understand it they have put it out to bid at least twice, no developers said they want to do it, and do you coordinate with the other services on building family housing contracts? Is there kind of a standard or standardized way to do a privatized housing project? I wonder why it hasn't worked as well there at Eglin, which is over in northwest Florida. Any particular reason—does it still make sense?

EGLIN AFB, FL HOUSING PRIVATIZATION

Mr. BILLINGS. Privatization will make sense at Eglin Air Force Base, Florida. One of the issues at Eglin—a complicating issue at Eglin—is the bed-down of the F-35. And as we beddown the weapon system we were doing a supplemental environmental analysis so that we can move forward to beddown. The supplemental analysis will look at, perhaps, different runways and different flight patterns. So, we have actually put the privatized housing initiative at Eglin on hold until we have done the supplemental environmental impact statement on the overall F-35 bed-down of the integrated training facility there.

Mr. EDWARDS. Thank you.

Mr. ARNY. I would like to make one comment. The thing to remember, too, is—which took me a while to figure out—anybody below an active duty military person that comes in on this waterfall, and the first levels are either reservists or Guard or military-related, or even on-base civilians, but anybody below that first level only gets a 1-year lease, so that if you are full a year later that person is out and one of your active duty people come in.

Mr. CRENSHAW. Got you. Got you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Mr. Wamp, let me ask you, in terms of the procedure—we have a 15-minute vote going. Are you comfortable with us going till 2 or 3 minutes before this vote is over? There is one more vote after this, so—

So if staff will let us know when it is down to 3 minutes before the votes, I would appreciate that.

Thank you, Mr. Crenshaw.

Mr. Salazar.

Mr. SALAZAR. Thank you, Mr. Chairman. You cut it pretty short.

Mr. EDWARDS. But you get your full 5 minutes.

PINON CANYON

Mr. SALAZAR. Thank you.

First of all, let me thank all of you for your service. And not to be outdone, but you have 182 hours, I have got—

Mr. EASTIN. Ninety. One hundred and ninety. Please, don't—
[Laughter.]

Mr. SALAZAR. I have got over 600 on a Piper Cherokee, so—

I would like to discuss two more issues with Mr. Eastin. I know, first of all, let me just tell you that I have the greatest respect for all of you who have served in the military and for all of you who serve this country. But there was an article in “The Pueblo Chieftain” this week where “The Chieftain” reported that Secretary Eastin has reached a lease agreement with Denver businessman Craig Walker to acquire 70,000 acres off the Pinon Canyon and would announce it in Trinidad.

It really took me off-guard. I know that you and I have had some discussions before about maybe the auction. Last year, 2 years ago, we passed an amendment to Mil-Con V.A. appropriations bill that actually prohibited the Army from utilizing any funding for future

expansions of Pinon Canyon. And of course, that was only a 1-year prohibition.

Last year it was included in the language, and I guess I would like to ask you if you think it was the intent of Congress to completely bar the expansion with the use of these funds. I think that you might have mentioned to others that there might be other sources of revenue or funding for that expansion. Could you maybe—

Mr. EASTIN. This is, as you and I have discussed before and I have discussed with the citizens of Trinidad in an interesting little—what do I want to say—availability in a gym down in Trinidad for people to make comments about what the Army was doing. We have no intention of violating what the prohibition is, but we have had, I believe, Senator Salazar has asked GAO to look at this, and they have found that we are not violating the law with respect to that.

Our reading of the law—and you can't get around having lawyers even though you are at the Army; they are everywhere—we asked them curtly about this. We are not acquiring, which would require military construction funding, but we are, if you will, investigating whether this will work and finding out how to make it work.

Our opinion is that those preliminary steps to see what the citizenry thinks, to take surveys out there of basically—land and when the land might be available, that can be used with operation and maintenance funds, and not military construction funding. So it is not our intention to buy anything without coming back to the committee, and certainly discussing this with the Southeast Colorado delegation. So I think there is some confusion in what the source of the funds was, and what could be used with those funds and the other available funds for other purposes.

Mr. SALAZAR. Do you think that maybe you may be cutting some of the funding that we use for housing for troops and utilizing some of those funds to begin the search and paying for some of the research that you are doing now to acquire these properties? Do you think that that is not taking money away from the housing?

Mr. EASTIN. Congressman, I don't believe so. We are using operation and maintenance funds, which comes out of a different account, so it is neither—family housing operations, which is one account, it is not in the construction funds. It doesn't come out of any RCR projects we have, and doesn't come out of any of the barracks upgrade programs either, or the training barracks upgrade programs. So in our opinion—and in any event, I would venture to say that what has been expended is something quite south of \$1 million on this.

Mr. SALAZAR. So you will say that there is actually no agreement right now?

Mr. EASTIN. "The Chieftain," of course, is free to write whatever it likes, and my guess is you have seen that, but there is not agreement to do anything. We are looking at all sorts of options down there for acquiring land; we have, in fact, looked at that—it is a little, I believe it is between 70,000 and 80,000-acre site that is the subject of our discussions—but no deal has been made. I don't even know if we can do it—certainly we couldn't do it without coming back to see you all.

Mr. SALAZAR. Thank you.

Mr. EDWARDS. Thank you, Mr. Salazar. We will have time for a second round of questioning, for those members who can stay here.

Mr. Wamp.

INVESTMENTS

Mr. WAMP. Thank you, Mr. Chairman. I have got a couple of questions for each witness, and I will come back the second round if I need to.

Secretary Army, one of the drumbeats that all of our witnesses will probably hear from me throughout the Mil-Con quality of life side of this subcommittee is, I have spent a lot of time with General Casey in the last year, and there are impediments to our military families receiving support from the private sector, from the philanthropic sector, and outside groups . . . all of the above. And we hear more and more of this, how people want to help but the law prohibits them to help.

Is there anything that you know of today, relative to this testimony and the housing piece, that is still an impediment to outside groups helping our military families and I mean financially? They want to help, and there are impediments to investments and support for families, and we are scouring the countryside trying to find anything that is in the way of our extraordinary free-enterprise system, even in a recession, from helping our military. Do you know of any?

Mr. ARNY. Sir, this issue has not come up, in my knowledge, in terms of—I was trying to think through the various—we are getting support from the private sector, but it is all competitive, and we bid for it. Other than people giving our troops funds, which we don't permit, I think the law is prohibiting that, I would have to work with you—

Mr. WAMP. Yes. If anything comes up like that, call me. I want to hear about it.

GROW THE FORCE

Secretary Eastin, on the Grow the Army sites that have inefficient availability family housing, the RCI partnerships to build additional housing, can you tell the committee where these locations are, what the deficits are in those locations, and how long it will take before additional housing will be constructed?

Mr. EASTIN. There are basically nine of our installations that are involved in some sort of Grow the Army operations. I can list them quickly or furnish them for the record, but basically we are happy with all of our housing at each of these. Of course, we rely on the private sector to basically furnish about half of the housing. This is to protect the private sector developers, as development community as well as our own, so we don't see any deficits in those that have not been taken care of or planned on.

Mr. WAMP. Mr. Chairman, I see your note.

Mr. EDWARDS. If you would like to continue, you still have time left.

We will stand in recess until we take both votes; then we will be through with voting for the day.

[Recess.]

STIMULUS FUNDING

Mr. WAMP. All right. Down to Secretary Penn.

Sir, I was going to ask you about the Homeport Ashore Initiative and the stimulus bill, and how the stimulus funding ties into the progress that you are making on ramping up the Homeport Ashore Program. Didn't you use some of the stimulus money for that?

Mr. ARNY. We are going to come out with our list here pretty quickly, and most—we are still not sure what exactly will tie specifically to Homeport Ashore, but we have asked—we at OSD asked the Services to come up with fast spending program. If you recall, almost all of the—there is a little bit of MILCON in each of the Services, there is the hospital MILCON for TMA, so if it is tied to the stimulus it is going to be in the sustainment in the—

So it wouldn't be, I don't think, directly tied to Homeport Ashore. It might benefit Homeport Ashore in that perhaps we are, you know, renovating some rooms, or fixing up some heating, or replacing windows, or that kind of smaller project that we usually push off to the back that we are able to do with the stimulus money.

Mr. WAMP. You mentioned the dorms and \$100 million, but how does the stimulus money tie into Tier 1 and Tier 2 deficiencies on dorms on the Air Force?

Mr. BILLINGS. Sir, all of the stimulus money will be spent on Tier 1 dorms or deficient dorms. One deficient and three Tier 1 dorms will be funded with the stimulus money.

Mr. WAMP. That is it, Mr. Chairman, for now.

INADEQUATE HOUSING

Mr. EDWARDS. Okay. Thank you.

Let me ask each of you a traditional question of mine. In whatever way you define adequate and inadequate housing, can you tell me how many families in your respective service, how many families live in inadequate housing and how many single servicemen and women are living in inadequate housing?

Unless, Secretary Army, if you have the numbers for all the Services.

If not, we could just begin with you, Secretary Eastin, if you have those numbers.

Mr. EASTIN. I can furnish more accurate ones to you, but, you know, the large part, with our family housing we probably have about a deficit of, I would say, about 9,000 or 10,000.

Mr. EDWARDS. Nine thousand or 10,000.

Mr. EASTIN. Barracks, of course, we are looking at, in the training barracks, a large number—145,000 in training barracks. But permanent party barracks, as we said, we will have those filled out in 2015, and now the number, I think is around 30.

Mr. EDWARDS. Thirty. And would you follow up, just to fine-tune those numbers?

Mr. EASTIN. I will get those for you.

Mr. EDWARDS. All right. I appreciate that.

[The information follows:]

There will be 19,208 permanent party barracks and 65,084 training barracks spaces that remain inadequate after executing fiscal year 2009 military construction and renovation projects. Additionally, there will be 681 inadequate Army-owned Family housing units (homes and apartments) at one enduring site in Baumholder,

Germany, as well as 4,399 inadequate Family housing units that are surplus to the Army's needs, or at sites due to close. There will also be 19,659 inadequate Army privatized Family housing units.

Mr. PENN. The Department of Navy, sir, has approximately 5,000 families still living in inadequate housing. Maybe we will eliminate ours by 2011—

Mr. EDWARDS. How many Marine families are living in inadequate housing? You said 5,000.

Mr. PENN. That is total.

Mr. EDWARDS. Maybe that is counting Navy and Marines, then, okay.

Mr. PENN. And if we look at the bachelor quarters, the Navy has 15,600 Sailors, and the Marine Corps has 17,400 Marines.

Mr. EDWARDS. Okay.

Secretary Billings.

Mr. BILLINGS. We have 10,835 inadequate family houses with about 8,000 families living in those houses. Those will be eliminated by the end of fiscal year 2015. We have 106 inadequate dormitories with approximately 3,200 enlisted personnel in 61 inadequate dorms, 400 contractors in 41 inadequate dorms, mostly in remote locations.

Mr. EDWARDS. When you say dorms, that could be a building with 200 barracks in it?

Mr. BILLINGS. Yes, sir. I mean, most—

Mr. EDWARDS. How many individual barracks—

Mr. BILLINGS. Individual rooms, sir, I will take that for the record.

[The information follows:]

The Air Force has 106 inadequate dormitories with a total of 4,500 rooms.

Mr. EDWARDS. Okay.

Let me ask you, with the challenges you have mentioned—BRAC, global inflation, and construction, which we didn't control but we will all be affected by it—have any of the services changed your goals for providing full adequate housing or barracks since this time last year when you or your cohorts testified? Are these the same goals that you had a year ago, or have they slipped in any way?

Mr. EASTIN. Same with the Army, same year of buildup.

Mr. EDWARDS. Same thing?

Mr. BILLINGS. Yes, sir.

Mr. PENN. Yes, sir.

Mr. EDWARDS. Okay. Thank you.

Mr. ARNY. One thing we are trying to do in the future is—of all the barracks is, we would like to—specifically, all of us have concentrated on permanent party, and we now want to raise training barracks up to that same level to see what we need to do with that, and then move also on to—

Mr. EDWARDS. Judge Carter brought to my attention some of the family housing down at Fort Hood that has been defined as adequate, but when he and I visited it several weeks ago I would be hard-pressed to say with a straight face that it is adequate housing. But we will leave that for further discussion, perhaps, Judge Carter's discussion.

Judge.

Mr. CARTER. I think you are reading my mind, Mr. Chairman.

FINANCIAL CHALLENGES

Before I get to the couple of questions I had—I am very interested in continuing to move through the current economic challenges, which Chet just asked a question about. I read in every one of your comments that this new financing challenge that we have in the private sector has created at least a hiccup in your plans. It says here in this statement, I believe this is by the Navy, that the Secretary of Defense and the other Services were working and finding out ways to work with the lending community to solve this problem. I assume that this means interim financing for construction.

What have you come up with? Because from what we hear, the lending markets are sealed up and they are not making loans, and it is hard for people to find loans, and that is why we are all spending so much money trying to figure out a way to solve that problem. Do you all want to comment on what you have come up with to solve these problems?

Mr. ARNY. Well, I believe you there. One thing we have done, we have gone to the lending community, and they all agreed that our ratings are high. We have kept our debt service under control; the programs are very solid. So we are faced with the same liquidity problem as everyone. It is not like we had a bunch of sub-primes and now we—

Mr. CARTER. I understand that.

Mr. ARNY. So one of the things we are doing, and I mentioned it kind of peripherally in my testimony, is with our newer projects. Ordinarily we put in some military construction or some DoD value, and the lender would bring us—or the private sector partner would bring money to the table, go out and get a major loan so that we could do a bunch of new construction. Well, now we are postponing that new construction so we can get the private sector guy on board to do the maintenance for us, because one of the secrets of privatization is not just reconstruction on all these projects, it is also the maintenance over a 50-year period.

One thing that we were never very good with, and those of us that have been around the Service for a long time, we would use what I call then 30-year MILCON approach. You would build something with MILCON, and then we would let it go for 30 years, and the 30 years later we would have another MILCON project. We never were very good at maintaining it.

So in the interim, until everybody gets some relief on the financing, we are keeping the projects going—the new ones—trying to get those new ones, get the management on board so that we get better management of our projects, and then as the markets open up, then come back in with the loans.

Mr. CARTER. And I would agree, that is a good use of your time and your money. But I think going back to the question that the Chairman asked, doesn't that in some way throw you off the construction schedules? I think that was the gist of the Chairman's question. I mean, if it does, we want to know.

Mr. ARNY. It does. It does throw us off, but again, even before we had this credit crunch, other things would pop up. The beauty

of this is we do have flexibility in each of these partnerships to adjust to whatever happens.

Mr. CARTER. The housing, of course, we are talking about at Fort Hood is Chaffee Village. Right now it is scheduled to be renovated, which would I guess mean basically gutted and rebuilt on the inside, but you are still going to have the basic structure of a two-bedroom, old house. And it is my understanding that we are quite some years off from going in and replacing Chaffee Village.

Mr. EDWARDS. 2032, as I recall.

Mr. CARTER. 2032, I believe it was. These houses look old. They not only are old, but they look old too. There are a whole lot of strange things in those projects, and the Chairman and I both went through several units. We are just curious if there is any possibility of a mind change to speed up the replacement of those units. I realize it is not a popular thought with the Army right now, but it is a real concern. It is the concern of the Army families that are stationed there, and it is a concern that I have and I believe the Chairman shares with me. So I would like your comments about that.

Mr. EASTIN. Let me discuss that a little bit. This is part of a residential communities initiative program, where the—and the Army will get together and decide what the scope of that particular RCI project is in something called the initial development period, commonly called the IDP, where we phase in—there is some new houses, some houses have nothing done to them, some are renovated, and it is on a time schedule that is all carefully negotiated with both the partner and our financing source so that once that is locked in these schedules are driven by what the financing of it is.

Unfortunately, the Chaffee Village homes—674, as I understand it—have minor renovations to them which, quite frankly, is paint and window seals, and things like that, but the major part of them will come at a prearranged schedule down the road a piece. How can you fix that? Dollars. You have to contribute—the Army would have to contribute some funding to it so that hopefully you can borrow some funding against that, and then basically double up on how much you can do—

The financing market is not affecting this right now, but if we wanted to change one of the few parts of the mix, that is when you would get into, I would think, a little more difficult—

Mr. CARTER. Okay.

Thank you, Mr. Chairman.

Mr. EASTIN. I don't disagree that these houses are not what we would all like.

Mr. EDWARDS. Thank you. We will follow up on that.

Mr. Kennedy, and then Mr. Dicks.

Mr. KENNEDY. Thank you, Mr. Chairman.

BARRACKS

Welcome, all of you. Thank you for your service. I want to follow up with the Chairman's question about how many barracks are unsuited for use.

I think that we would get ourselves in a lot of trouble if we were to leave this question unanswered for a long period of time. I know

you are working with flexible budgets and trying to deal with timing, in terms of trying to keep O&M up and getting some of these more critical areas addressed, but when you have got the numbers—like quarter million barracks in the Army, over 100,000 in the Air Force, you know, tens of thousands in the Navy, just off the top of your head—of barracks that are, you know, insufficient for usage for our enlisted, it seems to me this is something that doesn't juxtapose well when at the same time you say, it has worked very well for family housing, and when the privatized housing has worked very well with the family housing we have managed to move things along quickly, a lot better than the past.

So when it comes to moving the O&M along more quickly, doing the O&M better than the government used to do it, positioning construction so that when the money does come and the liquidity back to the market starts coming back we are ready to move on it, that we are in position to do that. It just seems to me—what I would like to know is, what is the hold-up to doing for our enlisted what we have done for our families?

Mr. ARNY. Let me comment overall. Having worked with Mr. Penn on the Navy side for 7 years—6 years—it is much easier to privatize the family housing than it was to privatize—than it is to privatize enlisted dorms. The Navy faced—all three Services have inadequate—a level of inadequate. That doesn't mean they are uninhabitable; they are inadequate by our standards.

But what the Navy then faced was Homeport Ashore, when you had all these ships in port, you jumped another 30,000, so the Navy had to move quickly, and so reached out and tried privatization in Norfolk and San Diego. And in my humble belief, and I think Mr. Penn—it has been very successful so far. The housing that is up and about to run in San Diego is something that is better than most of our officers are living in, and even the enlisted housing that the partner took over, we have been doing satisfaction surveys and it was at 70 percent, the private partner took over and they just have a better sense for service than we do—it is not our business—and it went to 90 percent. And in Norfolk we are doing that.

That doesn't work for all the Services. The Marine Corps requires E-5 and below to live in barracks. They need the barracks to be next to their units. They require their barracks to be built out of concrete block. That is their standards.

The Army has, I believe it is E-5 and below as well. We are trying to work through some of those. Where we can't we are going to standard MILCON, and like I said, we are going out to survey and start to set goals like we did in family housing to get out—

Mr. KENNEDY. So are you piloting? We would like to see where you are piloting projects around the country.

Mr. ARNY. That, which we have authority to do—the two project at San Diego and at Newport News in the Norfolk area, and the third project in the Mayport-Jax area.

Mr. KENNEDY. And then how about Army?

Mr. ARNY. Let me—

Mr. KENNEDY. Yes.

Mr. ARNY. Let us divide up two things here. We are doing pilot projects on privatization at five separate installations, but for E-

6s and above. If you do E-5s and below—the reason RCI projects work is there is an income stream. The income stream is the basic allowance for housing that you would pay a family for living off-post. So instead of paying him—off-post, you would bring it inside.

Mr. KENNEDY. Right, right.

Mr. ARNY. There is no such allowance for housing for single soldiers, so it presents some difficulties.

Mr. KENNEDY. That presents a difficulty, but it also presents a problem when these are the soldiers we are relying on to do multiple tours, and they need to be living in quality quarters irrespective of what their—the way this program is structured for purposes of allowance for housing, is what we are saying.

Mr. ARNY. I agree. So in areas where we can do it—first of all, we are fighting internally with our own personnel people who then have to pay that BAH. So if we can't do it with privatization, where it doesn't work—remember, it needs to be up near the fence, it needs to be isolated, there are lots of different restrictions—then we are focusing on permanent parties, getting rid of inadequate. We have got the funding to do that; we now need to move to training and others.

We realize there is a gap and we are trying to get it a step at a time.

Mr. KENNEDY. Thank you.

Mr. EDWARDS. Thank you, Mr. Kennedy.

Mr. Dicks.

Mr. DICKS. Thank you, Mr. Chairman. Isn't that one of the problems we face with the Army growing by what, 67,000, and the Marine Corps by 22,000? I mean, that has changed the dynamic here of being able to have these barracks and other things in a reasonable period of time. Isn't that part of the problem?

Mr. ARNY. It is, but to be frank, and I think the Army did the same thing, but I know, working with Mr. Penn, the Navy, as opposed to the Department of Navy, coughed up money—what, two or three budgets ago—to the Marine Corps so that part of Grow the Force, Grow the Marine Corps, included many more barracks. And the one thing that we in the I&E world were able to do is get the Marines to buy them differently.

While the Marines won't privatize, we did get them to go out and buy barracks in batches rather than one at a time. Now, you know, on these joint bases, there has been a little resistance—I am looking at the Air Force here—and I have heard, you know, there has been reticence about how this is going to be done. And it does make sense to me that—you know, there is a lot of things that can be joined, but you have got to protect the integrity of the missions.

Mr. DICKS. How are you doing on that?

Mr. ARNY. We are doing superbly, thanks to Mr. Billings and his Air Force colleagues that are here today.

Mr. DICKS. What about the ones that aren't here? [Laughter.]

Mr. ARNY. It has been a remarkable effort, and there—and I have been around the military since 1960. I was an infant at the time. But as I try and tell folks that you have—two or three bases that are right next to each other, a civilian driving by looks at it and assumes it is all Department of Defense. So it is hard to go

to them to say, "No, you have two different cultures." And they look at you like you are crazy.

But it is cultural change that we are bringing to the Services, and we meet weekly and bi-weekly in my office with the Services and their reps banging this stuff out. And we are making tremendous progress. But we have to grow to get over those categories.

But joint basing is bringing stuff together, but it is joint basing only for installation management, not for mission, and that is a message we have to deliver every week. The missions are still intact; what we are bringing into jointness is the mission support, the installation supports for that mission.

So the mission—

Mr. DICKS. So you think this is moving ahead now—

Mr. ARMY. Absolutely.

Mr. DICKS [continuing]. And we don't have this resistance? Good. I am glad to hear that.

Mr. BILLINGS. Well, sir, and when I came on board in this job, Secretary Donley and General Schwartz made it a priority to work with Mr. Army, to work with us, and we have signed our MOUs, we are very close to signing the last Phase 1 MOU, I think by the end of this month.

Mr. ARMY. I knew we were achieving victory when the biggest problem we had at one of the bases, who shall remain nameless, was the number of guard dogs. [Laughter.]

Mr. DICKS. All right. Well again, I have enjoyed working with all four of you. I will just say one thing as I walk out the door, because I have a meeting: We still don't have base security where I think it ought to be. Every service has a different approach to this. Secretary Army, you and I have talked about this—we have got to get this under control. Because every time we put in a system at, like, Andrews, or the Trident Submarine Base, or Fort Dix, we find that a lot of people are getting on these bases that shouldn't be getting on them.

Somehow we have got to get this thing standardized and know what our protocol is. And up to this point I have been working on this—Secretary Penn knows this; he has been in my office three or four times trying to get this straightened out. Everybody points the finger at everybody else. There is no uniformity across the three Services about how to do this. So I hope this is something you can take on.

Mr. ARMY. Will do, sir.

Mr. DICKS. Thank you.

Mr. EDWARDS. Thank you, Mr. Dicks.

COMMITTEE SUPPORT

We will begin the second round of questioning with Mr. Wamp, and then with Mr. Salazar.

Mr. WAMP. Well, Sam Farr asked a good question this morning that I am going to ask of all the witnesses. If you could jump over on the other side of the table, tell us the one thing that we need to take away, that we need to hear today from you all on what we could do to help you best in this bill going forward—anything at all that is helpful. This morning it was very helpful. You might not have anything, but I wanted to give you that opportunity.

Mr. ARNY. Good question. And I discussed with members before, it would be nice if you all had the MILCON end to payment package too, because one of the issues that we are faced, I think we are—from the MILCON side, we could always use more. I mean, there is not a program that doesn't use more. But we are in decent shape with MILCON, and I think we have the program to look forward to the future, and we are measuring it better.

Sustainment was a problem up until a couple of years ago. We now have established DOD standards at 90 percent sustainment across the board where we were down at 70 to 75 percent—90 percent sustainment, and we at our office are working—my office is working with the services to look at, now that we have done housing—family housing—we have got a better handle on bachelor housing, I call it—unaccompanied housing—now admin space.

Eight years ago we looked at, how do we privatize admin space, and there are all sorts of schemes floating around. None of them work, because as Mr. Eastin said, there is no income stream.

So I think we have got a way to do that, and we are going to work it, and I think you need to ask us, "How are you doing now in family housing and bachelor housing, but what are you doing for admin space? How do you measure whether it is sustained properly? How do you measure if it is modernized?" And I think we have got a way to do that.

And again, I want to set basic, simple—I know you didn't like our inadequate measure, but at least it was a measure that each Service understood. It wasn't necessarily translatable, but they all understood it, and we set goals to get there. And we missed them a little bit, but at least we had goals, and we are going to try to do that with admin—all the buildings, not just admin space, but hangars and all the stuff that falls out.

Mr. WAMP. Secretary Eastin.

Mr. EASTIN. First let me say, it is rare that I don't comment on something up here, but you all have supported the Army's housing and our MILCON exceptionally well, and I thank the Chairman and the rest of you for that.

And probably outside of your control is when the funding comes. Everything gets approved, and then we have 8 months left to go to try to build it all instead of 12 months. I just throw that out; Chairman Edwards has heard that comment from me for the last 3 or 4 years now, but I don't know how you fix this, but—

Mr. EDWARDS. You were so persuasive last year we got the bill passed—

Mr. WAMP. But timing is often more important than the funding, in terms of planning, and finality.

Secretary Penn.

Mr. PENN. If you just continue your support of the quality of life issues—Rep. Crenshaw mentioned the fact that we have an authority that is expiring in September. If you just continue to support us in that area, it is working great. And thank you so much for your support.

Mr. WAMP. Secretary Billings.

Mr. BILLINGS. Well, sir, thank you. I just, again, reiterate what my colleagues have said: Thank you. As we move forward with

eliminating Tier 1 dorms, we have \$2.2 billion programmed for that, as the number one priority.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp. I think that is a great question to ask, both this morning and this afternoon.

Mr. Salazar.

Mr. SALAZAR. Well, I thank you, Mr. Chairman. I just wanted to follow up on Mr. Wamp's question, but I think it was—I guess I will pick on the Air Force a little bit today.

All of you have pretty much the same standards when it comes to family housing and, you know, individual housing, but it always seems like the Air Force seems to have nicer buildings, nicer everything. Is that true or not?

Mr. ARNY. You haven't been to Lewis-McChord yet. [Laughter.]

Mr. EASTIN. I take the 5th on that.

Mr. SALAZAR. Well, I am an Army guy, so I stand up for the Army.

Mr. PENN. And I am sure when we were flying, we always landed on Air Force bases, everything was better. [Laughter.]

The food, everything is better at an Air Force base.

Mr. SALAZAR. I really think it is a case of what base you are on. And I think that—I will give you the example I heard as a comment at a Marine Corps who spoke at a—in Quantico where, as a second lieutenant, he was stationed down there, and he made the comment that he and his new wife moved into his house and they went and bought one bedside table for their bed, not because they couldn't afford two, but because there was no room in the bedroom for more. And he didn't like to cook, but he didn't have to worry about it because the kitchen was so small—this is officer housing—that only one person could fit in at a time.

And if you could go back now, and I think you need to, to visit some of the enlisted—that is where our concentration is, is on our enlisted housing—at the housing at Quantico and all the bases where it is going in, you will see a standard that far exceeds anything we have had before for officers, let alone enlisted housing. The privatization has brought in an outside perspective.

So the other thing too is, you could go anywhere in the world in the old days, it is the same house. Well, that same house may be perfectly adequate for one base, but inadequate—we were building houses with big lawns in Key West where nobody could afford to buy lawns, but we were buying them. So in San Diego, where houses are closer together and land is more expensive, the houses are closer together and our enlisted barracks go vertical.

In Norfolk, where there is plenty of land, our enlisted barracks are more spread out and our family housing is more spread out, so we have now—the privatization has done wonders for the family housing. We are trying to get that over to our other stuff.

Mr. BILLINGS. Sir, just quickly, I wanted to——

Mr. SALAZAR. I am not picking on you.

AIR FORCE HOUSING

Mr. BILLINGS. No, I understand, but I mean, to put this in context, this is one of the things that I have learned since I have been in the Air Force, that our bases are our weapon systems fighting

platforms and have been for the history of the Air Force. And so that has been one of the reasons that I think the Air Force has historically put a lot of emphasis on the housing and the base, in terms of where we have been. In my short tenure, this is one of the things I have learned.

I do want to tell an anecdote, though. I was coming back from meeting at U.S. Southern Command last week, and I got to fly back with General Blum, and General Blum said, "You are the installations guy, aren't you?" and I said, "Well, yes, sir," and he goes, "You know, I am finally living on an Air Force base and I am being treated the way I have always wanted to be treated my entire life." [Laughter.]

Mr. SALAZAR. And I just wanted to just, in response to Mr. Eastin's reference to that GAO study that was done in the Army, that study was actually one that was just supposed to justify the need for—Pinon Canyon; I don't think it had any reference to legalities or stuff like that. But I will just leave it there.

Thank you, sir.

Mr. EDWARDS. Judge Carter.

BARRACKS

Mr. CARTER. I have just about got all my answers, but I want to go back just for a minute to the privatization issue. And I understand we have got issues with capital, as does the whole country and the whole world, but going back to the Army and privatization, we have talked about this now at least twice since I have been on this Committee. About what the schedule is with the Army, and I didn't hear the answer of where we are going with barracks privatization. I know you have been working on getting pilot projects going—

Mr. EASTIN. I would be happy to furnish that for the record, because I don't have the exact figures of what is per year, other than the overall figure that we are going to have—

[The information follows:]

The Army does not currently have any Unaccompanied Personnel Housing (UPH) barracks privatization program or projects for single, junior Soldiers (Privates through Sergeants) planned.

However, the Army does have a UPH privatization program and projects for single, senior Soldiers (Staff Sergeants and above, including officers) where there is a lack of adequate or affordable accommodations off post. There are five projects with the status of each indicated in the accompanying chart:

Installation	# Apts	# Bedrooms	Date privatized	1st apts open	All apts open
Fort Irwin, CA	200	200	March 2004	September 2008	July 2011
Fort Drum, NY	192	320	July 2007	February 2009	May 2009
Fort Bragg, NC	312	504	December 2007	January 2009	July 2010
Fort Stewart, GA	334	370	January 2008	November 2008	January 2010
Fort Bliss, TX *	358	410	Late 2009	Non-applicable	Non-applicable
	1,396	1,804			

* Project financing expected in 2009, once the capital markets settle down.

Mr. CARTER. Mr. Edwards and I both went through and saw that we are in the process of modernizing several of our barracks at Fort Hood, as you mention in the report. Ultimately we have got to build some new barracks at Fort Hood that really fit the standards that the Army has set for maintaining soldiers. That is why

I need to find out when we might be going that way, because ultimately that looks like the solution.

Mr. EASTIN. I will furnish you a schedule for Fort Hood, but the basic problem is a lot broader than Fort Hood. I think 79-or-so percent of our barracks are ancient—some even acropolis-like, if you will—where you just keep dumping sustainment money through the hole in the roof, and there is just a point—you have seen these in old houses—that you just can't do it anymore and be effective. You need to either tear it down or rip the floors out and start again, and this is an expensive process.

Mr. CARTER. Yes, sir. I agree with that.

Mr. ARNY. And that is one of the reasons we look forward—at least we are now working with—we tried to do restoration and modernization on—remember we used the old 67-year, which didn't work, because if you had a hurricane and dumped a bunch of money into Pensacola, which is what Mr. Penn and I saw, then all of a sudden your restoration modernization looked great Navy-wide, because you are measuring with two gross sets of standards.

One thing we are looking at is to—we have Q-ratings for every facility in the Services. Now, some of them haven't paid attention to those Q-ratings, so what we are looking at is to say, "Okay, how many with Q-2 and Q-1 are, you know, are above what we accept, adequate and excellent?"

So we are looking at, "Okay, guys. You have got the Q-ratings. They had better be right, because we are going to start measuring you against that." Very simple, like I said.

And each Service does it a little differently, but they all have it. That way we can—then the Army leadership can get down and say, "Look, I have got half my barracks are Q-3 and Q-4," and point to Keith and me and say, "Okay, when is the program to get them up?" "Well, we need money, and here is what we need, exactly, to get up there."

Because before it was all too squishy. We are trying to get it more finite without trying to over-control it with formulas. That is my hope for the future, anyway.

Mr. CARTER. Thank you.

Chet.

DOLLAR AMOUNT NEEDED FOR STANDARD HOUSING

Mr. EDWARDS. Thank you, Mr. Carter.

Let me ask you if each of you could put together some numbers and, you know, you don't have to sharpen the pencil down to the penny, but I would like to know in today's dollars how much money would each of you need to bring all barracks in your respective service up to your standards, and all on-post family housing. Is that something that you could do over a 2-week period—just a broad number? Again, and I would say within a range of 10 percent—10, 15 percent, either way. Don't spend thousands of hours getting it down to the penny and dime, but could you give us a ballpark number? Would that be possible?

[The information follows:]

FAMILY HOUSING

- Privatized Housing -- At the beginning of the Military Housing Privatization Initiative, approximately 140,402 family housing units that were determined (at the time of conveyance) to be inadequate were conveyed to the private sector. As of February 2009, approximately 46,548 of those units remain to be renovated or replaced. It is expected that all remaining privatized inadequate units will be revitalized by the end of fiscal year 2016 at no additional cost to the government.
- Government-Owned – Foreign. The Air Force has 1,676 inadequate units overseas and the Army has 681 inadequate family housing units (homes and apartments) at one enduring site in Baumholder, Germany. The Navy and the Marine Corps have no inadequate units at foreign locations. The cost to eliminate these inadequate family houses overseas is \$805 million.
- Government-owned family housing – Domestic. The Army has 4,399 surplus inadequate family housing units which will not be revitalized. The Navy has no units in its inventory that are in inadequate condition, and the Marine Corps has two units. The Air Force has 5,000 units included in its six remaining privatization projects which eliminate inadequate housing. Since 2007, an additional 4,159 Air Force units have been identified as inadequate, bringing the Air Force total to 9,159 units. Assuming the Air Force privatizes all of its inadequate units, leveraging appropriations by a factor of three to one, the cost to eliminate these inadequate units would be \$389 million.
- Housing Deficit – Domestic. With changing housing requirements due to BRAC and Grow-the-Force, the Army has identified housing requirement of 4,300 units and the Navy and Marine Corps have identified a requirement of 5,000 units. The Air Force does not have an unmet requirement. Assuming that requirements are validated and that privatization is utilized to leverage appropriations, the total cost to address this requirement in the U.S. would be \$930 million.

BARRACKS

As indicated in greater detail in the table below, the estimated cost for eliminating inadequate unaccompanied housing for active component, permanent party, training, and mobilization barracks (including Military Construction and Operations and Maintenance costs) is \$25 billion.

Total Investment Needed in FY 2010 and beyond to Bring Active Component UPH up to Standard (\$millions)										
	Army		Navy		USMC		Air Force		Totals	
	MILCON ²	O&M	MIL- CON	O&M	MIL- CON	O&M	MIL- CON	O&M	MIL- CON	O&M
Perm Party - Current Service plan to eliminate deficit ¹ and modernize	5,500	2,300	1,000	1,400	1,100	500	1,600	400	9,200	4,600
Perm Party - Extra needed to provide a private room for every member	300	0	500	0	N/A ³	N/A ³	N/A ³	N/A ³	800	0
Training & Mobilization	6,500	2,100	300	400	400	100	500	100	7,700	2,700
Totals	12,300	4,400	1,800	1,800	1,500	600	2,100	500	17,700	7,300
GRAND TOTAL									25,000	

1 - Deficit due to Grow the Force, Global Repositioning, BRAC, and Force Modernization

2 - Army perm party UPH amount includes supporting facilities in a barracks complex including dining facilities, company operations facilities, and battalion headquarters

3 - USMC require E3's and below to share a room; and since 1996, the AF has required all Airmen in permanent party dorms to have their own room.

Mr. ARNY. Two weeks might be a little tough, potentially. It is the crazy season right now with the budget, but we can get you—I think we can get you—at least to show you where we have got holes.

Mr. EDWARDS. I would like to—I don't think I have ever heard that number, and I would like to just get a number of what that would actually be.

Mr. ARNY. Family housing for sure, permanent party barracks are next easiest; the others might be a little squishy, but we will definitely—

Mr. EDWARDS. If our country just said, you know, “By gosh, we are just going to see that every soldier, sailor, airman, and marine is going to live in quality housing, and what is it going to take to do it? We are going to do it.” I would just like to know what that number is.

Mr. PENN. You said on-post. Can we go off-post as well, because Navy doesn't—

Mr. EDWARDS. Yes. I didn't want you to have to go out and evaluate every home that someone is living in on the private sector, or on BAH—family housing. Family housing, you bet, if it is on-post, off-post. Don't worry about the Basic Allowance for Housing number; that would be hard to get a handle unless you did an inventory of where everybody lived.

HOMEOWNERS ASSISTANCE PROGRAM

Secondly, the Homeowners Assistance Program: Given the same economic problems that are creating liquidity problems for some of our private home partnerships, it is also creating problems for our servicemen and women when they are having to sell their home because their country asks them to be stationed in another community in another state. So many of them are having to sell their homes at absolute fire-sale prices.

We have put \$550 million in the stimulus bill to help the Homeowners Assistance Program. I am not sure, Secretary Arny, if that is under your jurisdiction or not, but do you, or any of you, have any thoughts about how that money will be used and how serious of a problem is this out there?

Mr. ARNY. We are working very closely with the Army; we have set up a working group with all the Services, but the Army is the lead agent for that. We should be back to you within a month as to how big the problem is and how we are going to control that, but that is a wonderful start towards—I mean, our top priority are the wounded warriors and the families of the fallen that have had to move.

Mr. EDWARDS. So you could even—it applies even to widows, if somebody has—

Mr. ARNY. Absolutely.

Mr. EDWARDS [continuing]. Lost his or her spouse in service to country in combat, they have got to move—not only go through the grieving process, but just get a shalacking in terms of their loss on their home if they—

Mr. EASTIN. What we are developing is guidelines on how this will work, because I think this is a worthy program, but you can start playing games, for lack of a better word, with how much I lost

as account of this, and that is where I don't want—I don't want to get the foul of the same problems that we have seen around in the financing area, where, you know, you write something down and the somebody games it for you. So we have got to do this very carefully. It is a lot of money, and it couldn't go to a better place. We have gotten, I would say, a couple hundred inquiries—we have a Web site set up—

Mr. ARNY. It already has a Web site and we already have forms online.

Mr. EASTIN. A hundred hits a day.

Mr. EDWARDS. I think it is important to send a message to our servicemen and women that when you buy a house it is not a riskless investment. They have to understand, if they want upside better than Treasury note interest rates, there is risk involved.

So I know there is a balancing act. At the same time, we are in potentially the deepest, longest recession we have had since the Great Depression at a time where, with BRAC and global repositioning, we are moving a lot of people around at the country's request, and there ought to be some balance to help those.

Mr. CARTER. Mr. Chairman, can I—

Mr. EDWARDS. Judge Carter.

Mr. CARTER. My friend brought this up to me: The way I understand the program, it is that you have to have—you can't have bought your house after June of 2006. Those people don't qualify if you bought your house after June of 2006, and there is an awful lot of folks that are moving from Hood to Carson that have homes that were purchased after June of 2006. I don't know the answer to that. We have been asked that question.

Do you know, Mr. Chairman, if that applies to the HAP program?

Mr. EDWARDS. The answer is yes.

Mr. CARTER. I thought so. And that is an issue, because, you know, we are moving to fourth ID to Carson, and that is going to be an awful lot of soldiers, and—

Mr. ARNY. It was tied to when the markets started dropping, is what I am told, but we will look at it. Again, we have got a working group together, and as you know, it was done fairly quickly, and we may need improvements to it as it goes on.

Mr. EDWARDS. Will the highest priority be given to—

Mr. ARNY. Absolutely. Wounded warriors—that is the number one on everybody's list.

Mr. EDWARDS. Okay.

Mr. ARNY. Also, I think our general philosophy is, we will not make you whole, but we will reduce the amount of pain. And we have got to figure out what that is, because I agree with you, we don't what to—and we also need to parse it down to look at, you know, who put no money down and lost a lot, who put 20 percent down, you know, how do you—and then lost their 20 percent—how you balance that off. It is a lot of questions in there.

Mr. EDWARDS. Okay. Thank you.

Mr. Wamp.

KOREA HOUSING

Mr. WAMP. Secretary Eastin, despite the fact the Reggie White was from my district and Usher is from my district, my most prominent constituent is a guy named General B.B. Bell, who is back home—and Katie is very sick, by the way; When he was here last year, and we will hear this later, the realignment on the Korean Peninsula was of interest and Camp Humphreys was a unique kind of a situation. Can you update us on those 2,400 housing units there?

Mr. EASTIN. Sir, I would be happy to, but I will refer this to my deputy, Joe Calcara, who knows this issue backwards and forwards, and I am only here—

Mr. CALCARA. We have reached an agreement—in December—late December and early January. He is going to lay out the project using a private finance-type approach. The project is currently in underwriting. We expect to have a mock closing in early May, and then have an official closing in June.

The first 1,200 units will—construction will start immediately on those sometime in July. That should be ready for the 2012—a thousand units will be in the second tranche, and we will probably have a second closing maybe 12 months after the first one, and that builds out the remaining number of units, the 2,400.

Pinnacle is the master developer. It is an RCI and I think a Navy housing partner, and they perhaps—in the Air Force. It is a well known agent. Construction will be by Samsung, which is one of the largest Korean construction contractors. There is a huge amount of equity in the deal, so we feel very comfortable we will get to underwriting. We are dealing with the liquidity issues, but at last point we had 28 investor—

We also have relatively conservative underwriting elements in the transaction, so I think the project will close. I am pretty confident of that.

Mr. WAMP. Good report. Thank you.

Thanks, Mr. Chairman.

MARKET LIQUIDITY

Mr. EDWARDS. Could I ask a follow up on the liquidity issue that Judge Carter raised? Do we think that providing additional public capital would help open up private investment dollars? For example, if we had enough federal dollars to go in where there is 20 percent down, 30 percent down, or whatever number you want to use, is that how we address this, because this is a serious problem?

Mr. ARNY. Well, Joe—I would like my deputy to comment on that, because he has been working on this, if you don't mind.

Mr. EDWARDS. Sure, absolutely. Have him come to the table, since Judge Carter is gone.

Just for the record, if you would identify yourself.

Mr. SIKES. I am Joe Sikes, the director for housing for Mr. Arny. And the answer to that would be that all of the Services have been talking to their individual financial people, and we think that maybe Fannie Mae and Freddie Mac coming into this with some guaranteed authorities might actually free it up. Putting more money at it would effectively just do more MILCON, if you will,

and certainly that can help build some more houses, but I don't think it really helps free up the private sector lending.

We are also looking at taking some of the guarantee authorities we used in the beginning of the program for base closure guarantees, turning those into some sort of 1-year debt service or a guarantee to eliminate having to put aside money, which is being required right now because that doesn't exist in the market anymore. So we are not totally sure how to get the market to move, but we are talking to all parts of it we can, and each of the Services privatization arms are going and talking to their partners about their specific projects to see what they need to do to get the—

Mr. EDWARDS. I don't know if we could find the money, but if between now and our mark up you were to find that X number of dollars would, for whatever reason, open up Y number of dollars, eight in 10 times the kind of leverage that you testify to, that has occurred in the past. Additional dollars would really allow us to stay on track, in addition to other avenues that you are pursuing, please let us know.

And again, I don't want to suggest we will be able to find the money, but all of us would like to see this family housing program stay on track and not have to be delayed because of something that was absolutely not the fault of the servicemen and women who, despite the recession, continue to get deployed to Iraq and Afghanistan, and as you know better than anybody, continue to make tremendous sacrifice.

GUARANTEED LOANS

Mr. BILLINGS. Mr. Chairman, one of the things that the Air Force is doing with our guaranteed loans is—they were originally structured for payments at the end, when they were complete.

Now, as houses are completed, we are freeing up cash to continue to allow them to move forward during this time. We have restructured these loans—allowing partial payments for completed houses, as opposed to the end. This is allowing us to free up a little cash right now.

Mr. EDWARDS. Do you audit the return on investment for these companies? I didn't realize when we first got into this—and I am thrilled at the good things that have happened—we worked 8 years to put this plan in place—but they are very highly leveraged. They are putting up a relatively small amount of equity and then leveraging that greatly. Can you monitor, on an installation-by-installation basis, what kind of return on equity we are making?

Mr. SIKES. Yes, sir—

Mr. EDWARDS. What is their average return on equity?

Mr. SIKES. It is going to vary greatly by project, but a lot of them are—

Mr. EDWARDS. Okay. Just to pick a project, since that is the one where I looked at the housing with Mr. Carter recently, could you get me the numbers for Axis lend-lease at Fort Hood?

Mr. SIKES. Yes, sir.

[The information follows:]

A typical housing project under the Military Housing Privatization Initiative (MHPI) includes a one to three percent private equity investment, with the private partner/owner earning a 12 percent return on investment. In addition, the private

sector partner/owner earns fees for construction, development and property/asset management. MHPI project fees range from three to five percent of development and property/asset management costs, and four to six percent of construction costs, with up to 50 percent of the total fees being incentive based.

Fort Hood military housing was privatized in October 2001 and was the first project negotiated under the Army's Residential Communities Initiative (RCI). The project finances in the Fort Hood deal structure reflect market conditions at that time, including the perceived risks of lender participation in projects under the relatively new MHPI program. The Fort Hood project features a two percent private sector equity contribution that earned a 12 percent preferred return during the initial development phase (IDP). The Fort Hood project features a five percent total fee (four percent base and one percent incentive) for developer and property/asset management costs, and features a 5.1 percent total fee (3.6 percent base and 1.5 percent incentive) for construction.

Additionally, following completion of the IDP, total return on equity is capped at 25% subject to financial performance of the project. These terms were consistent with market returns when the project closed in 2001. One of the lessons learned from the privatization program is that private equity is the most expensive form of capital and, as a result, requirements for private equity have been relaxed in later projects.

Mr. EDWARDS. I would like to see—if a company is making a, you know, a responsible return on equity, then we have no right to ask them—we have no contractual right to ask them to do more. But if they were making a return on equity that were to be double or triple what investors are receiving out there in the private market, it would make me want to find a way to sit down at a table and talk to them about whether they should wait till 2034—

Mr. ARNY. I think you will find they are all conservative, because they also have management fees—their total income isn't coming off their investment. They have management fees that vary based on our satisfaction for them, too.

Mr. EDWARDS. Does their return on equity count what they are making in management fees?

Mr. SIKES. No. They are normally not—

Mr. EDWARDS. Could you include that, just to pick one example so I can look at one that I am familiar with at Fort Hood, include how much they are also making in management fees? I don't represent it anymore, but I know the person that does.

Mr. SIKES. Sir, we will get that for you. But one thing that Mr. Arny was indicating was, if you remember at the beginning of the program we were demanding 10 percent equity, and we backed off on that because we realized if we were paying 12 percent on that we wouldn't be getting as many houses. So one reason why it is where it is is because they don't actually have that much equity in it; they mostly make their money off of fees, and that causes them to stay around, which is what our original intent was, that they would have partners that weren't trying to run out on us as soon as they get their equity back up, but partners that would stay for 50 years.

We will get you that data, though.

Mr. EDWARDS. Okay. I don't have any additional questions.

Thank you for your testimony and for your service every single day. We will stand recessed at the call of the chair.

[Questions for the record submitted by Chairman Edwards:]

NAVY UNACCOMPANIED HOUSING

Question. I understand the Navy is working on a Bachelor Housing Master Plan to complete the Homeport Ashore initiative and provide all sailors with adequate

housing. When will this plan be completed, and will it have an impact on the FY10 budget request?

Answer. The Bachelor Housing Master Plan is expected to be completed in September 2009 and will not have an impact on the FY10 budget request.

Question. As part of this plan, will the Navy establish a standard for room configuration and living space?

Answer. The Navy will be constructing 1 + 1E units (2 bedroom, 1 bath apartments with kitchenette and laundry) to address our Homeport Ashore deficit.

Question. How many training barracks spaces does the Navy currently have? Is the Navy able to determine how many of these spaces are adequate?

Answer. The Navy has more than 100 facilities designated as training (dormitory) barracks. This provides approximately 10,000 rooms with 39,000 individual spaces in support of Navy training. Based on both the condition and configuration of facilities and their quality ratings (Q-Ratings), 40% of dormitory facilities are considered not mission capable (Q4).

MARINE CORPS BARRACKS MODERNIZATION/GROWING THE FORCE

Question. The Marine Corps is on track to meet its Growing the Force target end-strength of 202,000 by the end of fiscal year 2009. Even though the Marine Corps was provided an unprecedented amount of funding for barracks construction in FY09, clearly the MILCON program has not moved fast enough to accommodate all new unaccompanied marines while satisfying deficit and adequate barracks requirements for the pre-GTF force. Please explain the strategy you are using to house unaccompanied marines until the Commandant's barracks initiative is completed in 2014, with specific reference to the use of relocatable facilities and existing inadequate (including gang head) barracks.

Answer. The Marine Corps is grateful for the support Congress has given us, especially your Subcommittee. Barracks are a critical facilities element in supporting our war-fighters and the Base Enlisted Quarters (BEQ) Campaign Plan is an integral part of efforts to improve the quality of life of our enlisted Marines and Sailors in our barracks. Because the Marine Corps has a significant and continuing barracks requirement, we have dedicated a large portion of our MILCON facility investment to barracks replacement projects. Our primary focus remains housing our junior enlisted bachelor personnel in pay grades of E1 through E5. When the Marine Corps undertook its Barracks Initiative, we intended to reach our goal of a 2+0 room standard by 2012 for an end strength of 180,000. With the direction to Grow the Force to an end strength of 202,000, we have had to push that goal to 2014. It should be noted that the Marine Corps has a permanent 2+0 waiver of the 1+1 module DoD standard.

The Marine Corps does not currently have existing excess barracks capacity at our installations to support this personnel increase. Given the expectation that in many locations Marines will arrive under the Grow the Force initiative before final construction of associated barracks is realized, we are relying on a variety of means to accommodate this growth. These means include use of relocatable barracks at specific locations, greater reliance on Basic Allowance for Housing (BAH), and maximizing the use of existing facilities through temporarily increasing densities, slowing the demolition of older facilities, and temporarily reducing the size of units we would normally require to be housed together under our unit integrity concept. For example, where BEQs are underutilized, we will billet Marines by unit below the battalion/squadron level (e.g. maintain company or platoon integrity) to maximize utilization of the barracks. In limited instances, barracks with gang heads that have been kept for use in surge conditions, have been utilized.

All new and replacement BEQ spaces will be constructed to the USMC 2+0 room standard, with shared rooms (1 Marine per "space") for E1-E3 and private rooms (1 Marine per "2 spaces") for E4-E5. Where space is limited we are increasing authorization of BAH own-right for senior NCOs. This allows senior NCOs to live on the local economy, and helps ease the temporary room shortage. On some bases and stations we will maximize BEQ efficiency by billeting up to three junior Marines in a room and two corporals in a room. As a temporary measure, we will look to billet Marines in surge/overflow barracks during whole barracks renovations.

At locations where relocatables are part of our temporary solution, we are ensuring they are of a quality and supportability to maintain adequate habitability and quality of life for the duration of their use, and built well enough to minimize any maintenance tail associated with them. They are much more durable, functional, and aesthetically pleasing than many previously used relocatable facilities. Use of these facilities is also limited to a length of service keyed to the completion of the MILCON project they are supporting—they will not be kept for future contingencies.

Thank you again for your continued support of this program. Through the great work of our recruiters and outstanding retention efforts in the field we will reach our target end-strength ahead of our programmed BEQ construction plan; however, we do have a plan that provides adequate interim solutions for housing our Marines and will achieve the Commandant's desired end state of a 2+0 assignment standard by 2014.

WOUNDED WARRIORS BARRACKS

Question. Please describe the configuration of Marine Corps Wounded Warrior barracks, how this differs from standard 2±0 unaccompanied quarters, and how the layout serves the recovery and transition process.

Answer. All Marine Corps barracks rooms in the Wounded Warrior barracks are configured to be fully accessible to the physically handicapped. Enhancements in the Wounded Warrior barracks include: wheelchair accessibility ramps; larger automated opening doors; elevators; Americans with Disabilities Act compliant laundry rooms; larger rooms; tilt mirrors; roll-in showers; low sinks and counters. Emergency call buttons will be provided to ensure a higher degree of safety for Marines who may experience unforeseen complications or difficulties during their recuperation. The larger rooms will facilitate storage and use of wheelchairs as well as adaptive equipment, extra prosthetic devices, and specialized athletic equipment. Specialized dietary requirements will be facilitated by the on-site common kitchen facility. On-site multipurpose rooms will be used for physical therapy, massage, and interactions with health care professionals as required. Counseling rooms will be used by a variety of transition specialists meeting with Wounded Warriors such as Career Retention Specialists; Veterans Administration counselors; Veterans Services Organization representatives and Physical Evaluation Board counselors. Lounges within the barracks provide the opportunity for recovering Wounded Warriors to provide and obtain peer support and interaction. The paved fitness trails will provide the degree of safety and trafficability required for our Marines who need a level, hard surface to recreationally rehabilitate. These enhancements will give Wounded Warriors greater mobility to move around and to use the facility independent of assistance, and for all our Wounded Warriors these enhancements will greatly increase their confidence and morale. Our standard barracks do not have all of these enhancements, although it is a requirement for all of our newly constructed standard barracks to have a minimum of 2 rooms on the ground floor designed as physically handicapped accessible rooms.

Finally, the Wounded Warrior barracks will be part of the Wounded Warrior campuses at Marine Corps Bases Camp Pendleton and Camp Lejeune. Centralization of the Wounded Warrior population will facilitate communication of essential updates and ease accountability for Marines and sailors in residence. Consolidation of our Wounded Warriors will also reduce the transportation requirement. The many features of this robust facility are essential to support the recovery and transition of our Wounded Warriors.

Question. What is the size and composition of a Wounded Warrior unit in the Marine Corps?

Answer. The Wounded Warrior Regiment Headquarters and its Battalions are currently staffed as follows:

#Staff:	MIL	CIV	CTR	TOT
Regiment Staff:	70	19	33	122 (19 of military are mobilized 27%)
Bn East Staff:	75	7	21	103 (59 of military are mobilized 79%)
Bn West Staff:	61	10	13	84 (38 of military are mobilized 62%)
Total:	206	36	67	309 (116 of military are mobilized 56%)

(#Note: Staff number does not include Marine for Life program which is not dedicated to injured support mission.)

WWR Patients Tracked and Owned:

- WWR HQ Owned: 10
- LODs: 413
- ADSW Medical Hold: 10
- Medical Hold: 288
- District Injured Support Cells: 647
- BN East Owned: 362
- BN East Tracked: 599
- BN West Owned: 56
- BN West Tracked: 873
- WWR Total: 3,258

FAMILY HOUSING—GENERAL

Question. You state in your testimony that the Army will commit to a “renewed focus and investment” in housing. What specifically is meant by this statement? Do you feel that Army family housing efforts have been insufficient?

Answer. What is meant by the statement is that the Army is constantly looking for opportunities to improve its Family housing and single Soldier housing programs. We are proud of our programs, but not so proud that we think they are perfect. We have standards and procedures that specify the conditions in which Soldiers and Families should be housed. But where we fall short, we try to learn what went wrong, and how to fix it in the future.

The best way to understand the statement is to examine it in context with the portion of the testimony that covered barracks programs. In the aftermath of concerns about barracks conditions last year, the Army conducted a sweeping inspection of our barracks worldwide to ascertain the extent of the maintenance and facility issues we were facing. We took immediate actions to correct deficiencies whenever they were uncovered.

We sought to learn from the situation last year by making important changes to the way we manage our barracks. The combination of changes we have made, under the broad mantle of the “First Sergeants Barracks Initiative,” exemplifies our overall approach of seeking opportunities to improve our housing programs whenever possible.

Lastly, the Army is focused in our construction, sustainment, restoration, and modernization programs to buy out our barracks requirements for permanent party barracks by FY 2013 and training barracks by FY 2015.

Housing Market Analyses have identified several Grow-the-Army installations that have shortfalls in available family housing.

Question. Which specific installations have an insufficient end-state of available family housing, and what is the deficiency at each installation?

Answer. Based on the latest approved Housing Market Analyses (2007–2008), the following installations are projected to have an insufficient supply of Family housing.

Fort Bliss, TX—2,690 units
 Fort Bragg, NC—150 units
 Fort Campbell, KY—50 units
 Fort Carson, CO—952 units
 Fort Drum, NY—1,762 units
 Fort Gordon, GA—459 units
 Fort Knox, KY—246 units
 Fort Lewis, WA—1,272 units
 Fort Polk, LA—179 units
 Fort Riley, KS—313 units
 Fort Sill, OK—78 units
 Fort Stewart, GA—91 units
 Fort Wainwright, AK—230 units
 USAG Oahu, HI—1,056 units
 White Sands Missile Range, NM—793 units

Question. Please provide a detailed plan of how the deficiency at each installation will be addressed.

Answer. The Army relies on the local community to provide most of the housing for Army Families. All of the installation Family housing inventories with projected deficits are privatized or scheduled for privatization through the Army’s Residential Communities Initiative (RCI). Where Housing Market Analyses project an insufficient supply of Family housing, the Army has engaged with local community leaders to see how we can help to encourage local housing development for Soldiers. In several cases, local development alone may be insufficient to supply the housing when needed, and therefore, the Army is programming additional funding to contribute to the RCI project to build additional Family housing units. The list below details the Army’s strategy to meet Family housing requirements.

Fort Bliss, TX—Use additional equity (FY08–09) and encourage local development.

Fort Bragg, NC—Use additional equity (FY08).

Fort Campbell, KY—Rely on local community.

Fort Carson, CO—Use additional equity (FY08–09).

Fort Drum, NY—Encourage local development.

Fort Gordon, GA—Rely on local community.

Fort Knox, KY—Seek additional equity and rely on local community.

Fort Lewis, WA—Use additional equity (FY08) and encourage local development.
 Fort Polk, LA—Seek additional equity.
 Fort Riley, KS—Rely on local community.
 Fort Sill, OK—Seek additional equity.
 Fort Stewart, GA—Use additional equity (FY09).
 Fort Wainwright, AK—Privatize in FY09.
 USAG Oahu, HI—Rely on local community.
 White Sands Missile Range, NM—Seek additional equity and encourage local development.

HOUSING SERVICES

You state in your testimony that the fiscal year 2010 budget will support staff and facilities required to enhance housing assistance services for soldiers and families living off post.

Question. What level of staff and funding increases are necessary for this purpose?

Answer. Current staffing and funding levels are adequate. As Grow the Army initiatives are realized at Army garrisons, we will increase staffing as necessary. The Army recognizes the various stationing actions, combined with the housing market downturn, will result in many Soldiers and Families looking to receive help from our housing service offices. The Army is focused on improving the quality of the housing services we provide, and being responsive to the needs expressed by our service members and Families.

Question. Please provide a specific list of new facilities that will be needed to support increased services.

Answer. No new facilities are currently required to provide services. Existing housing offices will be utilized in their present locations. The American Recovery and Reinvestment Act of 2009 provides funding for the upgrade of three Housing Support Offices, and signage and flooring for another 56. We are currently reviewing requirements for all garrison housing offices for future programming of repair, upgrade, or replacement.

FORT HUACHUCA/YUMA PROVING GROUND RCI

The Army recently indicated its intent to award a project for Fort Huachuca and Yuma Proving Ground in which the initial development cost would be \$110.2 million, with the developer securing \$90.4 million from the private sector and providing \$1.8 million of its own equity. The balance of the funds, according to Army, would come from “net operating income and interest earned on the construction escrow fund”.

Question. Please explain in greater detail how this will work.

Answer. Net Operating Income will be generated through rent collections by the RCI project in the process of providing housing to residents. This source of funds is the money that is left after the expenses of the project have been paid. The RCI project will receive rent from residents and will use a portion of these funds to pay for utilities, maintenance, and other operating expenses. The money that remains after paying project costs will be used as a source of funding for a portion of the project’s development work, including the replacement and renovation of homes.

Another source of development funds is the interest income that can be earned from construction escrow funds. Construction escrow funds are designated for building new homes and renovating existing homes over the next few years of the project and can be invested in an interest-bearing account. These funds earn interest income for the project while in escrow accounts and the interest earnings add to the total funds available for project development.

Question. Has the Army taken this approach on any other RCI projects?

Answer. Every RCI project has included the Net Operating Income generated from the particular project as part of the funding for the development of new and renovated homes. This income from each RCI project, after covering project expenses, provides a payment to the accounts designated for that project’s development. Also, each project maintains construction escrow accounts that earn interest payments on these invested funds until they are withdrawn to construct new and renovate existing homes. This interest income serves as another source of funds for the development.

BARRACKS

Question. In May 2008, the Army informed Members of Congress that \$10 billion in future investment would be necessary to eliminate inadequate barracks. Adjusting for fiscal year 2009 funding levels, what is the total investment (including mili-

tary construction and O&M funds) that the Army now requires to eliminate inadequate barracks?

Answer. As of fiscal year (FY) 2009 budget submission, the Army needs \$8.3 billion from FY10–13 to provide quality barracks that meet Army standards for Soldiers in permanent party and training barracks to keep the buyout of inadequate barracks on track for FY 2015.

Question. Please provide a year-by-year funding and project schedule that shows how Army will fund the buyout of inadequate permanent party barracks by FY 2013, and training barracks by FY 2015.

Answer. The fiscal year (FY) 2009 President’s Budget Request identified funding required each year to buyout is as follows:

Permanent Party Barracks

\$725 million—FY10
\$1.9 billion—FY11
\$1.3 billion—FY12
\$1.6 billion—FY13

Training Barracks

\$724 million—FY10
\$333 million—FY11
\$913.2 million—FY12
\$816 million—FY13

Additional funding will be required in FY14–FY15 to complete the training barracks buyout. Once the FY10 President’s Budget Request is released, these figures may change, and we can update you at that time.

Question. You state that “any soldier found living in a substandard room has been, and will be, relocated.” For this purpose, what does “substandard” mean?

Answer. The term “substandard” is defined as housing that does not provide a decent, safe, sanitary, and habitable accommodation in good repair; housing that does not meet minimum space and privacy standards; and housing that does not provide separate and secure male and female sleeping and bathroom facilities.

Question. You state that “we have transferred barracks ownership from deploying units to the garrison in order to better maintain them at an acceptable standard. We are now centrally managing our barracks. Why didn’t IMCOM already centrally “own” and maintain barracks? Wasn’t that part of the purpose for which IMCOM was created? What role does IMCOM play in barracks maintenance and repair?”

Answer. From the outset, the Installation Management Command (IMCOM) has owned and maintained barracks; however, the day-to-day barracks management was shared with the occupying units. The operating tempo of the Overseas Contingency Operations revealed that the units could no longer devote time to barracks utilization and management. To rectify this, IMCOM initiated the First Sergeants Barracks Initiative (FSBI), which provides room-by-room barracks accountability. Under FSBI, garrisons are now responsible to identify, report, and correct barracks deficiencies.

Question. Under the First Sergeants Barracks Initiative, how does a given soldier take concerns about living conditions to the chain of command so that an official with the decision making and funding authority can correct the problem?

Answer. Under FSBI, the Soldier takes their concerns about living conditions to the Garrison Commander’s Housing Office. The Housing Office will then ensure the concern is addressed in a timely, effective, and economical manner.

Question. What are the specific responsibilities of the sergeants major who have been placed at directorates of public works?

Answer. The Directorate of Public Works (DPW) Sergeants Major (SGM) provide the Garrison Command Sergeant Major (GCSM) with critical insight into installation support requirements. DPW SGMs have installation engineering and infrastructure management expertise as well as vast operational experience that is very valuable to the installation. On larger installations, the DPW SGM is responsible for monitoring facilities renovations and duties to ensure that all life, health, and safety issues are identified and corrected.

Some of the specific duties performed by the DPW SGM are:

(1) Meet and foster positive working relationships with all of the unit command teams and civilian partners on the installation, especially with the installation grounds and maintenance teams and all Unaccompanied Personnel Housing (UPH) managers. DPW SGM is a member of the Installation Planning Board and a Master Planner with continuity of “Soldier Care” in mind.

(2) Monitor First Sergeant's Barracks Initiative (FSBI) and barracks renovation/construction projects as well as provide input to the installation command team and solicit feedback.

(3) Support the Barracks Manager by being the conduit between barracks residents and their chain of command.

Question. At what threshold do mold conditions in barracks present what the Army considers an unacceptable risk to soldier health?

Answer. The presence of mold is unacceptable from a quality of life perspective, even if it does not pose an immediate health risk.

Black mold, specifically, is toxic and may have an adverse impact on a Soldier's health. Upon detection of what appears to be black mold by a Soldier or through a routine inspection, the appropriate medical officials are notified to determine if the mold is unsafe. An air quality test may be conducted if necessary. If mold is found within the barracks, all efforts are made to remediate it within 24 hours. If the mold cannot be remediated within 24 hours, the affected Soldier(s) are moved out of the barracks and housed in a safe environment. Upon complete remediation of mold, Soldiers are returned to the barracks.

Most installations have contracts with service providers that will respond within 24 hours. Otherwise, the remediation is done with in-house staff. The Installation Management Command (IMCOM) is notified of any instances of black or toxic mold through a Serious Incident Report. The IMCOM Command Sergeant Major is also notified to ensure IMCOM headquarters is apprised of the situation.

Question. How many barracks have been deemed unlivable due to mold conditions?

Answer. The Army has not deemed any barracks unlivable due to mold conditions. Upon detection of mold, appropriate actions are taken. There have been two instances in which entire sets of barracks have been vacated to remove mold; however, the Army has not deemed these unlivable as the mold has been successfully remediated. Where mold has been a persistent and recurring problem in very humid climates, vacating a facility for an extended period can be an effective method to ensure that it has been dealt with properly.

Measures have been put into place to minimize the potential for mold growth and regrowth in our barracks. Installation Directorates of Public Works are installing proper vapor barriers and special HVAC systems with ultraviolet lighting that will kill mold. Barracks are also being renovated and upgraded through the Barracks Improvement Program to prevent the conditions in which mold grows.

Question. This Committee has received heightened interest in barracks privatization for junior enlisted in the past year. Putting aside concerns about the payment of BAH, are there any concerns that you have about barracks privatization, speaking purely from the installation management side?

Answer. From the installation management side, some of the concerns regarding barracks privatization for junior enlisted Soldiers include adjustments to Army culture and command, assignment policies, deployment issues and the current state of the financial markets. The Army has approved a portion of privatized unaccompanied quarters for single Staff Sergeants (E-6) and above at five Army installations where there were housing shortfalls for those grades. We will continue to monitor the Army's existing Unaccompanied Personnel Housing privatization projects as well as the Navy's pilot program.

Question. What is the Army standard for training barracks?

Answer. There are different space and privacy standards for training barracks based upon Soldier grades and the type of training program. Basic Training and One Station Unit Training barracks are configured for open bay living spaces with common area latrines. Advanced Individual Training barracks are configured for two Soldiers per living area with a shared bathroom.

GUARD AND RESERVE

Question. How will the Army increase housing opportunities for mobilized Guard and Reserve soldiers?

Answer. The Army is reviewing how to best accommodate the approximate 60,000 Reserve Component Soldiers that mobilize annually. The Army is considering establishing primary mobilizations centers potentially at Camps Shelby and Atterbury, and Forts Drum, Bragg, and McCoy; however, the Guard and Reserve have additional requirements to provide quality training facilities at many installations. Much of that requirement will be identified in future budget submissions.

WARRIOR TRANSITION

Question. Provide a list of the 36 Army Warrior Transition Units, and the size of each unit.

Answer. The accompanying list details Warrior Transition Unit locations and sizes. The Warrior in Transition population is a snapshot in time. Actual numbers of Warriors in Transition is constantly in flux as patients complete their treatment and new patients arrive. WTUs are closing at the noted locations because of decreasing patient loads, or in the case of Fort Lee, realignment with the Fort Eustis WTU.

#	Installation	Location	Warrior in transition population	Cadre	Total
1	Ft Richardson	AK	105	57	162
2	Ft Wainwright	AK	85	30	115
3	Ft Rucker (WTU closing)	AL	2	5	7
4	Redstone Arsenal (WTU closing)	AL	11	6	17
5	Ft Huachuca	AZ	50	22	72
6	Ft Irwin	CA	48	17	65
7	Balboa (Navy)	CA	63	21	84
8	Ft Carson	CO	534	243	777
9	Walter Reed Army Medical Center	DC	683	232	915
10	Ft Stewart	GA	354	169	523
11	Ft Benning	GA	307	136	443
12	Ft Gordon	GA	445	160	605
13	Schofield Barracks	HI	257	109	366
14	Ft Riley	KS	270	123	393
15	Ft Leavenworth (WTU closing)	KS	20	4	24
16	Ft Campbell	KY	512	250	762
17	Ft Knox	KY	308	132	440
18	Ft Polk	LA	180	114	294
19	Ft Meade	MD	108	26	134
20	Ft Leonard Wood	MO	151	54	205
21	Ft Bragg	NC	614	222	836
22	Ft Dix	NJ	102	48	150
23	Ft Drum	NY	359	132	491
24	West Point	NY	102	33	135
25	Ft Sill	OK	93	42	135
26	Ft Jackson	SC	90	35	125
27	Ft Sam Houston	TX	568	183	751
28	Ft Hood	TX	734	460	1194
29	Ft Bliss	TX	257	117	374
30	Ft Belvoir	VA	68	27	95
31	Ft Eustis	VA	134	51	185
32	Ft Lee (WTU closing)	VA	49	25	74
33	Ft Lewis	WA	421	232	653
34	Schweinfurt, Wuerzburg	GE	143	56	199
35	Heidelberg	GE	17	36	53
36	Landstuhl	GE	138	57	195

Question. How are the Uniform Federal Accessibility Standards different than the standards established in the Americans with Disabilities Act?

Answer. The Department of Defense (DoD) adopted new accessibility standards in 2004 (Americans with Disabilities Act and Architectural Barriers Act Accessibility Guidelines) which requires access for persons with disabilities to federally funded facilities. The new standards replaced the older Uniform Federal Accessibility Standards (UFAS) and the Americans with Disabilities Act Architectural Guidelines (ADAAG).

Due to some subtle statutory differences between the Americans with Disabilities Act of 1990 (ADA) and the Architectural Barriers Act of 1968 (ABA), the implementing guidelines for the two laws are similar but not identical. In addition, the ADAAG had provisions for features and facilities that were not addressed in the UFAS including provisions for van accessible parking spaces, public telephones for the deaf (TTYs), automated teller machines, and transportation facilities. To address these differences, Army Regulation 420-1 requires Army facilities to comply with the most stringent accessibility requirement.

DoD and the Army coordinate compliance issues with the Federal Access Board. The United States Access Board was created in 1973 and is an independent Federal agency devoted to accessibility for people with disabilities. The Access Board is responsible for developing and maintaining accessibility guidelines for the construction and alteration of facilities covered by the ADA and ABA. The Board develops and maintains design criteria for the built environment, transit vehicles, telecommunications equipment, and for electronic and information technology. It also provides technical assistance and training on these requirements and on accessible design and continues to enforce accessibility standards that cover federally funded facilities. A guide on the Board's website (<http://www.access-board.gov/>) provides additional information on compliance with the requirements of the ABA and ADA.

FSRM FUNDING FOR BARRACKS

Question. How much FSRM funding did the Army spend on barracks in fiscal years 2007 and 2008?

Answer. In fiscal years 2007 and 2008, the Army spent about \$656 million (\$140.1 million and \$515.9 million, respectively) of FSRM funds on sustaining, improving and modernizing barracks.

Question. What is the projected amount of FSRM spending on barracks in fiscal year 2009?

Answer. During fiscal year 2009, the Army has spent, or will spend, about \$785 million of FSRM funds on sustaining, improving and modernizing barracks (\$647M Active, \$30M ARNG, \$8M USAR). On a related note, the American Recovery and Reinvestment Act of 2009 (ARRA) directed the Army to spend at least \$153 million for barracks over the course of the legislation's timeframe (which includes FY 2009). The Army anticipates spending significantly more on barracks FSRM than the Congressionally directed minimum during the course of executing ARRA funds.

Question. What is the projected FSRM requirement for fiscal year 2010?

Answer. For fiscal year (FY) 2010, the Army's FSRM models project an estimated requirement of about \$600 million to sustain, improve and modernize barracks. At this time, it is premature to say what amount of FSRM funds will be programmed against this requirement. Once the President releases the FY 2010 budget, we can provide additional information.

GOVERNMENT-OWNED FAMILY HOUSING

Question. In a report to Congress, Army indicated that it has over 7,200 Government-owned "adequate" homes that need repairs or improvements costing between \$10,000 and \$30,000. Although this is not explicit in the report, it appears likely that the largest portion of these homes is overseas, particularly in Germany. Is this correct?

Answer. Yes. As a result of privatization, the Army's largest number Government-owned, on-post Family housing inventory are located at foreign locations. The Army had expected the elimination of all inadequate government owned to be funded and completed by 2011 for foreign locations. As a result of stationing decisions at Baumholder, Germany, this installation's status changed from a non-enduring location where no construction funds were programmed, to an enduring location. Funding for Family housing replacement projects will be considered in future budget requests to eliminate the remaining inadequate homes at Baumholder.

PRIVATIZING OF ARMY LODGING

Question. Which installations are in the awarded first group for PAL?

Answer. The first Privatization of Army Lodging (PAL) Group, Group A, include: Fort Hood and Fort Sam Houston, Texas; Fort Riley and Fort Leavenworth, Kansas; Fort Sill, Oklahoma; Fort Rucker and Redstone Arsenal, Alabama; Fort Polk, Louisiana; Yuma Proving Ground, Arizona; Fort Myer, Virginia; Fort McNair, District of Columbia; and Fort Shafter and Tripler Army Medical Center, Hawaii.

Although Fort McNair and Fort Shafter were both initially included as part of Group A, the due diligence process (conducted in close coordination with the Army) determined that the demand at these installations is best accommodated at the nearby locations of Fort Myer and Tripler Army Medical Center, respectively.

Question. When will the first group be completed?

Answer. The first PAL Group, Group A, is scheduled to transfer mid-2009. The Project is working with the capital markets to finalize lending terms. Once transferred, the first phase of development will be completed within three years.

Question. What Federal government contributions are being made to the first group project, and how much private sector capital will be provided?

Answer. In 2008, the value of the contributed Army Lodging facilities and facility content was determined to be \$36 million. There is no government cash equity contribution, and the scope of the first PAL Project, Group A, is approximately \$317 million. All of the \$317 million will be funded through private sector capital and financing.

Question. What is the timeline for groups two and three?

Answer. Any follow-on groups will be dependent upon OSD review and approval following PAL Group A implementation.

THURSDAY, MARCH 19, 2009.

U.S. PACIFIC COMMAND

WITNESSES

**ADMIRAL TIMOTHY J. KEATING, U.S. NAVY COMMANDER, U.S. PACIFIC
COMMAND**

**GENERAL WALTER "SKIP" SHARP, COMMANDER, REPUBLIC OF
KOREA—UNITED STATES COMBINED FORCES COMMAND, AND COM-
MANDER, UNITED STATES FORCES KOREA**

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I think we will go ahead and get started. We have the staff and the ranking member here, so we can move ahead.

Good afternoon. I would like to call the subcommittee to order. We are here today to discuss the basing posture of the U.S. Pacific Command and U.S. Forces Korea and the implications that ongoing realignments and initiatives will have for military construction and family housing.

Many experts on foreign affairs believe that the international system is currently undergoing a great shift in relative power from the West to the nations of the Pacific Rim. For several years now, we in this subcommittee have been discussing the massive realignment of forces that is underway in Korea, Japan, and Guam, to better prepare the U.S. to face its security challenges of the future.

This realignment is totally dependent upon billions of dollars in military construction funding, which, in conjunction with the generous assistance of our Asian allies, will provide the facilities that our forces will need to sustain the U.S. military power in the region. We will discuss this and other regional issues with our witnesses today.

Before we proceed, I would like to recognize our ranking member, Mr. Wamp, for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, thank you, Mr. Chairman.

To Admiral Keating and General Sharp, I would just thank you for your service. It is extraordinary. I can't help but think that Pacific Command and U.S. Forces Korea are in excellent hands, even though I know that B.B. Bell left big shoes to fill, especially since he is now my most prominent constituent.

And all of our hearts and thoughts and prayers are with Katie and the family at this time, where they are—while they are waiting hopefully to be able to get in line and take care of her physically.

But there are many challenges. Our subcommittee finished its work in a bipartisan, cooperative way on time last year. A lot of other things were not finished, so we are very grateful for that leadership, because we want to honor all of our men and women in uniform on the MILCON side and our veterans that have served our country so well.

We are committed to doing that again. And, frankly, all the way from India east, we know that your commands are really critical today because of what is happening, west of you and all the other infrastructure improvements and the big changes in Korea, with our capabilities with housing and moving a base.

And I talked to Admiral Keating about Guam, because it is still the big piece of what is happening there in the region. We are interested; we are grateful; we are totally supportive in a bipartisan way.

We welcome you back again today. It is probably going to be a crazy 2 or 3 hours here because AIG messes us up. So that is all I will say. I know we are going to have votes back and forth, but just bear with us. We will get through the questions this afternoon.

We are grateful for your service and every single man, woman in uniform that you represent, we want you to know and we want them to know through you that we are grateful for their service.

And I yield back.

Mr. EDWARDS. Thank you. And well said, Zach.

Our witnesses don't need an introduction, but they deserve one. Admiral Timothy J. Keating assumed Pacific Command on March 23rd of 2007. And, Admiral, we are honored that you are here with us.

Admiral KEATING. Thank you, sir.

Mr. EDWARDS. He has 38 years of service to our nation, after graduating from the Naval Academy in 1971. He is a naval aviator with over 5,000 flight hours. And the bio also said 1,200 arrested landings. In case any civilians didn't know what that part meant, I was going to leave that out. But I assume those are carrier landings?

Admiral KEATING. They are, sir.

Mr. EDWARDS. Okay. He was commander of the Northern Command and NORAD from 2004 to 2007. And thank you for that service, as a native of Dayton, Ohio.

General Walter "Skip" Sharp, General, we are honored to have you here again. And thank you for your service, as well.

He is commander of U.S. Forces Korea and Combined Forces Command and United Nations Command since June of 2008. He was born, interestingly, while his father was serving in the Korean War, another example of the legacy of military families. It always humbles me how many military—or military leaders are first, second, third generation of service to our country in uniform and how many of the children of our top military officials have sons and daughters serving.

General Sharp spent 35 years in service after graduating from West Point in 1974. He has had a variety of command posts, including commanding troops in Desert Storm, Haiti, and Bosnia. He has also served on four Joint Staff assignments. He has three chil-

dren, one of whom is married to an Army major stationed in Germany.

Are they still in Germany—

General SHARP. Yes, sir.

Mr. EDWARDS [continuing]. Right now? He is a native of Morgantown, West Virginia.

Again, as Mr. Wamp said, we are very honored that you are here and, most importantly, for your lifelong service and leadership to our country and to our military.

We would like to recognize you each for opening statements. We will put any longer, formal statement into the record, but we would like to recognize you now.

Admiral.

STATEMENT OF ADMIRAL TIMOTHY J. KEATING

Admiral KEATING. Great. Thank you, Chairman, Representative Wamp, Mr. Farr, Mr. Dicks, good to see you all. Thanks for this opportunity. I have the rare privilege of—how do you do, sir—representing the 325,000 soldiers, sailors, airmen, Marines, and Department of Defense civilians who work for us all in the United States Pacific Command.

You mentioned a point, Chairman. To elaborate, Skip has kin that are in service. My dad was in the Navy in World War II in the Pacific, so it is a great privilege to follow in his footsteps. And our son and son-in-law are both F-18 pilots in the United States Navy.

Mr. EDWARDS. Wow. That is a great legacy. Thank you for that.

Admiral KEATING. The beat goes on.

If I could take a second of the committee's time to kind of go over the strategy—of the Pacific Command and tee it up in kind of a numerical fashion, we are privileged to represent folks who occupy about 50 percent of the service of the Earth, half the world's population, 36 countries in our AOR.

Five of our Asia Pacific nations are allied to us through formal treaties. Skip lives in one of them. We have the most populous nation, the largest Muslim population, and the largest democracy in our area of responsibility. We have about two-thirds of the U.S. two-way trade that is conducted in our AOR.

Interestingly, 15 of the 20 largest ports in the world by volume are in our AOR. Nine of those are in China. Shanghai is now the biggest port in the world by volume.

We are pleased with the general state of affairs, and we will be happy to entertain all questions about those affairs in our region. And we are optimistic about continued progress.

We are very proud of our legacy and the leadership role that we have been able to assume in the region. And we are committed to guaranteeing continued success.

We want to ensure our capacity and capability both enable us to succeed in our primary mission of defending our homeland and the interests of our nation and our allies.

To do all that, we employed a partnership readiness presence strategy. We think it is a blueprint for enhancing our relationships, and this is a very critical notion for us. It is not just the United States Pacific Command. It is all of the agencies of the federal gov-

ernment, the countries with whom we deal, their militaries, their governmental agencies, and increasingly the private sector that help us form this cooperation and collaboration partnership that we think is working very well.

We have been to 27 or 28 of those 36 countries in the 2 years we have been in command. And a theme that is unmistakable, it is expressed in varying degrees, but those countries view us, the United States, not just Pacific Command or U.S. Forces Korea, as the indispensable partner.

Now, some of them advertise it a little more vocally than others. Some trumpet it; some keep it very quiet. But it is an unmistakable theme, and we are looking to capitalize on that.

Now, for all of that, level of stability and somewhat gradually increasing prosperity for all of those in our country and the increase of democracy throughout our region—India, for example, has elections coming up, as does Malaysia, Japan likely to, all of these democracies in action, there are challenges in our area of responsibility.

Foremost among them, we are dedicated to curtailing and extinguishing the spread of violent extremism throughout all of the Asia Pacific region. Events in Mumbai and ongoing events in the southern Philippines, in particular, reinforce to us the importance of our mission, progress being made in those countries and in those areas that we think is significant and bodes well for success in the future.

A second area of concern—and Skip lives with this on a daily basis—technology proliferation, the possibility of chemical, biological, or nuclear weapons, worse case of all, to include space and missile systems, and that, of course, includes North Korea. And we would be happy to field your questions on developments in North Korea, Skip being the guy who handles that as an expert on a daily basis.

Finally, a few words about the People's Republic of China. We made real headway, we thought, in the first half of 2008. Then we had events, including denial of the port visit by naval ships, and Taiwan—and China's suspension of mil-to-mil discussions following the announcement of the next round of Taiwan arms sales. So we have not had any significant military-to-military dialogue with the People's Republic of China in over 6 months.

So the relationship is clearly not where we would like it to be. We are also concerned significantly with the People's Liberation Army Navy and other agencies' activity in the South China Sea, as demonstrated by their efforts to get the USNS Impeccable to leave its location in an international operating zone, well clear of Chinese national waters, of a couple of weeks ago.

We have resumed our operations there, as it happens. We are escorting as we speak the next vessel that is conducting that oceanographic research for us, U.S. armed combatant. It is out of sight of our ship now, but we will continue to provide response, if necessary, should the Chinese give us further reason to look very carefully at their behavior in a maritime domain.

All that said, I remain cautiously optimistic about the future of our relationship with China. It is of significant importance to us. We think there is little merit in operating in two separate spheres,

so we are looking to bring the mil-to-mil relationship back on a more collaborative and cooperative basis, hopefully in the near term.

So thanks for giving us the privilege of giving you a little bit of the United States Pacific Command perspective. We are always anxious to have members and staffers come out and visit us to see the young men and women who are doing the real essential work for our nation's success in what we think is an increasingly Asia Pacific-oriented world.

Thank you, Chairman.

[The prepared statement of Admiral Timothy J. Keating follows:]

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HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION

STATEMENT OF
ADMIRAL TIMOTHY J. KEATING, U.S. NAVY
COMMANDER
U.S. PACIFIC COMMAND
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
ON MILITARY CONSTRUCTION IN U.S. PACIFIC COMMAND
MARCH 19, 2009

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION

INTRODUCTION

Mr. Chairman and Members of the Committee:

On behalf of the men and women of the U.S. Pacific Command (USPACOM), thank you for this opportunity to testify before you regarding the military construction (MILCON) needs and initiatives in the USPACOM area of responsibility (AOR). I would also like to thank Congress for funding the MILCON accounts for FY09 which have allowed us to begin executing projects to improve our warfighting capability and the quality of life for our service members.

In November, we published the U.S. Pacific Command Strategy. It underscores the fundamental importance of sustained and persistent cooperation and collaboration in times of relative peace to mitigate situations that could lead to conflict and crisis. While it emphasizes security cooperation and capacity building, it does not signal a departure from our primary responsibility to fight and win. Instead, it acknowledges the complexity of our security environment and the importance of proactively employing forces in ways to strengthen partnerships and support conditions that preclude the necessity for combat operations. It is a strategy in which we collectively seek – with our allies, partners and friends – multilateral solutions, recognizing challenges are best met together. *Ours is a strategy based on partnership, readiness, and presence.*

It is hard to overstate the importance of our engagement, both to our national interests and to the broader interests of all in the region. Having visited most of the 36 nations in the AOR, I am convinced that our success depends on our ability to understand the complexities and intricacies of this dynamic region.

USPACOM readiness and presence support extensive military and civil cooperation in the Asia-Pacific. In response to several significant natural disasters this past year, our military forces provided aid through Humanitarian Assistance and Disaster Relief (HADR) operations. Coordinating with U.S. Government Agencies, U.S. embassy teams, and other Asia-Pacific nations, our forces provided support to Burma in the aftermath of Cyclone Nargis; in February and May 2008, our men and women aided China after it was struck first by extreme cold weather and then by an earthquake; and in the wake of Typhoon Fengshen, the USS RONALD REAGAN Strike Group delivered critical supplies to outlying areas of the Philippines. The tradition of non-disaster related humanitarian assistance continued this past summer with the four-month deployment of USNS MERCY. This multinational, civil-military effort resulted in the treatment of more than 90,000 people in five nations in Southeast Asia and the Pacific.

FISCAL YEAR (FY) 09 MILCON

MILCON continues to be a vital enabler of ready forces in the Pacific. Because of your support for our \$2.3 billion request in FY09, the USPACOM MILCON program continues to meet transformation, operational and quality of life requirements. The service components are aggressively executing the MILCON provided in FY09. To date, approximately 45% (\$1.1 billion) has either been awarded or is out for bid. MILCON has enabled significant capability enhancements, such as basing F-22s at Elmendorf Air Force Base (AFB) and homeporting the nuclear-powered carrier USS GEORGE WASHINGTON in Yokosuka, Japan late last year. We are grateful for the support of Congress and welcome your careful consideration of our request for the FY10 budget.

FISCAL YEAR (FY) 10 MILCON

In FY10, USPACOM is postured to request funding for facilities and infrastructure to support U.S. military forces and their families. MILCON requested by the services in the Pacific AOR is categorized into four broad areas: Defense Policy Review Initiative (DPRI), Republic of Korea (ROK) Transformation, Grow-the-Force, and Sustainment.

DEFENSE POLICY REVIEW INITIATIVE

Rapid response in the Asia-Pacific region hinges on flexibility, speed and agility of our military forces. On May 1, 2006, the U.S. Secretaries of State and Defense and their Japanese counterparts released the Roadmap for Realignment, which outlines the overall implementation for the relocation of U.S. forces in Japan. The importance of the Roadmap was reaffirmed in February 2009 in a second agreement signed by Secretary of State Clinton and her Government of Japan counterpart. Moreover, the Defense Policy Review Initiative (DPRI) agreed to with Japan will improve our ability to effectively employ U.S. forces while addressing the concerns of the Japanese populace. Japan is shouldering most of the costs associated with the planned posture changes. Per the agreement, U.S. MILCON funds are necessary to complete the remaining facility construction and other infrastructure needs on Guam.

Guam: Guam-based forces offer strategic flexibility and maneuverability needed for prompt action in response to theater contingencies and peacetime engagement. MILCON funding is a vital enabler to the movement of the Marines to Guam. FY10 begins the agreed upon estimated \$10.3 billion construction effort under the Roadmap for Realignment with Japan to reposition approximately 8,000 Marines from Okinawa to Guam with a target completion date of 2014. Under the agreement, Japan will provide \$6.1 billion of the funding with the U.S.

providing the remaining \$4.2 billion. We are hopeful the first increment of Japanese funding to support the realignment will be approved in Japan's Fiscal Year 2009 (April 2009-March 2010). MILCON funding will provide enduring projects such as utilities and airfield pavement to beddown Marine aviation at Andersen AFB, wharf improvements, and the relocation of a military working dog facility at the Navy base. Investments are also needed to improve off base infrastructure, including selected roads and bridges critical to the successful throughput of materials necessary for the construction effort.

REPUBLIC OF KOREA (ROK) TRANSFORMATION

Similar to Japan, agreements with Korea made under the Security Policy Initiative (SPI) provide strategic flexibility for U.S. forces while allowing ROK forces to take on a greater role in the future defense of the Peninsula. Although ROK is providing much of the funding for the planned posture changes, MILCON funds are needed for appropriate facility construction and other infrastructure needs.

As we restructure forces in Korea, MILCON investments will enable USPACOM and the Service Components to better employ U.S. forces, protect national interests and demonstrate our enduring commitment to the region. Projects for the initiative include relocating U.S. troops out of downtown Seoul, returning the majority of Yongsan Army Garrison to the ROK, and consolidating the remaining troops into two hubs south of Seoul. This effort positions U.S. forces to better conduct combat operations should deterrence fail on the Peninsula, and makes the U.S. presence less intrusive on the Korean people. Under the amended Land Partnership Plan and the Yongsan Relocation Plan, in 2010 we anticipate ROK to continue funding much of the construction of facilities and infrastructure for this transition. MILCON funding is needed at

Camp Humphreys for vehicle maintenance facilities and fire stations to support of U.S. Army forces relocating from camps north of the Han River. In addition, ROK Transformation includes the relocation of an Air Force heavy engineer construction unit to Guam. Funding is necessary for further improvements at Andersen AFB to establish a consolidated combat support center to beddown the engineer unit.

GROW-THE-FORCE

In 2007, plans to increase manpower of the Army to 1,112,000 by FY13 and the Marines Corps to 202,000 by FY11 were announced. The Pacific's share is projected to be 2,400 soldiers and 6,800 Marines. The FY09 MILCON adequately met the Grow-the-Force infrastructure needs of the U.S. Army Pacific. The Marine Forces Pacific will request funding through FY13 to complete projects at various Marine Corps installations in Alaska, Arizona, California and Hawaii.

SUSTAINMENT MILCON

In addition to the MILCON required to implement transformation initiatives in the Pacific, the Service Components continue efforts to sustain warfighting and quality of life infrastructure at their installations. USPACOM Service Components continue to make tremendous strides using Military Housing Privatization Initiative (MHPI) and MILCON to modernize and replace antiquated housing. While the Components are actively exploring further public-private ventures for housing in Alaska, California, and Hawaii, MILCON is required in Japan and Korea, as privatization is not authorized in these foreign countries.

U. S. Army Pacific (USARPAC): USARPAC maintains installations across the Pacific, including Alaska, Hawaii, ROK, and Japan. Alaska installations require improvements to housing, medical and operational facilities at Ft. Wainwright and Fort Richardson. For Hawaii, plans are underway for vehicle maintenance complexes at Schofield Barracks and a communications center and aviation complex at Wheeler Army Airfield. Supporting MILCON needs at Camp Zama and Torii Station will further strengthen the U.S. commitment in Japan.

Of note, in April 2008 the Department of the Army signed the Environmental Impact Statement Record of Decision for the Stryker Brigade Combat Team selecting Hawaii as the beddown location. It will move forward with \$145 million of previously approved projects for the Stryker beddown in Hawaii.

U.S. Pacific Fleet (PACFLT): PACFLT manages first-class naval facilities throughout the AOR. Requirements at various Naval installations in Washington cover a broad range of needs, including the second increment of a CVN maintenance wharf, Trident missile facilities, waterfront security improvements, and Survival, Evasion, Recovery and Escape training facilities. Naval Station Pearl Harbor, Hawaii requires funding to modernize munitions storage buildings and to complete the final increment of a submarine maintenance facility. California installation requirements range from pier improvements to facilities necessary for F-35 aircraft operational testing. The Navy on Guam continues its efforts to provide adequate facilities to support the forward deployment of submarines and to replace an aging Korean War era hospital and outdated family housing to improve quality of life. Finally, family housing in Korea and Japan continue to require periodic investment.

U.S. Pacific Air Forces (PACAF): PACAF is progressing with the effort to beddown the F-22A in Alaska along with enhancing Red Flag training facilities. PACAF desires an air

support operations center provided in Hawaii. In Guam, PACAF will continue the effort to beddown Intelligence, Surveillance, and Reconnaissance (ISR)-Strike capabilities. For Japan, aircraft hydrant refueling capability and quality of life housing improvements are necessary at various installations. The addition of an aircraft hydrant refueling system will enhance force capability in Korea.

U.S. Marine Forces Pacific (MARFORPAC): MARFORPAC installations are located in Arizona, California, Hawaii, Japan, and South Korea. Marines based in Arizona will require an aircraft maintenance hangar and airfield electrical infrastructure. The needs in California are wide and varied and include aircraft parking, fire stations and operations/maintenance facilities at various installations. Improvements in Hawaii will enhance weapons training and waterfront operations.

Joint POW/MIA Accounting Command (JPAC): In FY10, USPACOM will complete the design for the new JPAC headquarters/laboratory at Hickam AFB, Hawaii. This world-class facility will house state of the art laboratories to speed the identification of the dead and missing from our nation's wars, past and present.

Asia-Pacific Center for Security Studies (APCSS): APCSS is a joint Department of Defense command with the mission to provide a forum where leaders from Asia-Pacific nations gather to enhance security cooperation through executive education and professional exchange. There is a requirement to construct a conference and technology-learning center addition at Ft. DeRussy, Hawaii which would allow the program to expand outreach to more nations in the Pacific.

CONCLUSION

USPACOM is a force for peace and a steadfast partner in the Asia-Pacific. Our long-term priorities promote a region that is stable, secure and at peace. We are engaged extensively throughout the AOR to advance our theater campaign goals through partnership, readiness, and presence. We are committed – along with our allies, partners and friends – to turn the promise of a stable and secure region into reality and transform challenges into opportunities that strengthen regional relationships and cooperation. We are fortunate to have traditional allies, and both existing and emerging partners, who are willing to promote conditions for security and stability, and collaborate for the well-being of the people in the Asia-Pacific.

We are aware that without the unwavering support of Congress and the American people, we cannot succeed. I am proud and honored to represent the men and women of the U.S. Pacific Command and on their behalf, thank you for your support.

Mr. EDWARDS. Admiral Keating, thank you very much.
General Sharp.

STATEMENT OF GENERAL WALTER L. SHARP

General SHARP. Chairman Edwards, Representative Wamp, and distinguished members of this panel, it is indeed an honor for me to be here today. And it is a real privilege for me to represent the soldiers, sailors, airmen and Marines, DOD civilians, and all the families that serve in the Republic of Korea today.

On behalf of all those outstanding men and women, I really want to express our thanks to this subcommittee for all that you have shown to support our operations and our quality of life in Korea.

Your support allows us to promote peace and stability on the Korean peninsula and improve security in Northeast Asia and—which is, I think, very important, given the national security interests that we have in the Republic of Korea and in all of Northeast Asia.

The United States does have a significant national security interest in Northeast Asia. The Republic of Korea plays a vital role in the region that accounts for 22 percent of all the U.S. trade in goods. It is a first-class economic power, our seventh-largest trading partner, and one of the most technologically and scientifically advanced countries in the world.

It has been a partner with us around the world, and it has proven to be, I believe, the strongest alliance that we have, an alliance that is forged in blood and is maintained by enduring commitments and friendship of the Korean and American people.

The Republic of Korea armed forces have fought alongside Americans in Vietnam. They participated in Operation Desert Storm. They deployed forces to Iraq and Afghanistan. The Republic of Korea is currently participating in six U.N. peacekeeping missions around the world today. They recently deployed a 4,500-ton destroyer and anti-submarine helicopter off the waters of Somalia to fight piracy operations.

I also want to thank you all, the members of Congress, for passing the legislation that elevated the Republic of Korea foreign military sales status to a level that is on par with the countries of NATO, as well as other nations with longstanding U.S. allies.

Currently, the Republic of Korea has over 560 FMS cases that are open, for a total value of over \$12 billion. And this legislation will go a long way to enhancing the alliance's combined warfighting capability.

And when I came into command, I established three priorities. The first is to be prepared to fight and win, and I can report to this committee that our alliance, the ROK-U.S. alliance, and all the servicemembers of that alliance are strong and we are ready to fight and win against any contingency on the peninsula today, all the way from instability up to major combat.

And my second priority was to strengthen the alliance, strengthen this strong U.S.-ROK alliance. We are adapting to what we need in the future for an alliance.

So on the 17th of April, 2012, the Republic of Korea, this professional military force in Korea, will take command of the war fight, where today CFC, my—wearing my hat as the Combined Forces Command commander, we command the war fight. After 17 April,

2012, they will do it, and the U.S. will be in a supporting, to supported role after 2012.

That does not lessen our requirement there; it just changes it. And I do believe that the force level that we have in Korea right now and the commitment we have in Korea forces-wise and capability-wise is about right for the foreseeable future.

We have 28,500 servicemembers in Korea right now. And I believe that to be about the right number. We need to make sure that we continue to evolve the alliance so that, capability-wise, both the U.S. and Korea—alliance is possible as we move to the future.

The Korean military will be ready for this change in 2012. We are already starting to practice it now in our exercise program and all that we are doing to prepare for it. And I am confident that we will be able to accomplish that task.

My third priority was to continue to improve the quality of life for all of our servicemembers, DOD civilians, and their family. My real goal is to make Korea the assignment of choice anywhere in the world. Recently, the Department of Defense authorized us to move to 3-year tours for our accompanied servicemembers. We will do that over time, as infrastructure becomes available for those forces, so we don't bring families to Korea before the infrastructure is there to support it.

We have just over 2,000 command-sponsored families now in Korea. Our goal and the service's goal, by this time next year, we will at least double that. I have the services to be able to accomplish that.

And then, as we move to Camp Humphreys and as we continue to build down with that first-class installation post down there, we will be able to continue to bring more families to eventually get to the point where all servicemembers who are married can come accompanied and come for 3 years.

The 3-year tour is tremendously important for me and for the command. It greatly increases my capability. And instead of having to train a new servicemember every year, I now have them for 3 years. It reduces the stress on our military around the world. Why have an unaccompanied tour anywhere in the world if you don't have to? And you don't have to in Korea.

And then, lastly, it really shows the U.S. commitment to not only the Republic of Korea, but Northeast Asia, which I believe is critically important for this important part of the world to keep the stabilization that we have there now and in the future.

As we move south, as you know, there are two parts of the program. The first is the Yongsan relocation program, which moves U.S. forces that are currently stationed in Seoul to U.S. Army Garrison Humphries, which is about 40 miles south of Seoul.

The second part is the land partnership plan, which provides for the relocation of the 2nd Infantry Division. That is up north near the demilitarized zone, and moving them also down to the Camp Humphries area. This will significantly improve the quality of life for all of our servicemembers and their families as they move, really, into world-class training and living facilities.

The great majority of the cost for the Yongsan relocation plan are paid through the Republic of Korea. I do thank the committee for the \$125 million to MILCON that is already appropriated to start

the family housing project down there. That is extremely important, and I ask for the continued support.

Land partnership costs are shared between the Republic of Korea and the United States. The new special measures agreement, which is the burden-sharing agreement that was just agreed to by both governments and both legislatures—or by the national assembly of the Republic of Korea, it is a 5-year host nation cost-sharing agreement that was concluded between our two nations.

This provides burden-sharing money for Korean labor, logistics cost-sharing, and a portion of the costs associated with the realignment of our forces. The vast majority of burden-sharing money goes directly back into the Korean economy, while reducing the U.S. Forces Korea's appropriated MILCON requirement, thus benefiting both nations.

Appropriated MILCON funding, resources obtained from host nation construction funding, construction activity provided by in-kind basis of the Republic of Korea, and investment from the commercial sector and public-private ventures are the key components to our overall funding strategy for this transformation.

I ask for your continued support for future appropriated MILCON funding requests that will provide facilities essential to the success of the relocation of U.S. forces in Korea.

While we continue to commit funding toward our ongoing relocation efforts—on the Yongsan relocation and the land partnership program, we must also not lose sight of the urgent need to maintain our existing and our enduring infrastructure in facilities that support operations today and in the future in Korea.

And I ask for your continued support for resources to recapitalize our enduring facilities that we will—that we have now and will continue to need in the future.

I thank you for the support of this subcommittee that you have provided for our servicemembers, DOD civilians, and family members serving in Korea. And I hope for your continued support when the fiscal year 2010 budget is established in the Future Years Defense Program is formulated.

I look forward to working with you for our alliance transformation efforts and providing our men and women the very best working, living, and training environment possible in the Republic of Korea. And I look forward to your questions.

[The prepared statement of General Walter L. Sharp follows:]

**STATEMENT OF
GENERAL WALTER L. SHARP
COMMANDER, UNITED NATIONS COMMAND;
COMMANDER, REPUBLIC OF KOREA-UNITED STATES COMBINED FORCES
COMMAND;
AND COMMANDER, UNITED STATES FORCES KOREA
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
19 MARCH 2009**



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I. INTRODUCTION

Mr. Chairman and distinguished members of the subcommittee, I am honored to appear before you today. As the Commander of United Nations Command (UNC), the Republic of Korea – United States (U.S.) Combined Forces Command (CFC), and United States Forces Korea (USFK), it is a privilege to represent before you today the Soldiers, Sailors, Airmen, Marines, Department of Defense (DoD) Civilians, and associated family members who serve our country in the Republic of Korea (ROK). On behalf of these outstanding men and women, I want to express our thanks for the commitment this subcommittee has shown for supporting our operations in Korea. Your continued support allows us to promote peace and stability on the Korean Peninsula, improve the security of Northeast Asia, and enhance shared national interests between the ROK and U.S. I appreciate this opportunity to update you on the state of the command's I lead as well as to briefly discuss our plan for transforming and strengthening the ROK-U.S. Alliance. In particular, I will focus on the three overarching priorities for my Command and the status and future direction of military construction.

Since the Mutual Defense Treaty was signed almost 56 years ago the ROK-U.S. Alliance has played a key role in deterring aggression against the ROK. The Alliance has been instrumental in the ROK transforming from a country devastated by war in the 1950s to the world's 14th largest economy last year, where government leaders are chosen democratically through the conduct of free and fair elections.¹ The ROK has proven to be a strong ally of the U.S., deploying its military forces to serve alongside Americans in places such as Vietnam, Iraq,

¹ ROK gross domestic product (GDP) was valued at \$1.3 trillion in the year 2008 when measured at purchasing power parity. The GDP figure and ranking were obtained from the *CIA World Fact Book 2009*.

and Afghanistan, as well as a host of United Nations sponsored peacekeeping operations.² The ROK also shares our objective of denuclearizing the Korean Peninsula and preventing the proliferation of weapons of mass destruction. But the Alliance goes beyond just security issues. The ROK and U.S. have a robust economic relationship, where last year the ROK was our 7th largest trading partner for goods while we were the ROK's third-largest trading partner.³ There are also extensive social and cultural linkages between the two countries.

In the past year the ROK and U.S. have taken significant actions that have enhanced our combined military capabilities and reinforced trust and cooperation between our two countries. Agreement was reached at the presidential-level to maintain the current level of American military forces on the Korean Peninsula into the foreseeable future. This decision is a highly visible and clear demonstration of U.S. commitment to the bilateral Alliance. Additionally, our two nations concluded a new host nation cost sharing agreement last year that resulted in a multi-year Special Measures Agreement (SMA) that will provide Korean financial support for American forces stationed in the ROK over the next five years. This new SMA will bring stability to host nation support of USFK's presence in the ROK – something that was lacking in the past with a succession of one- or two-year agreements. And I want to thank you – the members of Congress – for passing legislation that elevated the ROK's Foreign Military Sales status to a level that is on par with countries of the North Atlantic Treaty Organization as well as

² The ROK currently has representation in six United Nations-sponsored peacekeeping operations. The six operations are: UNMOGIP (Pakistan), UNOMIG (Georgia), UNOMIL (Liberia), UNAMA (Afghanistan), UNMIS (Sudan), and UNIFIL (Lebanon). Additionally, the country has deployed the Cheonghae unit that consists of a 4,500-ton destroyer and an anti-submarine helicopter to the waters off Somalia for the conduct of anti-piracy operations.

³ Trade partner rankings were obtained from data published by the U.S. Census Bureau and Korea Development Institute.

other nations that are longstanding allies of the U.S. This legislation will go a long way in enhancing the Alliance's combined warfighting capability. Finally, the U.S. DoD approved proceeding with implementation of three-year accompanied tours for service members assigned to locations in the Korean cities of Seoul, Pyeongtaek, Osan, Daegu and Chinhae. Increasing the number of service members eligible for accompanied tours will make great strides toward improving individual morale, providing stability for service member's families and enhancing military readiness. All of the measures discussed above, taken individually as well as collectively, strengthen my ability to deter aggression against the ROK, defeat an attack directed at the ROK should it occur, promote peace and stability on the Korean Peninsula, and thus support security in Northeast Asia as a whole.

It should be noted that the ROK sits at the center of a region – Northeast Asia – where the U.S. has significant national interests. Northeast Asia is home to five of the world's 19 largest economies that had a combined gross domestic product (GDP) in the year 2008 of \$16.6 trillion, a value that constituted 23.5 percent of global GDP in that year.⁴ Countries in the region are also key trading partners with the U.S. In the year 2008, trade with China, Japan, the ROK, and Taiwan accounted for 22 percent of all U.S. trade in goods that year.⁵ The U.S. direct investment position in Northeast Asia was valued at \$220 billion in 2007.⁶

⁴ GDP at purchasing power parity in 2008 for the countries of Northeast Asia were as follows: China \$7.8 trillion; Japan \$4.48 trillion; Russia \$2.22 trillion; ROK \$1.3 trillion; Taiwan \$757 billion; North Korea \$40 billion; and Mongolia \$9 billion. World GDP in 2008 was valued at \$70.6 trillion. Source: *2009 CIA World Fact Book*

⁵ US trade in goods during 2008 was valued at \$409.2 billion with China, \$205.8 billion with Japan, \$82.9 billion with the ROK, and \$61.6 billion with Taiwan. Total US trade with these four countries of Northeast Asia was valued at \$759.5 billion in 2008, accounting for 22.3% of total American foreign goods trade of \$3.4 trillion. Source: U.S. Census Bureau.

⁶ Direct investment position figure obtained from the United States Bureau of Economic Analysis.

Beyond the economic dimension the US has other important security interests in Northeast Asia. The region houses four of the world's six largest militaries⁷ and two proven nuclear powers, China and Russia. The U.S. has security agreements with Japan and the ROK and maintains certain defense ties with Taiwan. Potential instability in Northeast Asia based on historical animosities, territorial disputes, competition over resources, and the struggle for regional hegemony pose a long-term security challenge not only for the states of Northeast Asia but for the world at large. The ROK influences and is influenced by an emerging China, resurgent Russia, challenging North Korea, and a prosperous Japan.

U.S. presence in the ROK is not only a long-term investment in peace and stability on the Korean Peninsula but in Northeast Asia as well. Specific regional objectives for the U.S. include promoting the spread of democracy and free market economic activity, preserving peace and stability, engaging with other regional actors, and setting the conditions for denuclearization and peaceful unification of the Korean Peninsula. A strong ROK-U.S. Alliance, buttressed by the presence of American military forces, is a key factor needed to achieve these objectives. But the American military presence in the ROK is not a static one – it is changing as conditions in the ROK and region at large change. We are in the process of transforming our units and headquarters into more modern and capable organizations. Additionally, we are preparing to assume a doctrinally supporting role to the ROK after the ROK retains wartime operational control on April 17, 2012. An enduring American force presence in Korea after the ROK retains wartime operational control in 2012 will ensure a strong ROK-U.S. Alliance that is fully capable

⁷ The world's six largest militaries in terms of number of personnel are: China #1 (2.1 million personnel); US #2 (1.54 million); India #3 (1.28 million); North Korea #4 (1.2 million); Russia #5 (1.02 million); and the ROK #6 (687,000). Source: *The Military Balance 2009*, produced by the International Institute for Strategic Studies.

of deterring and defeating aggression on the Korean Peninsula and promoting peace, stability, and security in Northeast Asia.

II. COMMAND PRIORITIES

Now, I would like to briefly lay out the three priorities for my Command. These three priorities are: 1) be prepared to fight and win; 2) strengthen the ROK-U.S. Alliance; and 3) improve the quality of life for personnel under my command. I will briefly address each of these priorities, focusing on how MILCON supports mission execution and improves the quality of life for U.S. service members and their families.

Prepared to Fight and Win

My first priority as Commander of UNC, CFC, and USFK is to maintain trained, ready, and disciplined combined and joint commands that are prepared to fight and win. Facing any number of challenges that could arise on the Korean Peninsula with little warning, our commitment to the ROK-U.S. Alliance spans the entire spectrum of conflict, from major combat operations under conditions of general war through multiple instability possibilities to the provision of humanitarian assistance. MILCON has and will continue to play a major role in the ability of U.S. forces to meet these warfighting requirements.

Given this wide range of potential challenges, it is imperative that our forces maintain the highest possible level of training and readiness. The U.S. Army and U.S. Marine Corps possess adequate training resources on the Korean Peninsula to maintain unit combat readiness including the conduct of robust amphibious operations. USFK and the ROK are working to overcome the

challenges of insufficient training range capacity and capability needed to maintain the readiness of our air forces.

Strengthening the Alliance

After being prepared to fight and win, my second command priority is to strengthen the ROK-U.S. Alliance. In addition to improving combined military capabilities, strengthening the Alliance also requires actions that adapt to changes in the operational environment. One action we are taking to adapt the Alliance's security arrangement to changes in the operational environment is the realignment of U.S. forces stationed in the ROK. Under the Yongsan Relocation Plan (YRP) – signed by the U.S. and ROK in 2004 – American forces stationed at U.S. Army Garrison (USAG) Yongsan in Seoul will relocate to USAG Humphreys near the city of Pyeongtaek (approximately 40 miles south of Seoul). The majority of costs associated with this move will be paid by the ROK. One exception to this is the \$125 million of appropriated MILCON funding we received in FY2009 for the construction of family housing units at USAG Humphreys. I would personally like to thank the subcommittee for support of this important construction work.

A separate realignment plan for U.S. forces stationed north of Seoul – the Land Partnership Plan (LPP) – provides for relocation of the 2nd Infantry Division from positions located near the Demilitarized Zone to USAG Humphreys. Costs associated with the LPP will be shared by the U.S. and ROK. SMA burden sharing will fund a significant portion of the costs associated with this realignment. Relocation of U.S. forces in Korea through the YRP and LPP initiatives offers several advantages that adapt to changes in the operational environment. First, under the YRP U.S. military forces will be moved out from the city of Seoul and its high

population density, assuming a less intrusive footprint at USAG Humphreys. Second, the consolidation of U.S. forces onto two enduring hubs under the LPP not only returns valuable land to the Korean people, but also streamlines USFK's command and control, removes the preponderance of U.S. forces from North Korean artillery range, and facilitates the execution of noncombatant evacuation should that be necessary. Finally, through the expansion of USAG Humphreys and the construction of modern and improved facilities there, significant improvements will be made in the quality of life for our service members and their families stationed in Korea.

Over the last year we have achieved a new long-term cost sharing agreement with our Korean partners. The new SMA covers the years 2009-2013, where the ROK has committed itself to providing 760 billion won (\$741 million) toward the sustainment of U.S. forces in Korea during the year 2009, with subsequent annual contributions through the year 2013 increased by changes realized in the ROK Consumer Price Index.⁸ The ROK and U.S. also agreed to transition Korean funded construction payments from being primarily in the form of cash to the "in-kind" provision of material and services. Under this arrangement the ROK will construct facilities needed by USFK and covered by SMA payments to American specifications and standards in accordance with mutually agreed principles and priorities. This long-term SMA cost sharing agreement will provide a predictable and stable funding stream for the Command that is essential to the successful completion of our force relocation plans.

Cost sharing payments are advantageous to both the ROK and U.S. For the U.S., Korean funded construction projects satisfy critical infrastructure requirements that would otherwise be

⁸ DoD official 2008 exchange rate of 1,025.7 won the U.S. dollar was used for currency conversion.

borne by American taxpayers. For the ROK, nearly all SMA payments are spent locally in the Korean economy through the payment of wages to Korean national employees working for the Command, the supply of Korean service contracts, and the provision of projects for Korean construction firms. In the year 2008 ROK SMA payments provided 315.8 billion won (\$307.9 million) for the payment of Korean national employee wages, funding the majority of costs associated with this crucial component of the workforce on American military facilities in the ROK.⁹ The ROK also provided 161.5 billion won (\$157.5 million) in support of U.S. logistics requirements last year through the granting of contracts to Korean companies for the provision of critical warfighting functions such as equipment repair, maintenance, and munitions storage. Finally, ROK SMA funds in the year 2008 are being used to conduct 264.2 billion won (\$257.6 million) worth of construction work for my command.

Improving Quality of Life

Improving the quality of life for service members, DoD civilians, and their families is my third command priority. My goal is to make the ROK an assignment of choice for all service members – both single and accompanied. A central part in achieving this goal is allowing the majority of these service members the opportunity to serve normal three-year tours in Korea accompanied by their families. This is an important goal and full implementation of tour normalization supports all three of my Command priorities. It improves our preparedness to fight and win by keeping trained and ready forces in the ROK for a longer period of time, improving continuity, stability, and unit cohesion amongst the force. Tour normalization also demonstrates a strong, visible, and enduring U.S. commitment to security of the ROK,

⁹ DoD official 2008 exchange rate of 1,025.7 won to the dollar was used for currency conversion.

supporting my goal of strengthening the Alliance. The Alliance will be further strengthened by the greater number of American families in Korea and the increased opportunities for substantive interaction between Americans and Koreans that would result from tour normalization for accompanied service members. Additionally, for accompanied service members, quality of life will improve by eliminating the long and frequent separation between the two that often characterizes our military operating environment today – a key source of stress for these families. Paramount to success in normalizing tours is ensuring our service members, both accompanied and single, have the necessary facilities required to live and work. A sound sustainment, restoration and maintenance program for existing facilities is also an integral part of improving the quality of life goals in my Command.

Tour Normalization

Due to the importance I place on tour normalization let me focus on this topic for a moment. For service members with families, current stationing practices in Korea needlessly contribute to prolonged separation, exacerbating the strains already in place by operations in Iraq and Afghanistan. There are currently just over 4,000 U.S. service member families in the ROK. Of those, 2,135 families are command sponsored, meaning that they are authorized relocation to the ROK at U.S. government expense.¹⁰ The remaining families – many undoubtedly motivated by the prospect of separation during future combat tours – have decided to accompany their service members to Korea at their own expense. While we provide a housing allowance for off-post quarters and medical care, relocating families to Korea without command sponsorship is a significant financial burden incurred by these service members. We ultimately seek to expand

¹⁰ As of 4 December 2008 there were 4,044 service member families in the ROK. Of this total, 2,135 were command sponsored while 1,909 were not.

command sponsorship so that the majority of service members assigned to the ROK have the opportunity to bring their families with them at government expense.

We are making progress in this regard. In December of 2008, DoD increased accompanied tour lengths from two- to three-years for service members assigned to U.S. military facilities in the cities of Pyeongtaek, Osan, Daegu, Chinhae, and Seoul. The new stationing policy maintains one-year unaccompanied tours for all locations in the ROK and authorizes two-year accompanied tours at two new locations, the cities of Uijongbu and Dongducheon. In accordance with this policy change, command sponsorship will expand as the infrastructure, services, and base support functions needed to accommodate a larger number of service member dependents is realized. Existing infrastructure will allow me to increase the number of command sponsored positions to 4,350. The number of command sponsored positions will increase as the appropriate infrastructure such as education and medical facilities is expanded. Public-private ventures and burden sharing funds will play a key role in this process; however, the expansion of family member support infrastructure could be expedited if additional appropriated funding were made available for this purpose. Our goal is to eventually increase the number of command sponsored positions to about 14,250. Thus, I ask for the subcommittee's support in making the needed resources available to fully implement normalized tours in Korea, which in the end will have a positive effect on the quality of life for all service members – whether single or accompanied while serving in Korea.

Sustaining, Restoring, and Modernizing Existing Infrastructure

While we continue to commit funding toward our ongoing relocation efforts under the YRP and LPP, we must not lose sight of the urgent need to maintain our existing infrastructure

and facilities that support our operations today. Some of our facilities in Korea are the most dilapidated in the U.S. military apart from those located in active combat or peace enforcement zones. This regrettable situation is not in keeping with our commitment to the men and women who selflessly serve our nation. We must commit appropriate resources to the recapitalization of our enduring facilities and infrastructure in the ROK.

Over one-half of the buildings on Army facilities in Korea are between 25 and 50 years of age and another quarter are classified as “temporary” structures. Long-term shortfalls in sustainment, restoration, and modernization funding for our facilities in the ROK have created a condition of continued deterioration, where many buildings have accumulated substantial deferred maintenance requirements. Sustainment funds will be applied to existing facilities as needed until units relocate to the enduring hubs; restoration and modernization funds will be applied to enduring facilities. The subcommittee’s commitment to our sustainment, restoration, and modernization program requirements supplemented by ROK SMA contributions will enhance force readiness and improve the quality of life for American service members and their families in Korea.

III. MILITARY CONSTRUCTION

Now that my three overarching command priorities have been reviewed, I would like to focus in on my military construction (MILCON) priorities. USFK MILCON priorities are focused on transforming USAG Humphreys into a modern installation capable of accommodating American forces that will relocate there under the YRP and the LPP initiatives. Appropriated MILCON funding remains an important component of our overall funding strategy

for this transformation, where resources will also be obtained from host nation construction funding, construction activity provided on an in-kind basis by the ROK, and investment from the commercial sector. I ask for your support of future appropriated MILCON funding requests that will provide facilities essential to the success of the ongoing relocation of U.S. forces to USAG Humphreys.

Under the YRP initiative, the ROK agreed to fund and construct the majority of facilities and infrastructure required at USAG Humphreys and is required to move the units from USAG Yongsan to those facilities. The ROK has already spent over two billion dollars on these requirements that includes the purchase of 2,300 acres of land at USAG Humphreys and the development of 133 acres. The U.S., on the other hand, agreed to provide the majority of family housing. Fulfilling this family housing obligation will display American determination to improve the quality of life for our service members stationed in the ROK and strengthen the ROK-U.S. Alliance by meeting an agreement made with a long-time ally.

In FY 2009 the Army received \$125 million to fund the construction of 216 family housing units at USAG Humphreys.¹¹ This represents a necessary start, and I appreciate the Congressional support that made this funding possible, noting that it sent a powerful message of commitment to our Korean allies. The Army has developed a commercial investment program, named the Humphreys Housing Opportunity Program (HHOP), to fulfill the remaining U.S. YRP family housing requirement. The HHOP involves private sector development, financing, design, construction, operations and maintenance, and long-term property management of new family

¹¹ Note that a total number of 2,974 units will be built at USAG Humphreys. This total is composed of: 331 ROK-funded units; 216 US-funded units; and 2,427 units to be built under the HHOP program.

housing units at USAG Humphreys. The program requires no capital construction investment by the Army and housing units will be rented by soldiers through use of their overseas housing allowance. The HHOP will ultimately provide 2,427 new family housing units at USAG Humphreys. I fully support this Army initiative, as it provides a cost-effective alternative solution to our YRP housing requirement and affords the opportunity to meet our commitment to service members and their families. As discussed earlier, additional family housing will be required to support full tour normalization in the ROK. The HHOP represents a mechanism that can be used to provide quality housing for a growing number of service member families in Korea as my tour normalization initiative progresses. USFK will continue to identify the requirements for the out years and I ask for the subcommittee's support as we progress with these important and beneficial programs.

IV. CONCLUSION

The ROK-U.S. Alliance has been the key to stability on the Korean Peninsula and has greatly enhanced the security posture in Northeast Asia since the Korean War Armistice Agreement was signed in 1953 and the Mutual Defense Treaty effectuated in 1954. Since the 1950s we have seen several evolutions in Alliance institutions. In 1978, Combined Forces Command was created, which gave the ROK and U.S. a unified command structure. Evolution occurred again in 1994 when the peacetime operational control over ROK forces was fully retained by the Koreans. In 2012 the military alliance will evolve once again, when the ROK retains wartime operational control over all of its forces. This latter evolution will mark the start of a new era of cooperation between the ROK and U.S., an era marked by the ROK assuming

wartime responsibilities that are commensurate with its capabilities and sovereign rights. After the year 2012, the ROK-U.S. Alliance needs to remain strong in order to sustain its role of preserving peace and stability on the Korean Peninsula and enhancing security in the broader region of Northeast Asia.

I am extremely proud of the Soldiers, Sailors, Airmen, Marines, DoD Civilians, and families serving in the ROK who selflessly support US national interests, the ROK-U.S. Alliance, and help deter aggression against the ROK on a daily basis. I have mapped out the priorities of my Command in general and the direction we are heading with respect to military construction in particular. To restate them once again, my three priorities are to maintain a force prepared to fight and win, strengthen the ROK-U.S. Alliance, and improve the quality of life for personnel serving under my command. In the area of military construction, my top priority is to transform U.S. Army Garrison Humphreys into a modern installation that is capable of accommodating American forces that will relocate there under the YRP and LPP. Sustainment of existing facilities is critical for continuity of current operations while modernization of enduring facilities must also occur. Our normalization goals could be accelerated if additional appropriated funds were made available for this purpose.

I thank you for the opportunity to present this statement and the support this subcommittee has shown for my Command in the past. I hope for your continued support as the FY2010 budget is established and the Future Years Defense Program formulated. I look forward to working with you on my Alliance transformation efforts and believe you will agree with me that our men and women in uniform deserve the very best working, living, and training environment in Korea, and we should do everything in our power to provide it.

MOVING TROOPS FROM OKINAWA TO GUAM

Mr. EDWARDS. Thank you. Thank you, General Sharp. Thank you both for your testimony.

Members, since we may be having votes today and today is the last day of votes for the week, why don't we stick pretty closely to the 5-minute rule for the first round, to give everybody a chance to have at least one round of questions?

And I will just begin, Admiral Keating, by asking you, are we still on track for the 2014 move of our troops from Okinawa to Guam? And if so, are there any potential roadblocks that might push that deadline back?

Admiral KEATING. Chairman, we are on track. The Secretary of State just reaffirmed our national commitment, along with Japan's commitment, to the Defense Policy Review Initiative, a subset of which is the agreed implementation plan. That is the movement of 8,000 Marines and several thousand dependents from Okinawa to Guam.

The fiscal year 2010—as Skip mentioned, the budget that comes over, I don't know what monies are in this year's budget for the movement to Guam. It will be—it is an expensive proposition for both the United States and Japan. Our countries are equally committed.

There will be challenges and road bumps, Chairman, as you say, including perhaps the construction of the Futenma replacement facility on the northeast coast of Okinawa. It is a sophisticated engineering project. There is water there right now. They are going to have to, you know, landfill and runway.

The infrastructure in Guam will need some attention. So it will be, by all accounts, a very challenging undertaking. Our countries are both committed to it. And Guam, of course, remains just a strategic lynchpin for us, the United States Pacific Command all throughout the Asia Pacific region.

Mr. EDWARDS. Great. Thank you very much for that. And let us know if there are roadblocks that deal with military construction projects—

Admiral KEATING. All right, sir.

Mr. EDWARDS [continuing]. That we need to look at.

U.S. FORCES KOREA TOUR NORMALIZATION

General Sharp, I am so thrilled to hear about your long-term plans for Korea and accompanied tours there. This subcommittee has expressed on a bipartisan basis year after year, going back to Leon LaPorte and General Bell, the concern that you come off a tour of duty in Iraq or Afghanistan, you go back to your installation CONUS, and then you are deployed to Korea, and perhaps away—90 percent of married soldiers are away for another year from their families.

What percent of the soldiers now that are married have their families accompanying them? Are we still in the 10 percent range?

General SHARP. Sir, we currently have—we believe, of the 28,500, about half of those are married. So if you take ballpark numbers, 14,000 are married. We have just over 2,000 command-sponsored families that are there right now, so 2,000 of 14,000.

I do need to also point out that we have another 1,900 families or so that are not command-sponsored, families that said, "I am not going to spend another year away from my servicemember. I am going to come and live on the economy in Korea."

General Bell did exactly the right thing. We are paying a housing allowance for them to live off-post. They get TRICARE Standard instead of TRICARE Prime. So there are some differences and there are some out-of-pocket expenses that those non-command-sponsored families have to do.

This new ruling that really went into effect in early December, but all the regulations were finally changed about 3 weeks ago, will allow me to take the great majority of those 1,900 families and offer to them, do you want to stay another year and become command-sponsored and get all of the benefits? I think a large number of them will take us up on that as we go forward.

Mr. EDWARDS. The fact that there are 1,900 who would go not command-sponsored shows the needs and wants of families to be together. And the thought that any single family has to take money out of their own pocket in order to be together while they are serving our country concerns us all.

And I—one other question. I am going to take one more minute within my timeframe. Do you have a game plan? We had a military construction budget over the next 5 years that shows us, 2 years from now, we will be at—instead of 13 percent today, we will be at 20 percent. Do we have any kind of a timeline on that?

General SHARP. Sir, the timeline that I have takes me out to about the 2015, 2016 time period. And that construction does not get me all the way to the endpoint of all families.

During that period between now and 2015, 2016, allows me to complete the building of Camp Humphries, which, when that is complete, will be, I believe, the best base anywhere in the world. It is a base that is being designed from the ground up. It is—

Mr. EDWARDS [continuing]. Fort Lewis. [Laughter.]

Mr. FARR. He is probably right. [Laughter.]

General SHARP. It is a cost-sharing between us and the Republic of Korea. The family housing in—that is going to be put there is an Army initiative of a Humphries housing opportunity program, which are being paid for by private investors that are there.

As we progress past that point, we will have to continue to work with—I will work with my department and this committee in order to be able to establish what MILCON needs, because the more MILCON, obviously, we get, the quicker we can get to the end state we all want.

Mr. EDWARDS. If you would send us the timeline you presently have and what percentage accompanied families you could have with that timeline, then we could look at whether over time we could speed that up.

General SHARP. Will do. Yes, sir.

[The information follows:]

US FORCES KOREA (USFK) TOUR NORMALIZATION

PURPOSE: To provide an update for the 2009 Commander’s Congressional Testimony on movement to standardize overseas tours for Service Members and DoD employees assigned to the Republic of Korea (ROK).

DISCUSSION:

- USFK has received approval for an interim change to the JFTR that would allow 36-month accompanied tours at Seoul, Osan, Humphreys, Daegu and Chinhae; and 24-month accompanied tours at Dongducheon and Uijongbu. However, an additional change to the JFTR will be submitted to change our end-state to a standard 3-year accompanied / 2-year unaccompanied tours for Service Members and 3-year tours for civilian employees as we move to phase III (two hub consolidation).
- Tour Normalization is expected to result in growth of total DoD population (including contractors, retirees and family members) from approximately 47,000 currently to about 91,000 at end-state (71,250 will be military and their dependents).
- The objective is to provide 36 month accompanied tours to Service Members coming to Korea as the station of choice. USFK plans to achieve this objective in three phases, allowing time for necessary infrastructure to be in place by 2018-2020 and thus ensuring quality of life for the all-volunteer force, their families and DOD civilians.

	PHASE I		PHASE II					PHASE III				
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Families in Korea	4,233	4,320	4,419	4,523	4,763	5,240	5,542	5,700	7,800	8,275	10,125	11,625
% SM w/ dependents in Korea	24.8%	25.8%	26.4%	27.0%	28.4%	31.3%	33.1%	34.0%	46.7%	49.3%	72.9%	81.0%

- JFTR changes and infrastructure availability are the driving forces that will lead to increased populations and Tour Normalization. USFK is developing Tour Normalization master plans that include infrastructure requirements through FY2020. Although infrastructure for Tour Normalization is currently unfinanced, initial expectations are that Public Private Ventures (PPV) could provide approximately 90% of infrastructure requirements with the remaining 10% coming from burden sharing funds, military construction funds or some combination of both.

-With the inclusion of PPVs USFK could move infrastructure construction into Phase II and shorten the timeline for Tour Normalization end state.

CONCLUSION: Korea is an ally of strategic importance to the United States and implementing standard OCONUS tours for DoD personnel will strengthen that alliance as it continues to mature.

Mr. EDWARDS. Thank you. General.
Mr. Wamp.

NORTH KOREA AND OCEANIC COOPERATION

Mr. WAMP. Admiral Keating, having been in the last year to Japan and Shanghai and Singapore and down in Oceania, you talked about the Asia Pacific Command and how important it is. Can you generally give us an idea where you see the most troubled waters, no pun intended?

I mean, I would think that Oceania, Oceania is pretty stable and pretty peaceful. You get over into Indonesia. You still think some radicalization takes place there? You talked about Mumbai, which was a little—not a little—a serious, serious flare-up that the Indian government has handled, I think, pretty well, given the delicacies of Pakistan to the west, et cetera.

And then you come back into the Pacific Rim, headed north to Korea, and we all know, you know, the tensions still there. And I am just interested in where you see the real challenges in terms of our capability.

And I know we are on the MILCON side, but we have to have a pretty good understanding of where the investments need to be made and why.

Admiral KEATING. Yes, sir. Right this minute—the area of greatest concern to us is, of course, Skip's. Activities of Kim Jong-il and his military leaders are of significant concern to us.

There is the positioning of missile launch equipment around the Taepo dong. There are significant efforts underway, of course, at the State Department. We are in support of and coordinating with State on those efforts.

Activities that China demonstrates in the South China Sea are of concern. Balance that, very—quite interesting to us, they have three ships that are in the Gulf of Aden, Central Command area of responsibility, but they are doing a pretty good job, to their credit, of executing their mission to decrease piracy in the—off the coast of Somalia and Yemen.

So North Korea on a day-to-day basis probably our most significant military concern. The development of a reasonable relationship with China on a mil-to-mil basis, as would reflect their incorporation of increased transparency and better stated intentions on a mil-to-mil basis, and across the entire spectrum of global economics and strategy, those two areas would be of foremost concern to us.

You mentioned Oceania. Our great partners, Australia and, importantly, New Zealand, while we have a difference in policy with New Zealand, they are helping us keep a very—a weather eye on all of the southern reaches of the Asia Pacific waters, and their efforts have been significant in, for example, Fiji, a coup there, but they have forces that are still there in Fiji.

Timor-Leste, Australia has helped Timor-Leste introduce democracy to that nation. And the enforcing of fishery concerns for those small nations who depend for their livelihood on being able to continue to harvest the waters of the world, and our Coast Guard does a great job of helping us there, too.

So there are areas that I would pay pretty close attention to.

Mr. WAMP. Well, in this series of questions, I am going to take that to General Sharp and say, you mentioned about kind of the pullback of some of your forces from the demilitarized zone above Seoul, which we talk still about this threat, and then Camp Humphries being well below Seoul.

And I know, from last year's testimony, how important it was for the Republic of Korea to free up that space so they can grow their city and you can go south. But if we go south and the trouble is still north, explain to us, in terms of the capabilities—I know that is not a bad—not a fun post north of there, but you still maintain a presence, in terms of a deterrent, I assume.

Tell us, who will still be up there and why certain troops are able to mobilize south of Seoul?

General SHARP. Sir, the great, great majority of the ground forces that would stop a North Korean attack are Republic of Korea forces. The Republic of Korea army and, really, the entire forces, but especially their army are first-class. And they have the responsibilities and the ability to be able to stop that ground attack.

What we bring in the early parts of the war are primarily air and naval air assets, to be able to take down the long-range artillery. So moving what we have in 2nd Infantry Division out of Camp Casey and Camp Hovey north of Seoul does not degrade my warfighting capability.

In fact, in a sense, it increases it, because instead of being scattered at dozens of camps all across, you know, the northern part—north of Seoul, I am now consolidated to allow 2nd Infantry Division to do what they really need to do during the first days of the war, which are help NEO, to get our family members out of there, and that consolidation helps with that, also, in the moving south, but, more importantly, to bring additional forces into Korea. They have a responsibility to do that, too.

The deterrent value is, we are still in Korea. And the deterrent value, I believe, increases with the more families that we bring to Korea, because it demonstrates the commitment that the United States has to the defense of the Republic of Korea.

Mr. WAMP. Is that 28,000 number pretty constant, sir?

General SHARP. Sir, it is now. It has not been over time. We were, 10 years ago, at about 37,500. Secretary Rumsfeld in 2003 had a goal of bringing it down to 25,000. Last April, President Bush at the time and President Lee, on President Lee's first visit, his first visit off the peninsula, which was to the United States, came and they had agreed to keep the force level at about what it is right now, which is 28,500.

Again, I believe that is about the right level for now and for the foreseeable future.

Mr. WAMP. And how many in Japan, Admiral Keating?

Admiral KEATING. About 50,000.

Mr. WAMP. Fifty thousand?

Admiral KEATING. Yes, sir.

Mr. WAMP. Okay.

Mr. Chairman.

General SHARP. Sir, I would also point out, on Japan, they also—you know, I have seven bases that are United Nations Command bases in Japan, which are tremendously important for the war

fight, because they help flow through our forces and bring ammunition and fuel from them. So it really is a good teaming in order to be prepared to go to war.

Mr. EDWARDS. Great. Thank you, Mr. Wamp.

Mr. Farr.

NAVAL POSTGRADUATE SCHOOL DIVERSITY

Mr. FARR. Admiral Keating, General Sharp, thank you for your service and thank you for being here in our MILCON committee.

I have three questions, and I am not going to be able to come back for a second round, so I am going to try to get them all out now.

I represent the Naval Postgraduate School in Monterey. And I know PACOM has a lot of interaction with it. One of the things I am hearing about is the dramatic reduction in both the number and diversity of international students due to flat funding of the IMET funding, which no longer will cover the travel and living expenses adequately for some of these foreign officers.

In your respective commands, is there anything you can do to help increase the budget for IMET? Because I know IMET is important to you.

Admiral KEATING. They are huge to us at Pacific Command, and I am sure to Skip, as well. We ran the numbers. There are about 185 foreign military students in our military institute—educational institutions in the United States. There are 75 young men and women in our service academies.

Our view is, is this is a relatively small investment that can yield a substantial and long-term dividend. I was unaware that there had been restrictions imposed on Dan Oliver and the Postgraduate School.

Mr. FARR. They flat-funded it, so the increased cost of travel and living expenses are not included.

Admiral KEATING. Enthusiastically endorse a consideration by—I think it is a Department of the Navy program probably, but—broad support on that one, sir.

Mr. FARR. Anything you can do to help, I would really appreciate that.

Mr. EDWARDS. We will take it under consideration. [Laughter.]

Mr. FARR. The Naval Postgraduate School is widely recognized for its expertise in its security sector reform programs, such as the Center for Military—Civil Military Relations and the Center for Stabilization and Reconstruction Studies. These programs address the critical educational needs in building stabilization and reconstruction capability, both home and abroad in places like Nepal, Sri Lanka.

I wonder if you had any plans to increase the PACOM utilization of these programs—civil military and CSRS.

Admiral KEATING. You bet. And thank you for the question.

We have Lieutenant General John Goodman, recently retired Marine three-star, who was heading our Center of Excellence for the United States Pacific Command. And one of the areas that he—in which John is going to concentrate is the increasingly multilateral, multinational approach to training folks to prepare for conflict

and the consequence management attendant to conflict and natural disaster.

And so those areas that you cite, kind of the phase four part of our operations, are of significant importance to us and to Skip. And in our former lives, we have seen manifestation of the need for more work in that area. So we——

Mr. FARR. Well, I am very excited to hear that. We have had previous commands come in here and tell us how much need there is to build that capacity. And, obviously, you have endorsed that, as well.

Admiral KEATING. Yes, sir.

Mr. FARR. I appreciate that.

NAVAL POSTGRADUATE SCHOOL AND COOPERATION WITH OTHER
COUNTRIES ON SEARCH AND RESCUE

I am aware that PACOM and the Naval Postgraduate School's Center for Asymmetric Warfare had been working with the Vietnamese government on increasing their capacity to do search and rescue. And I wondered if that program could also be extended to Cambodia, Indonesia, and Malaysia?

It is a no-brainer that the more capacity capabilities we can provide to our allies, the less cost it is going to be for us.

Admiral KEATING. You bet. You are exactly right, Congressman. We would, again, enthusiastically endorse an expansion of that training opportunity. We will take that one. I was unaware that—I don't think we are excluding those countries.

[The information follows:]

The Vietnamese Government is very restrictive when it comes to military-to-military engagements. Our engagement with Vietnam has concentrated mostly in the medical and engineering arenas. The Naval Post Graduate School's Center for Asymmetric Warfare involvement with the Vietnamese government serves as a way to engage with Vietnam in a non-threatening way, which benefits both the United States and Vietnam. Increasing capacity to conduct Search and Rescue just happens to be a priority for the Vietnam Government. As far as expanding this capability to Cambodia, Indonesia, and Malaysia, it is something that we are not excluding from these countries, however within our bilateral engagements, search and rescue is not a priority for these countries; therefore they are not looking to benefit from the Center for Asymmetric Warfare.

Search-and-rescue exercises are fairly fundamental. They are not rudimentary, but they are simple. They are not very complex, and they don't involve elaborate command-and-control.

We are able to conduct those with China through their offices in Hong Kong. Now, it is technical—complicated relationship.

We have also proposed doing them with China. We do them with Russia on a fairly regular basis. So search-and-rescue exercises are an important step in a developing exercise program with these countries, and we would be delighted to do them with the countries that you mentioned.

Mr. FARR. Thank you very much.

I don't have any further questions. I appreciate your enthusiasm and your service.

Admiral KEATING. Thank you, sir.

General SHARP. Thank you, sir.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

And welcome back, Admiral Keating.
General, nice to see you.

NUCLEAR POWERED AIRCRAFT IN JAPAN

Let me start by asking Admiral Keating about the process in Japan, when it went from a conventional carrier to a nuclear carrier. As you may know, I represent Naval Station Mayport, which is in northeast Florida. And the Navy, as you know, has just made a decision to make Mayport capable of homeporting a nuclear carrier.

And so, as we work with you and your predecessor to go through that in Japan, things worked pretty well. And just a couple of questions.

One, do you recall—just a ballpark number—how much it cost to go through all of that in Japan? And I know Japan paid part of the cost. But do you recall what some of those numbers are?

Admiral KEATING. Congressman, I don't. We will get that for you. It is a number that someone will have readily available. I just don't have it off the top of my head.

[The information follows:]

The total facilities cost to support a nuclear powered aircraft at Yokosuka was approximately \$314 million in U.S. dollars. This cost was shared between the U.S. Navy (\$176 million) and by the Government of Japan (\$138 million). The cost breakdown follows.

The U.S. Navy cost included; berth 12 upgrades to support nuclear aircraft carrier (US MILCON P-998) at \$67 million (4160 volt AC shore power, high quality water production facility, and maintenance support facilities), co-generation power plant (Navy Energy Savings Performance Contract) at \$95 million, various facilities repairs (Operations and Maintenance, Navy funds) at \$7 million, and various support equipment (Other Procurement, Navy) at \$7 million.

The Government of Japan cost (Host Nation Funded Construction) included; berth 12 upgrades for aircraft carrier at \$108 million and bay dredging at \$30 million.

[CORRECTED PACOM ANSWER]

There is no controlled industrial facility (CIF) in Japan. CIFs are radiological work facilities that exist only within the United States to support shore based radiological work associated with nuclear powered warships. Work involving radioactivity from the propulsion plant is never accomplished ashore in Japan.

You are right. It is not an insignificant sum of money. I would guess—and we will confirm—it is in the hundreds of millions of dollars. There are nuclear safety certifications. There are water depth concerns. There are electrical loading and certain laboratory facilities that aren't normally attendant to conventional ship stationing, but I will get you as accurate a figure as I can.

Mr. CRENSHAW. Because we are waiting. We are hoping that—actually, I just had a meeting with Admiral Alexander, who is head of the Navy Region Southeast and they are sharpening their pencils and tell us how much it is going to cost to do Mayport.

And we are expecting it to be in the MILCON budget that the president submits. So I was just curious. We can kind of compare that.

And one of the other things, sir, is do you know—when you forward deployed an aircraft carrier, I know one of the big items that will be at Mayport—and I visited in San Diego, they built what they call a controlled industrial facility, which is the—really works

on the nuclear propulsion, very specific to nuclear carriers—did they build one of those? Is there one of those in Japan?

Admiral KEATING. Yes, sir. That is a going in—I mean, that is a dealmaker for our friends in the Navy. If those facilities aren't there, and nuclear safeguard assurances can't be provided, then we don't either send a nuclear—we don't permanently station a nuclear carrier in a place that doesn't have them.

Mr. CRENSHAW. I got you. And I assumed that. If you have—I think one of the justifications for going to Mayport was the only controlled industrial facility on the East Coast is in Norfolk. And it would provide a backup, now on the west coast you have three, so that is helpful.

But if you could give us an idea—

Admiral KEATING. Yes, sir, we will.

Mr. CRENSHAW. General Sharp, just real quickly. Before my time expires, I want to welcome you.

And, by the way, on a personal note, my intelligence tells me you just became a grandfather for the second time.

General SHARP. That is good intel.

Mr. CRENSHAW. I need a little help, because my daughter is going to have her second child in the next month or so, so we will compare notes. And I know it was great the first time; I am sure it is even better on the second time. So thank you for your service.

KOREA

To hear all the good things happening, I first visited South Korea right around about 2002, and the living conditions weren't so great, the relationship wasn't so great. And things have really turned around.

But one of the things I remember—it was about 2002, and they were just getting ready to kind of put in place the Good Neighbor Program, because there had been some incidents with the civilians and our folks. And I know that was going to just try to build a better alliance.

And maybe if you could just briefly tell us, number one, what were the tenets of that? How is it working? And are there things that you see we could do better? And then, three, is there anything we ought to do as a subcommittee to help you in that?

General SHARP. Sir, thank you. The good neighbor program is very much alive and thriving right now, and we are continuing to try to improve it even more.

You know, if you look at the different polls that they have run in Korea in different places, over 65 percent of the people of South Korea want the U.S. military there. And that number has been fairly consistent for the last couple years.

The new administration for the Republic of Korea, headed by President Lee, who became the president a little over a year ago from now, is very supportive of not only the relationship between the Republic of Korea and the United States, but U.S. forces in Korea specifically.

And he personally has visited our command post. He personally has taken part in some of our exercises over there. I had an office call with him last week, because he knew I was coming to talk to this committee, so that relationship between the people of the Re-

public of Korea and the government of the Republic of Korea and U.S. Forces Korea couldn't be better than it is right now.

We are working very hard on the good neighbor program, because I believe that our personal and professional relationships with the Korean people really do get at the strength of the alliance now and into the future.

So some examples of what we do. We work very hard to be able to bring—get Korean children linked up with Korean veterans that come to visit Korea and spend a day with them together that go up to the DMZ, take the DMZ tour, eat lunch together, to be able to have those veterans tell these young Korean children how they fought in a war and what it was like back in the 1950s.

We, through many, many of our different camps, teach English to the Korean people. There is a great desire of the Korean people to learn English. So we have English-speaking camps.

The Koreans, in exchange, are just unbelievably warm to all of our servicemembers over there and really do go out of the way, not only to welcome them when they first get there, but to continue that strong friendship and relationship throughout the entire time that they are there.

It is a cornerstone of my command priorities, because it really affects all three of them, prepare to fight and win, strengthen the alliance, and improving the quality of life for our servicemembers.

So I say, it is something that we continue to push forward. Where the committee could help is to continue to support, continue to support us to be able to enable to bring more families and servicemembers to Korea and to be able to truly have the facilities we need for 3-year accompanied tours over there, because, again, I think that strengthens the alliance and strengthens this bond and a friendship that we have between Koreans and Americans there.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Dicks.

Mr. FARR. The Defense Language Institute told me that the most difficult language for westerners to learn in the entire world is Korean. The longest training program they have is for Korean.

General SHARP. Is that right? I know it is difficult. I did not realize it was the toughest.

Mr. EDWARDS. Some of us are still struggling with English.

[Laughter.]

I will get there.

Mr. Dicks.

GUAM

Mr. DICKS. Well, thank you, Mr. Chairman.

And, Admiral and General, good to have you here.

I have been contemplating a trip out to Guam. And Admiral French, who used to be in our area up in Puget Sound, is now out there.

Admiral KEATING. Yes, sir.

Mr. DICKS. And I talked to Congresswoman Bordallo's office just to get a sense of what problems they have. And there are a couple things here.

And I don't know if this has any effect on the military or not, but one was that they are going to have to close the Ordot Dump and open up a new dump and recycling center. Apparently, this cost \$45.9 million to close it and \$113.8 million to create the new center. And so that was one issue.

And then wastewater treatment, they are under a court order—they have to replace—I think it is—wait a minute here. The landfill is facing a U.S. district order to close and be replaced in 700 days. And the site has been on the national priority list for action under the Superfund program for 26 years.

Guam must also comply with a new EPA decree to provide secondary treatment at its northern wastewater facilities. And apparently this costs \$300 million.

And then the port of Guam, they are trying to improve the capacity there. And although some funding can be kind of sent to DOT via MARAD and the Department of Defense, if the port is designated a strategic port, the GAO and DOD have identified the port, if left at its current state, to be a major chokepoint for delivery of materials and supplies on Guam during the construction phase of the military build-up.

Are you aware of these issues?

Admiral KEATING. Yes, sir.

Mr. DICKS. And can we help Guam somehow with this? I don't think they are very prosperous, are they?

Admiral KEATING. No, sir.

Mr. DICKS. I mean, in terms of having the money to deal with these kind of problems.

Admiral KEATING. They are not. They don't have significant—huge cash reserves, I mean, not to diminish the impact of the challenge. One, Bill French is doing a magnificent job.

Mr. DICKS. Yes, he is terrific.

Admiral KEATING. He is doing a magnificent job. Two, Congressman—Chairman Skelton just led a delegation through, and they visited Guam, and Bill talked to them. Congresswoman Bordallo was part of that delegation.

Mr. DICKS. Right.

Admiral KEATING. The challenges are not insignificant on Guam. A great piece in our favor is, we are talking about United States property here.

Mr. DICKS. Right.

Admiral KEATING. And this is the strategic import to us at Pacific Command. There is the flag of the United States of America flying over that very important piece of land and surrounding water and air.

The economic challenges are significant. There is the wastewater. There will be needs for more schools. We talked about this with the chairman, the four or five more schools that are in our testimony.

The challenges are not insignificant. Guam will need fiscal assistance, and we are aware of those challenges, sir.

Mr. DICKS. Is there a plan to deal with it yet?

Admiral KEATING. Yes and no. There is a naval office headed—now Acting Secretary Buddy Penn was in charge of it. Major General David Bice leads the Guam program office. They are developing timelines and flow charts to begin addressing those challenges that you described, sir.

As to the funding support for those, that is a matter of concern throughout the FITA.

Mr. DICKS. Yes, because I know that one of these, it is like 700 days, and then they will be facing a fine of a million dollars a week or something.

Admiral KEATING. Yes, sir. I am not familiar with those details, but the Guam program office is—they have representatives in Guam and representatives in the Pentagon every day, working with State and across the interagency, to address these environmental and infrastructure challenges.

Mr. DICKS. The Guam program office?

Admiral KEATING. Yes, sir.

Mr. DICKS. GPO?

Admiral KEATING. Joint Guam Program Office. Yes, Buddy Penn, Secretary Penn was in charge, and his action officer is Major General David Bice, Marine Corps, retired.

Mr. DICKS. Okay. Thank you.

Admiral KEATING. Yes, sir.

Mr. EDWARDS. Members—excuse me?

Mr. FARR. Do you have the largest geographical command in the world?

Admiral KEATING. Yes, sir.

General SHARP. Half the world.

Mr. FARR. Incredible.

Admiral KEATING. Fifty—some—about half-plus, a little bit.

Mr. EDWARDS. Members, this first vote is a 15-minute vote. I will ask staff to let us know when there are 3 minutes to go. There is a second vote that is a 5-minute vote.

Let's begin the second round of questioning.

Mr. Wamp.

IMPACT OF THE VALUE OF U.S. DOLLAR

Mr. WAMP. Well, a couple things bubbled up through our hearings last year that don't seem to be quite as pressing this year, and that is the price of gasoline and the value of the U.S. dollar around the world. Can you tell us how that impacts you this year, going into your 2010 request, and how you calculated for these issues?

And maybe both of you, what are the weak spots economically within your areas? I know Japan's economy has really struggled for a long period of time. But how has it impacted your budget?

Admiral KEATING. Yes, sir. The stability of the dollar is, of course, of significant importance all throughout the area of responsibility. The economic impact of the current crisis is slightly smaller to markedly smaller the impact in many of the countries in our region because of historically conservative policies by its citizens and governments throughout the Asia Pacific region.

In many Eastern and Southeast Asian countries, they just save money and don't invest in significant numbers in their stock markets. We were in Hong Kong 3 weeks ago. There was a line outside

one of the banks for folks who were going in and trying to withdraw all their money, and there were certain bank concerns about this run on—it was one bank, and—but it is an example of the relatively conservative fiscal policies of families and governments over there.

The price of gasoline is significantly different than when we were here last time. Those decreases in costs have certainly been realized by the Department of Defense, and it is not exactly—they are not giving us the—it was 4 bucks a gallon a while ago. It is down to a buck and a half. We don't enjoy any of the dividends there.

But the important point is, our readiness has not decreased, in spite of fluctuations on the global oil market prices. And the young men and women who are doing the flying, the steaming, and the driving are doing it to the same extent today that they were a year ago.

General SHARP. And in Korea—they being—Korea being mainly an export country, the global economy greatly affects them. And the value of the won has declined. It is gotten worse for the Republic of Korea.

But I must say that, despite the world economy and despite the issues that Korea is having with their exports, because of what they learned in the mid-1990s during the IMF crisis, they have a huge amount of reserves. And their banking structure is in pretty good shape.

I think it is also notable that, even in the middle of all this, a month-and-a-half ago, 2 months ago when we were negotiating the burden-sharing agreement of how much Korea would pay to the United States on a yearly basis, not only did they agree to about the right amount, which was 760 billion won, so about \$741 million, a year they agreed to that, and they agreed to that amount, plus CPI, plus inflation for 5 years.

So that really shows their commitment, I think, to the United States and their commitment to keeping our forces there, that even in this tough economic time, they are willing to commit that money for a 5-year period.

Mr. WAMP. And there is no hint there with the Republic of Korea. Is there no hint from Japan economically on their commitment to Guam?

Admiral KEATING. There is no hint, sir.

Mr. WAMP. Completely committed.

Admiral, one last question. You gave us the four broad areas in your 2010 request, defense policy review, Republic of Korea transformation, grow the forces, sustainment. What is the percentage in your 2010 request of each of those four major areas?

Admiral KEATING. I don't have the breakdown.

Mr. WAMP. Okay.

Admiral KEATING. We will be happy to get your staff that answer very quickly, sir.

[The information follows:]

The percentage breakout of funds in the four broad program areas is as follows; Defense Policy Review Initiative at 11 percent, Korea Transformation at 2 percent, Grow the Force at 40 percent and Sustainment at 47 percent.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

RESOURCES TO THE SOUTH PACIFIC

Mr. FARR. I am just so impressed of the amount of the world that you command. It seems like a lot of the attention is in Korea.

As I have flown around that region, as massive as it is, and spent some time in Indonesia, and the problems it has, and Thailand and so on, are we committing enough resources and positioning ourselves well enough in the South Pacific to meet the challenges ahead?

Admiral KEATING. The short answer is, yes, sir.

To elaborate just a little bit, the three pieces of our strategy that I mentioned are partnership, readiness and presence. J.O.s on the staff—junior officers on the staff have this bumper-sticker-type saying that they say, “Virtual presence equals actual absence.”

That is to say, all the video teleconferences and, you know, you can hook up and communicate in a way that was unprecedented when Skip and I were younger, but you still have to go out there and put boots on the ground, and jets in the air, and ships on the water, and tanks running through the mud. Nothing replaces American presence in these countries.

Indonesia, a classic case. They want to do a lot more with us than we can support because we are stretched a little bit thin.

Singapore provided—they are building a brand-new command and control and intelligence center. And we would have asked, but before we even asked, they volunteered to give us a corner of it for U.S.-only information and the Singapore and in the Changi intel center.

India—

Mr. FARR. Just trying to get you to move there.

Admiral KEATING. They wouldn't mind it. Senator Inouye would feel different about it.

India, we have about a dozen full-scale field exercises with those folks every year. So to your point, presence is one of the three cornerstones of our strategy. We don't just concentrate on Skip and United States Forces Korea. He has a major exercise that is winding down right now.

We want to get out and about to the best of our ability. The young men and women who join, they like to join the services and see the world. It is part of why they decide to support and defend the Constitution.

We would like to be in more places than we can be. We are in sufficient places right now. And we are going to continue to work this program very aggressively, all throughout our area of responsibility.

Mr. FARR. Thank you.

ACCOMPANIED TOURS TO KOREA

Mr. EDWARDS. Okay, let me start in.

General Sharp, let me go back to the accompanied tours in Korea. You said by 2016 you want to be at what point?

General SHARP. I said by this time next year, I want to double.

Mr. EDWARDS. Right.

General SHARP. I want to be a little over 4,000.

Mr. EDWARDS. Right.

General SHARP. I think by 2015 or 2016, as we build out Camp Humphries, we can probably realistically add about another 2,000, so up to somewhere between 5,500 and 6,000.

Mr. EDWARDS. So we would—even as far out under the present glide path, as far out as 2015 or 2016, we would still have more than half of the troops assigned at Korea that are married unaccompanied?

General SHARP. That is correct. Now, there are some things we are doing to try to speed that up. The main drivers are housing, schools, and medical facilities.

And the housing—the way we are working the housing right now is that the program which you are well aware of that the Army has initiated, the Humphries housing opportunity program, which is currently focused on Camp Humphries, which will, by 2011 or 2012, build 2,400 apartments down there, it is a project that a consortium of companies is going to build on Camp Humphries first-class apartments that meet our standards for security, and comfort, and living space, and all the things that we have, at their dime, and then we will use our housing allowance to rent it back from them, and they will continue to manage it.

Everything to make that project real has taken place, except for the final contract, which we are confident we will sign that contract in April or May of this year.

When that works, I will then be able to take that same concept and to be able to start negotiations at Daegu and at Osan. If we are able to get folks under contract to be able to build more houses in those locations using the same concept, that number of 5,500 or 6,000 by 2015, 2016 could expand, depending upon how much we are able to get that to expand.

So the 5,500, 6,000 by 2016 is, I believe, a conservative estimate. It is if we are not able to expand housing any more than what we currently have on the books.

Mr. EDWARDS. I am sorry. Go ahead.

SCHOOLS

General SHARP. The other issue that is, in a sense, the more difficult issue is schools. The schools issue is we have planned and in the budget, between our budget and what the Koreans are paying for the move south out of Yongsan and all, enough schools to be able to handle the 5,500 or so that I talked about by 2015 or 2016.

But if we are—when we expand from that 5,500 to the 14,000, we are going to need another 20 or—a little over 20 schools beyond that in order to be able to go the maximum that we all want to be able to get.

There are obviously several ways to build those schools, and we are working very closely with DoDDS on this. In fact, Dr. Shirley Miles, the head of DoDDS, she left Korea today. She has been out twice already to Korea to try to work with us on how we are going to get there.

Mr. EDWARDS. What is the approximate cost of one school?

General SHARP. Sir, I don't have that. I will have to get back with you. I don't think I have that in my notes. But we will get that back to you very quickly.

[The information follows:]

High School and Middle Schools each cost approximately \$61 million and Elementary Schools cost approximately \$43 million each.

We are working several initiatives along those lines, though. There may be a way to do a public-private venture on schools similar to what we are doing for the housing opportunity program in exchange of tuition, if you will, that we are able to pay back some building of some schools.

We are looking at some possibilities as to, can we team with the Republic of Korea government to do some building of schools in exchange for some students attending some of our schools. Again, these are all at the very, very formative.

I met with the minister of education of Korea about 3 weeks ago. And we have formulated a team, between us, the DoDDS school system, and the Ministry of Education in Korea to look at all of these issues.

Could we move quicker if we had additional MILCON to build schools? Of course we could. And we are working that with the department right now.

Mr. EDWARDS. I am not going to ask you to stay much longer after the vote, but I would like to come down. It might just be staff and me afterwards, but I would like to follow up on this. Is there any way could get just a rough number?

General SHARP. Yes, sir, I can.

Mr. EDWARDS. I mean, \$5 million, \$10 million?

General SHARP. Sir, I can get that within 10 minutes. In fact, I probably have it in one of my—get that very quickly. Yes, sir.

Mr. EDWARDS. If you would excuse us for a few moments, we are going to go up and vote. I might actually go up and vote and come right back. And then I would go up and vote the second time, and that might give us a couple minutes.

General SHARP. Sir, I will have the answer before you get back.

[Recess.]

Mr. EDWARDS. I will not call us back to order, because there is only one member here. And while I think we could do a lot of good by unanimous consent, I think—

[Laughter.]

I can think of a lot of things that we could do for the Pacific Command. But let me just—if we could continue—

General SHARP. I do have the numbers you were asking for, sir. To finish out, we have right now 10 schools that are programmed, paid for by a combination of the Republic of Korea burden-sharing money, the Republic of Korea government, and by us.

We need 20 more schools to be able to completely flesh out the full—of those 20 schools, eight are high schools or middle schools. Each one of those costs, in our projection, \$61 million, and then the 12 additional are elementary schools, which have an average cost of \$43 million each.

Mr. EDWARDS. I didn't realize how expensive schools were to build.

General SHARP. So the total cost of all 20 schools is right at \$1 billion.

Mr. EDWARDS. Okay. And I would never suggest that we can get a dollar more than what would be budgeted, but we always want to look for options, should we be able to do that.

You were saying earlier that housing was—you think you can address that one way or another creatively, public-private, and various ways, schools—if you could medical facilities as schools—

General SHARP. Yes, sir. And we have—from DoDDS. As I said, Dr. Miles, Chairman Miles, the head of DoDDS, has been out to visit us twice. And she is committed to, if we can figure out how to build a school, she can get the teachers there.

Mr. EDWARDS. Right.

General SHARP. And we are doing some interim things that I think will also be very beneficial. She is starting up a virtual high school, where Korea will begin—the hub for all of Northeast Asia, Japan, Guam, Okinawa, where not this coming school year, but the year after that you will be able to get a fully accredited high school diploma going to this virtual school.

It is not—classes. It is truly a virtual school where you get on and, you know, you have kids in Korea and kids in Okinawa and kids in Hawaii, you know, and around the world, really, interfacing with a real teacher on, you know, back and forth, doing real classes, which will really help us as we move forward and be able to bring more kids.

So she has been very proactive. You know, if I could just say, any support that you can continue to give to Dr. Miles and DoDDS would really be appropriated. I mean, budget cuts hurt us all, but just because of her little bit of margin she has, as her and I were talking about this earlier this week before I came out, it would, you know, hurt us, which would hurt her, which, you know, just cascades across what we are trying to do in a lot of different venues.

So I am a great supporter of DoDDS. I grew up in a DoDDS environment. And my kids did. And I think they really do a very good job.

ACCOMPANIED TOURS TO KOREA

Mr. EDWARDS. I would just like to do anything possible—and we are going to be looking at some tough budget years ahead—but anything possible to allow more accompanied families to go to Korea more quickly than the planned schedule.

How will you handle this during the interim until you do get to the final goal of having, you know, every family that wants to bring their loved ones over can? Will those whose families wish to stay home, will they have an option of serving for less than 3 years?

General SHARP. Yes, sir. Yes, sir. The current and the rule that will stay in place is really doing a family—a married servicemember will really have three different choices or has to date three different choices. He can come one year unaccompanied. He can come two years accompanied and not get any additional cash benefits. Or he can say, okay, I am willing to come, and I want to come for three years, and I want to bring my family.

In that third option, the services—mainly Army and Air Force—have agreed to pay him what we are paying now for his assignment incentive pay, which is \$300 a month extra, to sign up for that 3-year period.

Mr. EDWARDS. Right.

General SHARP. The middle option of 2 years unaccompanied will eventually go away and will eventually end up being just like Japan or just like Germany, where it is—you have the choice between 1 year unaccompanied and 3 years accompanied.

And there will be, you can tell just by the numbers, a large number that really will end up not getting a choice, because when we get to the place where we are at capacity for housing and schools and medical, then I will have to say, “I can’t bring any additional, so it is when one of those families leave, another family can come in.”

Mr. EDWARDS. Right. Okay. Okay.

Are we now at 28,000 for our ultimate—

General SHARP. Twenty-eight thousand five hundred.

Mr. EDWARDS. Twenty-eight thousand five hundred?

General SHARP. Yes, sir.

Mr. EDWARDS. Not going to go down to the 25,000?

General SHARP. Both Secretary Gates and Minister Lee, President Lee, and in the past President Bush personally, and Secretary Clinton, when she was over there, reconfirmed 28,500 for the foreseeable future. And, again, I think that is about the right number.

As you know, we are getting ready to start a Quadrennial Defense Review over in the department. That will look, I think, at really the entire Pacific and the world, as far as force posture goes, whether we need to be—so the composition of that 28,500 may change some over time, but I think that is the right commitment of forces.

Mr. EDWARDS. When would be a QDR be completed?

General SHARP. Sir, it is due back to you all with a budget next year. So—

Admiral KEATING. That is February of next year.

Mr. EDWARDS. So it would be in time for the 2011—cycle.

General SHARP. Yes, sir.

Mr. EDWARDS. So if we get—do we know where those other 3,500 soldiers or troops were scheduled to be located, in CONUS or in Europe? Somewhere there would be a hole of 3,500 forces. Is there a specific site that was impacted by that decision?

General SHARP. No, sir. It really was in the process of—you know, Secretary Rumsfeld said cut a third, and then Secretary Gates reversed that, so the Army was in the process of—you know, it is a complex thing, with the Army building up forces, increasing the number of forces, and then this move. There was no set place. There wasn’t really going to be, you know, kind of a cross-cutting section of not just Army, but Air Force were also greatly involved in that.

Mr. EDWARDS. Okay. Thank you.

GUAM BUILDUP

Admiral Keating, could I ask you if your staff could put together for us the total budget numbers for our part of the Guam build-up, in terms of military construction, if you count housing, medical care—

Admiral KEATING. Yes, sir.

Mr. EDWARDS [continuing]. Everything, just so we have a sense of—

Admiral KEATING. To be clear, we are happy to do that, Chairman. What we will do is we will go to the Joint Guam Program Office. They have oversight. We don't; they do.

Mr. EDWARDS. Okay.

Admiral KEATING. But we will get with them. And between the two of us—and, really, that is the Department of Navy, to get technical with you, but between the two of us, we will ensure that the answer we give you is supportable by us and it reflects their analysis.

[The information follows:]

Currently, the extent of U.S. Government's funding planned for Guam build-up will be provided with the release of the Fiscal Year 10 President's Budget. After the budget is released, we will provide you with the numbers for the cost.

Mr. EDWARDS. And in the continental United States over the last year, construction cost increases have leveled out some because the economy has slowed down. When you start—I am not a construction manager, but when you put that much construction in such a small area, do we have any sense that inflation isn't going to double the cost of those construction projects? Do you think we have a pretty good handle on it?

If you came back here 2 years from today, do you think we would be able to stick with whatever numbers that you would stand behind today as that projected cost?

Admiral KEATING. I am not sure, Chairman. I don't have any more experience in that than perhaps you do.

The likelihood of a new home in Guam being the same square foot as the likelihood of a home in Chevy Chase—well, Chevy Chase is not such a good example—a similar home anywhere in the states I think is not high. It would likely be more expensive.

To offset that, labor costs are lower. And there is dramatic interest all throughout the South Pacific in the Defense Policy Review Initiative, with respect to construction in Guam.

So there are—and this is going to be an issue. There are labor laws against non-U.S. citizens providing certain construction help. And we get advised by other members of Congress that don't think for—or words to this respect, we are not going to let non-U.S. citizens build U.S. housing on U.S. territory. The law is complicated. There are initiatives underway to change the law.

Long answer to a short question. I think that housing will be not inexpensive to construct. It will be high-quality. It is the same that Skip says for his base in Korea. We are hoping—the Marines are hoping that this becomes—not Humphries—that Guam becomes the number one. So we have an interesting challenge unfolding here, you know, living with the stars.

I think it will be not as—it will not be an insignificant factor, the cost of housing.

Mr. EDWARDS. If you can—if it is appropriate and you choose to do so, to use your position and the opportunity to do some jawboning to let those involved in the construction decisions know that it would be a real problem for Congress if we have construction costs, just projected, low ball, and then go through the roof.

We went through that with BRAC, one year went from \$19 billion to \$31 billion. It is hard to believe that we would have that much unprojected increase in MILCON costs in a 12-month period.

I want to thank you both for coming and for your leadership.

Oh, Mr. Bishop. You came in quietly. My gosh, we now have two members. We have unanimous consent. Do we want to change the world?

Mr. BISHOP. Well, sir, I just came to support the chairman and to support PACOM.

Mr. EDWARDS. Thank you for that. Do you have any questions?

Mr. BISHOP. No, sir, I don't. My staff has been following the hearing and we have read the testimony.

Mr. EDWARDS. Okay.

Mr. BISHOP. And we are quite pleased.

Mr. EDWARDS. Great. They have said they would like Korea and Guam to be almost as good as Fort Benning, Georgia. [Laughter.]

But, you know, staff will follow up with a number of very specific, detailed questions, but I think some of that is more appropriate to handle between your staff and our staff. But the overview you have given us, the major priorities are what we really wanted to hear today. And we heard them. And thank you both for your lifetime of service and for your families' lifetime of services.

Admiral KEATING. Thanks, Chairman.

Mr. EDWARDS. We will stand adjourned.

[CLERK'S NOTE.—Questions for the Record Submitted by Chairman Edwards to Admiral Keating.]

Question. Regarding the relocation of Marine Corps personnel from Okinawa to Guam, is there anything new or substantively different in the February 2009 U.S.-Japan agreement as compared to the 2006 "Road Map"?

Answer. No. The Guam International Agreement, signed 17 February 2009 by Secretary Clinton and Foreign Minister Nakasone legally secures the actions by both Japan and the U.S. including multi-year funding, to ensure the relocation of the U.S. Marines in Okinawa to Guam as promised in the Roadmap.

Question. To date, how much funding has the Government of Japan made available for the Okinawa-to-Guam realignment?

Answer. In Japan's Fiscal Year 2009 budget (which was recently approved 27 March), Japan requested over \$1 billion for realignment costs, including \$392 million for Guam (\$336 million to be deposited in the U.S. Treasury account for 2009) and \$323 million for the Futenma Replacement Facility.

Question. What is the total estimated Federal government cost for the Okinawa-to-Guam realignment, including costs borne by agencies other than the Department of Defense?

Answer. Under the Roadmap agreement, the cost estimate for facilities and infrastructure necessary to support the realignment of Marine Corps forces from Okinawa to Guam was \$10.27 billion. Of this figure, the Government of Japan is responsible for up to \$6.09 billion of the costs. The U.S. Government is responsible for the remaining \$4.18 billion and any additional costs.

In addition to costs associated with infrastructure and facilities, the Government of Guam will need increased federal funding and support to prepare for the secondary economic and physical impact of military realignment. In 2008 the Government of Guam estimated these costs to be \$238M for Fiscal Years 2010. The Department of Defense is working closely with the Department of the Interior and key interagency partners to review the cost estimate provided by the Government of Guam and develop a coordinated, collaborative approach that establishes agency accountability for improvements to Guam's civilian infrastructure and social service needs. Federal agencies are currently determining how they may support the Government of Guam's needs through the American Recovery and Reinvestment Act, as well as other grant and loan programs.

Question. What is the total military construction and family housing cost for all initiatives on Guam other than those associated with the Marine Corps relocation, such as the Air Force Strike/ISR Task Force, Navy forward porting, and Army ADA?

Answer. The total military construction (MILCON) proposed in the Fiscal Year (FY) 2010 to 2015 Future Years Defense Program (FYDP) for Guam, excluding the Marine Corps Relocation (DPRI), is being developed by the Department of Defense and the Office of Management and Budget.

Question. According to the September 2008 report from the Navy, transient carrier berthing in Guam will not begin until 2019. What are the key milestones in this process, and what is the total infrastructure cost associated with this initiative?

Answer. Current project cost is \$390 million. Key project milestones:

- Guam transient CVN berthing engineering/planning study: Completed Jul 2008
- Environmental Impact Statement
 - Notice of Intent published in Federal Register Mar 2007
 - Record of Decision Mar 2010 (tentative)
- Construction (assuming FY11 MILCON authorization)
 - Funding profile: assume 8 funding increments of approximately \$50 million year, FY11–FY18.
 - Construction start Mar 2011
 - Construction completion Sep 2018*
 - Wharf testing/certification/ready for use Aug 2019

* Construction completion can be achieved as early as 2015 if funding increments are increased to approximately \$80 million per year. Navy projection is that by 2014 increased ordnance loading operations and increased transient carrier visits will exceed maximum capacity of Guam Kilo Wharf where both missions are supported currently.

Question. Will the Department of Defense be responsible for funding the \$1 billion road project on Guam? Will this be implemented through the DAR program?

Answer. Through construction capacity studies, assessment of socioeconomic impacts, and the development of the Environmental Impact Statement, it has been determined that Guam's road network requires improvement to handle the expected flow of materials from the port to work sites, as well as to handle the projected 25% increase in population after service members, dependents, and other civilians relocate to the island. The Army's Surface Deployment and Distribution Command (SDDC) administers the Defense Access Road (DAR) program, which is established under U.S. Code Title 23 Section 210 to maintain and construct roads that are important to national defense.

The Joint Guam Program Office (JGPO) is working with SDDC and the Federal Highway Administration (FHWA) to evaluate a number of road projects on Guam to support the relocation of Marines. Five roadway, bridge, and intersection improvement projects have already been certified and analysis continues for additional project certification. It is too early to determine what the total cost of road projects on Guam will be.

Question. How was the number of 8,000 Marines to be relocated arrived at—i.e., was it based on an analysis of specific units to be relocated, or was it driven by other factors?

Answer. The relocation of 8,000 Marines was based on analysis of specific units to be relocated to meet the following requirements:

The number of 10,000 remaining Marines on Okinawa is based on the PACOM requirement to maintain a Marine Expeditionary Brigade (approx 10,000 Marines) forward deployed for Operation Plan (OPLAN) and contingency requirements.

The approximately 8,000 Marines being relocated to Guam reflects associated III Marine Expeditionary Force (MEF), 3rd Marine Division, 1st Marine Air Wing, Combat Logistics Regiment and base support personnel.

The realignment of Marine forces permanently stationed in Okinawa, Guam, and Hawaii strikes a balance that maintains a credible deterrence against our "most dangerous" scenarios, and also creates new opportunities for persistent engagement with regional partners—our "most likely" scenarios.

Question. Have you finalized the set of units to be relocated to Guam, and if so, are there any significant differences from the set identified by the Secretary of the Navy in the September 2008 report?

Answer. The forces identified for relocation remain the same as identified in the May 2006 U.S.-Japan Realignment Roadmap and reiterated in the Secretary of the Navy report of September 2008.

Question. An estimated 5,000 to 25,000 workers will be needed on Guam for the buildup, depending on the amount of work-in-place at any given time. The current resident population of Guam is approximately 175,000. What is your strategy for securing the number of workers needed, and how will these workers be housed?

Answer. The estimate for the total number of workers required during the period of peak construction—foreign, domestic and local—is approximately 10,000–15,000.

This figure is based upon a \$2.5 billion level of construction during the peak period. Given that construction will ramp up from the start to the peak, fewer workers are expected in the earlier part of the construction program.

Guam's current workforce cannot account for this surge. Shortfalls that cannot be addressed by workers from the U.S. mainland, Hawai'i, or the Commonwealth of the Northern Mariana Islands will most likely be filled by H2B visa foreign construction workers. Use of H2B visa foreign construction workers is currently occurring on Guam and has traditionally been used during major periods of major construction activity on Guam, such as the building of resort hotels in the late 1980s and early 1990s.

The construction industry will secure the workers who will first work with the Department of Labor to determine the capacity of the local market. The Guam Department of Labor is prepared to certify that there is an insufficient supply of labor in the Guam region. The construction industry will then petition the U.S. Citizenship and Immigration Services to authorize the number of guest workers they need for their construction projects. With this authorization, the construction industry will work with various embassies and labor suppliers to acquire the skilled labor they need. The construction contractors are required to manage the housing, logistics, transportation and medical care of their workers.

To minimize negative impacts on Guam, a workforce housing and logistics strategy has been established with the following tenets: ensure fair and equitable treatment of all workers; pursue options that support transient workforce and can transition into positive long-term benefits for Guam; recognize that Guam and Federal agencies have the sole enforcement authority; and achieve positive public support that is critical for an enduring base and relationship. Based upon these tenets, contractors will be evaluated on their ability to manage safety, medical, housing, transportation and security for their workforce, as well as the ability for these workforce logistics solutions to positively impact the Guam community.

Question. Have you analyzed the impact of the buildup on Guam on the regional market for construction material and labor? If so, do you have a strategy to mitigate supply bottlenecks and price inflation?

Answer. Department of Defense is still analyzing the issue of supply and price inflation for materials and labor associated with the Guam military build-up. There was some concern that price inflation for materials and labor would adversely affect program implementation. However, with the recent economic downturn these concerns may be somewhat mitigated. Much depends upon the turnaround of the economy in the next few years.

The acquisition strategy for the Guam military build-up envisions the establishment of building criteria and standards to enable offsite methodologies that will reduce the requirement for imported work force and on island building materials. The acquisition strategy also contemplates attracting firms that understand and have experience in operating in logistically challenged areas

Relative to strategies for mitigating supply bottlenecks, we recognize that the Port of Guam is a potential bottleneck. However, the recent initiative by the Port Authority of Guam to obtain new cranes with greater capacity should alleviate some of the pressures at the port. Additionally, the Maritime Administration (MARAD) was recently designated the lead federal agency for the Port of Guam Improvement Enterprise Program pursuant to Public Law 110-417, Section 3512. As the lead Federal agency, MARAD will manage the expenditure of Federal and non-federal, and private funds made available for the project, provide necessary oversight for port improvements, ensure National Environmental Policy Act (NEPA) compliance, and provide project management through a prime contractor. This effort lead by MARAD should further increase efficiencies and throughput at the port. In addition, Defense Access Road projects will be considered in the build-up to improve trafficability and relieve chokepoints along the haul road.

Question. Last year you estimated that a \$500 million investment would be needed for training facilities and ranges in Guam and the Northern Marianas. Has Marine Forces Pacific completed the training concept study, and if so, what is the current cost estimate? Is this figure included in the estimated \$4 billion U.S. share for the relocation?

Answer. The Marine Force Pacific Training Concept Plan was finalized in April 2008. This study presented an unconstrained concept for locating training facilities and ranges on Guam, Tinian, and Pagan. The cost for all range construction and required enablers was estimated to be approximately \$1.8 billion. Only a small portion of this cost requirement is included in the estimated \$4 billion of the U.S. share for the relocation. The original cost sharing agreement between the United States Government and Government of Japan included approximately \$360 million for land

acquisition in support of ranges on Guam and the Commonwealth of the Northern Mariana Islands, Andersen South training, and Naval Magazine consolidation.

Question. When will the Environmental Impact Statement for the training ranges be completed?

Answer. The target date for completion of the Guam Military Buildup Environmental Impact Statement, which covers all aspects of the Marine Corps realignment (administrative facilities, housing, training, which includes maneuver, military operation in unbar terrain, and live fire, quality of life facilities, etc.) the construction of a transient aircraft carrier pier, the establishment of an Army Ballistic Missile Defense Task Force on Guam, and various infrastructure improvements, is January 2010. The Record of Decision will be signed shortly thereafter.

Question. The February 2009 agreement is clear that the relocation of marines from Okinawa to Guam is contingent upon the Government of Japan moving forward with the Futenma Replacement Facility. The agreement specifically states that the GOJ must make “tangible progress” on the FRF. What would you consider “tangible progress,” and have you seen any to date?

Answer. “Tangible Progress” is any event or milestone within the Defense Policy Review Initiative which can be visibly seen as being completed along the timeline recommended in the 2006 agreement. To date, Japan has:

- passed the “Law to Promote the Realignment for U.S. Forces in Japan” which pledged \$16.8 billion (\$10.7 billion for Japan and Okinawa and \$6.09 billion for Guam) for the total cost of realignment of U.S. Forces in Japan: includes the Futenma Replacement Facility (FRF) (\$3.6 billion), Okinawa consolidation (\$4.2 billion), Iwakuni (\$1.4 billion), U.S. Army Transformation (\$0.268 billion), Aviation Training Relocation (\$0.290 billion), and Economic measures for local communities (\$0.848 billion)

- initiated the Environmental Impact Assessment (EIA) for the FRF (as of February 2009 in its second phase)

- provided security against protest activity that interfered with the EIA
- established and employed consultative mechanisms with local officials
- enacted and implemented a new system of economic incentives for local communities

- funded and commenced on-land construction projects on Camp Schwab
- requested \$323 million for FRF construction for the Fiscal Year 2009 budget

- reached agreement on the International Agreement on Guam Financing with the United States, which confirms the political agreements of the 2006 Realignment Roadmap and clearly establishes the linkages between FRF completion and Guam relocation.

[CLERK’S NOTE.—Questions for the record submitted by Chairman Edwards to General Sharp.]

STATUS OF REALIGNMENT

Question. Please provide an update on the status of land acquisitions necessary to implement both the Land Partnership Plan and the Yongsan Relocation Plan.

Answer. All land required to implement both the Land Partnership Plan and Yongsan Relocation Plan has been acquired by the ROK Government. Portions of the land at USAG Humphreys, Osan AB, and Camp Mujuk have been granted to USFK under the SOFA. USFK is currently working to secure the grants for the remaining land.

Question. Please provide an update on the status of all USFK installations that have been closed or will be closed under the Land Partnership Plan and Yongsan Relocation Plan.

Answer. Currently 37 installations have been closed under LPP and YRP. Of those, 35 have been returned to the ROK Government. The remaining 2 are currently being surveyed using the recently approved Joint Environmental Assessment Procedures and should be returned within the next 6–8 months. No further installations will be returned until the facilities required to relocate the units are constructed at enduring installations and the units have relocated.

HUMPHREYS HOUSING OPPORTUNITY PROGRAM

Question. Please describe the structure of the Humphreys Housing Opportunity Program. Will any families be assigned to this housing? Will families have enough adequate alternative options to make a meaningful choice? Who will control the land that HHOP housing sits on? What leverage does USFK have to ensure that the developers will meet their commitments?

Answer:

- HHOP is private sector development and long term property management of 2400 units of Army Family Housing (AFH) at USAG Humphreys.
- Army selected Humphreys Family Communities LLC (HFC). Equity members of HFC are Pinnacle AMS Development Company LLC (property/asset management) and Samsung C & T Corporation (construction contractor).
- Families will not be assigned to the housing; they will be referred to HFC at in-processing. Rental of the housing is at the election of the family and will be done through a standard landlord-military tenant leasing arrangement.
- The 2008 Housing Market Analysis (HMA) for USAG Humphreys determined the community could provide for 40% of housing needs. In addition to the community and HHOP, there will be over 600 Army owned family housing units.
- Under the Status of Forces Agreement (SOFA) the United Forces Korea will be granted exclusive use of the land on which the apartments will be constructed. The Army will issue a use permit to HFC.
- The United States Army will enter into a Use Agreement with HFC. The agreement requires that HFC operates and manages the housing at industry standards of care and maintenance.

Question. How do you determine what constitutes an “adequate” family housing unit in Korea for the purpose of complying with DOD policy?

Answer. The Air Force, Army and Navy use Housing Requirement Market Analyses (HRMA), Housing Community Profiles (HCP), Housing Market Analyses (HMA) and Housing Market Surveys to determine “adequate” family housing units in Korea for the purpose of complying with DOD policy. This is the same process used by the Services worldwide.

COMMAND-SPONSORED FAMILIES

Question. Please explain in detail how you will be able to accommodate a growth in command-sponsored families from 2,135 to 4,320 using your current infrastructure.

Answer. In general, infrastructure is available due to the drawdown of over ten thousand military from the peninsula since 2004. The main cause to limit ourselves to 4,320 families is the capacity of our schools. We have a very limited ability to convert available structures to schools, which drove us to the upper limit of 4,320 families in the immediate future. Other services and functions (such as medical and child care) require additional staff and/or equipment, but not additional infrastructure.

FORCE LEVELS IN KOREA

Question. The Global Defense Posture Review called for reducing the force level in Korea from 37,500 to 25,000. Was this reduction based on any analysis of the specific units to be relocated?

Answer. The guidance was to reduce the force level by one-third, or 12,500, which was not based on an analysis of warfighting capability. After the reduction was directed, an analysis of the missions and tasks associated with USFK was conducted to determine which units should be relocated. We then linked specific units to the tasks and rank ordered them in priority. Those units no longer contributing or least contributing to the Korea mission set were identified for the drawdown.

Question. What would have been the impact on USFK if the reduction to 25,000 had been carried through?

Answer. Continuation of the force reduction to 25,000 would have reduced the overall warfighting capability of USFK. The reduction would have taken away the opportunity to review the force level and force mix relative to recent and new strategic decisions, particularly concerning the changing mission set and future requirements for U.S. military forces in Korea. Additionally, the realignment of ground component missions requires a force level of approximately 28,500 to enable USFK to execute its assigned missions and tasks and provides a better overall capability.

Question. How has the decision to retain the force level in Korea at 28,500 required any adjustments in your milcon and family housing programs? Are there any installations that were projected for closure that will now be kept open as a result of this decision?

Answer. The current force structure does not require changes to installation closures or MILCON and family housing programs.

WEDNESDAY, MARCH 25, 2009.

EUROPEAN COMMAND

WITNESS

**GENERAL BANTZ J. CRADDOCK, USA, COMMANDER, UNITED STATES
EUROPEAN COMMAND**

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. The subcommittee will come to order.

General Craddock, welcome back to our subcommittee. It is great to have you here, and thank you for not only being here today but for your lifetime of very distinguished service to our country.

Today we will discuss the current basing posture of the U.S. European Command. In 2004, the Department of Defense initiated a sweeping change in the U.S. military overseas presence that called for reducing force levels in Europe by roughly 48,000 troops. This included the relocation of two division headquarters and two brigade combat teams from Germany to the United States.

In 2007, the Secretary of Defense decided to temporarily station two BCTs in Germany until the 2012–2013 timeframe.

As we discussed with today's witnesses in last year's EUCOM hearing, this decision raised the possibility that we would not draw down our forces in Europe to the extent that the Defense Department had originally planned.

The purpose of this hearing is to gain additional insights on where the ultimate decision on this issue stands and to discuss other significant issues relating to European Command basing and construction.

Before I proceed, I would like to turn to Mr. Wamp, our ranking member, for any comments that he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, just to welcome back what I consider to be one of the greatest living Americans and a man who is headed for a little bit of R&R after a brilliant career and distinguished service. And it is an honor to be in his presence and look forward to his testimony this morning.

Thank you.

Mr. EDWARDS. Well said and ditto.

Thank you, Mr. Wamp.

Let me introduce someone who doesn't need an introduction, but he deserves one. General John Craddock is the commander of U.S. European Command and the Supreme Allied Commander in Europe. This is his second appearance before the subcommittee. He has been the European commander since December of 2006.

Prior to that, he served as commander of SOUTHCOM from 2004 to 2006. And am I correct? Nearly 38 years of service to our country in uniform. Thank you for all of those years of service.

His previous assignments include Commander 1st Infantry Division, commander of U.S. Forces during the initial operations in Kosovo, Joint Staff. And with pride, I would like to point out, Assistant Chief of Staff for 3 Corps at Fort Hood, Battalion Commander with the 24th Infantry during Desert Storm. And he is a graduate of West Virginia University.

General Craddock, without objection, your full testimony will be submitted for the record, but I would like to recognize you now for any opening comments you would care to make, and then we will proceed with questions and discussion.

STATEMENT OF GENERAL BANTZ J. CRADDOCK

General CRADDOCK. Thank you, Chairman Edwards.

And I appreciate that, Congressman Wamp.

It is, indeed, an honor to appear here before you. I always look forward to this opportunity because I think this forum, this committee is very important. So thank you for that.

I am here representing the approximately 84,000 servicemembers and family members and civilians of U.S. European Command. It is a longstanding command. We have, as you know, in the last 2 years, changed our command. We have taken Africa and cut it out from our responsibility. We went from 92 countries to now I have 51 countries I am responsible for.

We have changed the geopolitical environment somewhat in August of 2008 with the Russian encroachment into Georgia. I would tell you that that has changed the political dynamics in Europe because the assumption we made in NATO and in our bilateral relations, the United States and these nations, was that for the last 17 or so years, the assumption was not to worry, nations, there will be no violation, no attack, no encroachment of your sovereignty.

That changed on the 7th of August, and now we have a different situation in Europe where we have many nations who have anxieties over the Russian Federation and what their strategy is and where they are going to be headed. And that is particularly noticeable in the nations that border Russia.

Then we have a different perspective, which is nothing has changed. We still have the same Russia. So those tensions exist.

Energy is another complicating factor because the Russian production, distribution, pushing into Western Europe, many of these nations depend primarily on Russian gas and much of Russian oil. So there are new dynamics at work. This affects the U.S. European command because it impacts on our ability, then, to understand the dynamics and be able to respond.

I have with me today my command sergeant major, Mark Farley. Sergeant Major Farley is tasked to visit all of our forces at all these installations. He probably is the most expert in the command in terms of where people are, the quality of life they have at the locations, the facilities they use. So he is—he is my wing man here, my battle buddy. And I will tell you, I depend on him a lot.

He is going to retire, also, here shortly. So we made an agreement when we go, we go together. But he is—he is the guy here

that probably, if we have some issues, I will turn to him to help out.

But thank for the opportunity. I look forward to your questions. And thank you, Chairman, and the committee.

[The prepared statement of Bantz J. Craddock follows:]

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**THE HOUSE APPROPRIATIONS COMMITTEE SUBCOMMITTEE ON MILITARY
CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES**

STATEMENT OF

GENERAL BANTZ J. CRADDOCK, USA

COMMANDER,

UNITED STATES EUROPEAN COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND
RELATED AGENCIES

ON

25 MARCH 2009

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INTRODUCTION

The United States European Command (EUCOM) defends the United States from forward positions in Europe; protects U.S. citizens; and creates and maintains an environment that advances U.S. strategic interests. EUCOM's strategic environment has evolved significantly over the past year, particularly because of Russia's newly assertive posture towards our friends and Allies, both those on its borders and those who depend on it for energy. This evolution represents an additional element of the global security spectrum which confronts EUCOM. Enduring challenges remain: potential regional conflicts, unstable nations with poor governance, separatist movements, continued challenges from transnational terrorism, violent extremism, and the proliferation of Weapons of Mass Destruction. Other new challenges confront us in the realm of cyber security and disputes over territorial and economic claims in the Arctic.

Because these challenges are not limited to the traditional geographic confines of Europe, the Black Sea, and Eurasia, EUCOM is transforming to meet them. Our efforts in Building Partner Capacity (BPC) promise to be the strongest and most flexible response to this broad spectrum of threats. EUCOM BPC efforts are the most visible signal of the shift that the Command has made to focus on enhancing the peace and stability of our area of responsibility, while at the same time providing our Allies and partners with the tools required to more effectively operate outside of the traditional Area of Responsibility (AOR). In times of fiscal constraint, cooperative efforts such as our BPC programs also make more than just strategic sense.

Permanently stationed forces have proven to be an indispensable tool for conducting effective BPC activities and building trust, confidence, and interoperability with our partner nations. They are able to solidify the long-term, stable relationships that cannot be built with

rotational forces. Permanently assigned forces can conduct BPC activities more frequently and less expensively than rotational forces, are more responsive and flexible in a crisis, and are essential to our ability to export security from Europe. Permanently assigned air, land and naval forces are also those that stand ready to defend U.S. and Allied national sovereignty and vital national interests and deter any potential adversaries anywhere in the world

Investment in maintaining EUCOM's present strength will be repaid many times over in stronger partners, a more stable environment, and effective action should it become necessary. These security dividends are outlined in our eight long-term Theater Objectives, which also provide focus and purpose for all EUCOM activities. These Theater Objectives are:

- EUCOM forces are transformed and expeditionary, trained and ready for global deployment and prepared to execute joint/multinational operations and training
- North Atlantic Treaty Organization (NATO) is capable and willing to conduct out-of-area operations
- European partner nations and organizations work with EUCOM to actively solve common problems
- Partner nations have the capacity to provide for their own security and to sustain regional stability
- Protection of Allies, partners, and U.S. interests is assured
- Basing and access support strategic freedom of action and security cooperation activities
- Russia acts as a responsible partner with the U.S., our Allies, and our partners
- Local crises are prevented from becoming regional conflicts.

Of course, no strategy can stand alone. It stands on the daily efforts of all of the Active Duty and Reserve Component servicemembers assigned to the Command. Ensuring an appropriate quality of life for the servicemembers who implement this demanding effort is an essential parallel investment.

This Posture Statement will outline the strategic environment, describe the key elements of EUCOM's Strategy of Active Security, detail the activities of our Service Component Commands, specify our theater investment needs, and describe EUCOM's support to NATO.

STRATEGIC ENVIRONMENT

The EUCOM Area of Responsibility (AOR) includes Europe, Russia, the Caucasus, Greenland, and the waters within these borders (see Enclosure 1). Composed of 51 independent states, the AOR is home to approximately 825 million people, 12 percent of the world's population. Over 200 ethnic groups speak more than 80 languages, profess over 50 religious affiliations, experience the full range of human conditions, and live under a variety of systems of government.

Regional Approach

The extent of U.S. interests and relationships within the theater requires a regional approach focused on engagement in Europe and that part of the EUCOM AOR that lies within Eurasia. Interregional linkages and secondary effects require theater-level coordination against transnational challenges that consistently cross traditional geographic, political, and organizational lines. Often the events in one region are directly associated with effects in another.

Europe and NATO

The protection from state-based threats the United States has enjoyed for over 60 years is a product not only of its ocean buffers. Our security in that time has been tied ever more closely to that of our Allies and partners in Europe. The last six decades have been an unprecedented period of security, stability, and prosperity. NATO has successfully promoted stability and security throughout its history and it remains the world's premier security organization. For over a decade NATO has also undertaken major missions outside of its members' territories, most recently leading the International Security Assistance Force (ISAF) in Afghanistan. NATO and ISAF are central to improving both the security and governance of Afghanistan. They protect

Afghanistan's citizens from Taliban and other insurgents and seek to improve the ability of Afghanistan to protect and govern itself in the future. If ISAF, and hence NATO, fails, it will have a direct and dire impact on our own future national security.

Over the last 20 years, EUCOM has taken the opportunity offered by the emergence of new democracies in Central and Eastern Europe to shape defense reform, emphasize the rule of law, and assist in training deployable units to support operations in Afghanistan and Iraq. Extending NATO membership to a number of Central and Eastern European nations has not only helped facilitate the spread of democratic values and institutions, it also provided a promise of security and protection. This is key in areas like the Baltic states, who identify themselves politically and economically as part of Western Europe and as members of NATO enjoy the additional security of the Alliance's Article 5 protection. Defense reforms through targeted security cooperation activities also bring about significant military interoperability between U.S. and NATO forces. Direct interaction with U.S. forces has succeeded both in developing useful military capabilities and in establishing reliable Allies whose political and material support has proven invaluable. In addition, the basing and facilities the United States maintains on Allied soil enables U.S. global presence, access, and crisis response capability.

Not all trends, however, are positive. The defense budgets of many NATO nations have fallen to levels that jeopardize their ability to sustain operational commitments to both coalition and NATO-led forces and make long-term strategic military capability commitments to meet the Alliance's 21st Century missions. The current global economic slowdown may exacerbate this situation. The demand for the security that NATO and its institutions provide, however, sees no concurrent slowdown. Indeed, there has never been a greater need for the security NATO and our European allies can provide, even beyond NATO's borders.

Kosovo continues to be a source of instability in the greater Balkan region. After over 8 years as a UN-administered Serbian province, Kosovo declared independence on 17 February 2008. The U.S. recognized the fledgling government and is encouraging the 27 members of the European Union (EU) to unite in recognizing Kosovo, 22 of which have done so thus far. Political and diplomatic efforts are expected to continue throughout 2009 as Kosovo prepares to generally implement the tenets of the Ahtisaari recommendations, although second-order effects of the 17 February declaration may impede progress.

The NATO-led Kosovo Force (KFOR) is the most respected security organization in Kosovo. It is well positioned, well trained, well prepared, and committed to providing a safe and secure environment. KFOR has close to 15,000 troops from 32 nations. EUCOM will remain committed to Kosovo for security cooperation, security assistance, and defense reform for the long term through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. EUCOM will assist NATO in training an NCO corps within the Kosovo Security Force (KSF) and support NATO in the stand up of a Ministry for the KSF. Additionally, EUCOM will purchase uniforms for the nascent 2,500-man KSF.

Significant overall progress has been made in defense reform in the Balkans despite difficult political, economic, and social challenges. EUCOM is focusing its security cooperation and BPC programs to help integrate the Balkan nations into the Euro-Atlantic community. EUCOM activities supported the Adriatic Charter nations (Croatia, Macedonia, and Albania) for NATO accession at the Bucharest Summit in Apr 08, facilitates Intensified Dialogue for Bosnia-Herzegovina and Montenegro, and is encouraging Serbia to move closer toward NATO cooperation.

We will work aggressively to accelerate defense reform in the Balkans and address their toughest issues. These include: training/equipping deployable forces to contribute to stability operations in Iraq or Afghanistan; establishing human resource management, multi-year budgeting, organic logistics capability, and building the capacity of defense institutions. A robust military-to-military relationship, including exercises, high-level visits, State Partnership Program events, and EUCOM component activities will increase regional stability. We believe our security cooperation activities will contribute to combating the transnational threat of terrorism that might be resourced by the abundant stockpiles of small arms, light weapons, ammo, and man-portable air defense systems endemic to the Balkan region. EUCOM will work with other agencies and NATO to assist and advocate the destruction of excess stockpiles and to better secure and manage retained stockpiles. EUCOM will encourage Balkan nations to become contributing members of the trans-Atlantic family and foster security and stability throughout the region. NATO presence is a critical enabler toward that goal in this potentially volatile area.

Black Sea/Eurasia

Eurasian nations in EUCOM's theater face a wide spectrum of threats to their security and stability. This region is the most conflict-plagued area along the Euro-Atlantic perimeter. Terrorism, illegal arms and drugs trafficking, transnational crime, secessionist pressures, frozen conflicts, economic crisis, ethnic and religious tensions, and demographic trends challenge regional cooperation and sustained strategic partnerships. U.S. interests and Western interests generally in this region require stable, reform-oriented states in control of their own borders, safe from external military or economic pressures, secure as energy transit routes, and capable of supporting Alliance/coalition operations. This region is important for a number of significant reasons some of which include: WMD proliferation, counterterrorism, strategic access to bases

and theaters of operation in Central Asia, coalition support, and westbound transit routes for Caspian energy supplies. Security and stability of this region are necessary to sustain U.S. interests, operations, and initiatives.

The greatest challenge which affects the entire region is how we engage with Russia. We are in a time of uncertainty in the U.S. - Russian relationship brought about by disagreements over European security, Russia's role in what it regards as its neighborhood, and Russia's decision to send forces into Georgia and to recognize the breakaway regions of South Ossetia and Abkhazia. The refusal of any neighboring country to endorse Russia's recognition of South Ossetia and Abkhazia reflects regional unease over a revanchist Russia. Russian-European energy interdependence is a key factor in their broader relationship and calculations. The relationship with Russia is likely to be more difficult to manage in coming years than any time since the end of the Cold War. That said, national and NATO efforts are underway to explore areas where security could be strengthened through arms control regimes, consultations, and military cooperation.

Despite previous progress in our military-to-military cooperation with Russia, events in Georgia clearly set back expectations for at least the near term. Bilateral military-to-military cooperation activities were suspended in the aftermath of the conflict in August 2008. Prior to suspension, Russia took a number of steps that signaled their desire to engage with U.S. forces. They began fully funding their own participation in activities with U.S. forces - a significant change from previous years - and ratified the NATO Partnership for Peace Status of Forces Agreement which is now in effect. Russian leaders, political and military, have signaled that the door remains open to closer cooperation. Nevertheless their actions in Georgia in August 2008,

and with European natural gas supplies in January 2009, suggest that their overall intent may be to weaken European solidarity and systematically reduce U.S. influence.

EUCOM seeks a pragmatic military-to-military relationship with a Russia that is a responsible partner in security affairs. How we and our European Allies and partners engage Russia will affect what role Russia plays. While taking steps to assure Allies and partners, EUCOM stands ready to use the important tool of security cooperation in concert with interagency partners to rebuild a structure for our bilateral relationship with Russia that allows wide-ranging and candid engagement on all issues of concern.

The Mediterranean Sea and its environs have long been noted as a strategic opening, for good or ill, into the European heartland. This opening is also now vulnerable to use by violent extremists, transnational criminal activities, and ballistic missiles. Continued engagement with, and presence in, the area are also key to our shared security.

A secular democracy with a Muslim population, Turkey is an example of the successful integration of these two elements. It is also geographically, economically, politically, and militarily critical. Turkey's geostrategic location, European orientation, NATO membership, and enduring relationship with the U.S. make it a bridge of stability between the Euro-Atlantic community and the nations of Central Asia and the Arabian Gulf. Its international lines of communication are an important factor in energy security. Its proximity to Iran, Iraq, Syria and Russia ensure Turkey will continue to play a vital role in international efforts to combat terrorism.

At the same time, Kurdistan Workers' Party (PKK/KGK) terrorist attacks that emanate from northern Iraq strain the relations between Iraq and Turkey and threaten regional stability. Earnest dialogue can continue to facilitate the resolution of this problem. While there is no

solely military solution to the PKK/KGK terrorist issue, improving Turkey's ability to limit the organization's ability to cross the border between Iraq and Turkey is an essential step. This will improve the stability of northern Iraq, contribute to the overall stability of the region, and increase Turkey's chances of acceptance into the EU.

In the Levant, persistent conflict between Israel and Palestinian groups perpetuates regional instability. While significant, neither the 2006 Israeli war against Hezbollah forces in Lebanon nor the recent military action against Hamas in Gaza proved decisive in eliminating immediate threats to Israel's security. February elections for the Israeli Knesset failed to provide a clear and unequivocal policy mandate for a new government, while infighting between the Hamas and Fatah factions prevents adoption of a coherent Palestinian position toward Israel. Thus, in the near term, these enduring challenges to the Middle East peace process ensure that the outlook for achieving a lasting resolution of these intractable issues remains unsettled. In order to build prospects for peace and security in the Levant and, by implication, the rest of the broader Middle East, EUCOM must remain engaged in this vital and volatile region.

The Caucasus is an important area for the U.S. and its partners. Caucasus nations actively support Operation IRAQI FREEDOM and ISAF by providing both with troops and over-flight access for critical supply lines from EUCOM to the CENTCOM AOR. They provide alternative energy sources from the Caspian Sea basin and alternative routes of access to Central Asian energy reserves. It is an important region for European energy diversification.

Georgia actively seeks NATO membership and, prior to its withdrawal during the conflict with Russia, was the number one OIF coalition contributor per capita and second only to the United Kingdom in terms of total troops. Georgia has also recently approved a resumption of troop contributions to ISAF. Along with Ukraine, Georgia has requested favorable consideration

of a NATO Membership Action Plan. Following the cessation of hostilities with Russia, EUCOM dispatched assessment teams to Georgia to ascertain the precise status of the Georgian defense establishment. EUCOM remains committed to helping Georgia become a strong and capable regional partner in accordance with USG policy.

Azerbaijan has taken deliberate steps towards Euro-Atlantic integration, to include realigning its staff structures to NATO standards, training a company to NATO standards under the Operational Capabilities Concept, and it recently began a Strategic Defense Review which the U.S. is leading with support from Latvia, Lithuania, and possibly Turkey. Its close proximity to Iran, Russia, and Caspian Sea energy resources makes it important to U.S. strategic interests. Azerbaijan provides an alternative energy source for our European Allies. An example of the region's growing importance to the global market is the Baku-Tbilisi-Ceyhan pipeline, bringing oil from the Caspian Sea to the Mediterranean.

Furthermore, Azerbaijan's support to the U.S. in global security has been substantial, including being a troop contributor to KFOR, ISAF and OIF. Until recently, Azerbaijan had 151 troops deployed to Iraq, and recently doubled its ISAF commitment to 90 soldiers. In January 2007, Azerbaijan extended blanket diplomatic overflight clearance for U.S. government and contract flights in support of OEF and OIF – extremely important from both political and operational points of view.

Some nations of the Caucasus are exporting security by actively supporting efforts to fight terrorism, but continued corruption and a lack of transparency limit progress with defense reform efforts in this region. Internecine conflicts also continue to challenge security and long-term stability in the region. Armenia and Azerbaijan are stalemated over Nagorno-Karabakh; the status of Transdnistra has not been officially defined; South Ossetia and Abkhazia recently

declared independence from Georgia, declarations which were immediately recognized by their *de facto* patron state, Russia. These conflicts will remain significant obstacles to long-term regional stability.

Early optimism as a result of the Ukrainian Orange Revolution has faded as crisis and uncertainty undermined the functioning of domestic institutions and increased tensions with Russia. Ukraine, nevertheless, remains an important bridge between East and West. Its strategic location, contributions to international operations, and its government's policy of Euro-Atlantic integration make it an increasingly important regional partner. The Ukrainian government's desire to achieve Western standards of political, economic, and defense reform represents a sharp break with its Cold War past. Like Georgia, it has recently requested favorable consideration of a NATO Membership Action Plan. It is the only non-NATO nation providing or offering forces to all four major NATO operations: ISAF, NATO Training Mission in Iraq (NTM-I), KFOR, and ACTIVE ENDEAVOR.

Transnational Terrorism

There is a growing awareness among many nations in the EUCOM AOR of violent extremist threats to their populations. Attacks in Europe during recent years demonstrate intent to extend the battlefield beyond Iraq and Afghanistan. While attacks during 2008 were fewer than previous years, partner nation law enforcement officials continued to uncover terror plots and arrest terrorism suspects with alarming regularity. EUCOM continues to deal with the threat of terrorism in all its forms.

Many violent extremist groups are integrally tied to criminal and smuggling networks. Illegal activities such as narcotics trafficking, document forgery, and credit card fraud help fund extremist operations while Europe's open borders facilitate travel across the region. Terrorists

clearly wish to use Europe and Eurasia as sanctuaries and logistics centers. Additionally, there is a growing trend of extremist organizations recruiting and training Western European citizens and returning them to Europe to launch attacks targeting U.S. and Allied installations and personnel.

Weapons of Mass Destruction (WMD)

The acquisition and potential employment of WMD by state and non-state actors pose a security threat to the United States and our partners and Allies. The majority of the world's nuclear weapons are located within the EUCOM AOR. In Europe and Eurasia, stockpiles of nuclear materiel may become vulnerable by varying degrees to access, damage, illicit diversion, or removal by international and internal threats via corruption, criminal activity, insider threats, and inadequate border monitoring. Coordination with the Department of State and strengthening our nonproliferation and counterproliferation efforts is increasingly important.

U.S. EUROPEAN COMMAND STRATEGY

The EUCOM Strategy of Active Security (SAS) is EUCOM's plan for performing the tasks assigned by the Secretary of Defense. The SAS looks out five years and aims at two overarching strategic objectives: "Defend the Homeland" and "Create and Maintain an Environment that Advances U.S. Strategic and Economic Interests." The diversity of the security environments, regional political relations, culture, geography, and our partners' needs make it useful to divide our AOR into two regions, Europe and Black Sea-Eurasia.

European nations, particularly those that are NATO members, are for political, security, economic, and cultural reasons our historical and enduring Allies. They contribute to stability both within and beyond the region; they are net exporters of security. Their granting basing rights on their territory contributes directly to U.S. global strategic reach.

The majority of the nations in the Black Sea-Eurasia region are at strategic crossroads in terms of security, political, and economic reform. Their desire to move closer to Euro-Atlantic security institutions can lead ultimately to greater security and prosperity, but they also face challenges. “Frozen conflicts” have the potential to break out into conventional war with devastating economic and political consequences; terrorism and the possible proliferation of WMD threaten populations on an unprecedented scale and undermine government authority. In both regions, Russia seems determined see Euro-Atlantic security institutions weakened and has shown a readiness to use economic leverage and military force to achieve its aims.

Strategic Approach

The SAS focuses on maintaining a high state of military readiness and using these forces to conduct a wide range of security cooperation activities. Because the capabilities and high readiness of EUCOM forces strengthen the desire of other nations to train with them, these are mutually reinforcing lines of activity. Our strategic approach promotes stable environments, protects U.S. interests, and reduces the likelihood of crises erupting into larger conflicts by maintaining and strengthening alliances, partnerships, influence, and access where we have long-standing relationships and creating and expanding influence into new areas of the theater.

Theater Objectives and Priorities

Our strategy identifies eight previously-identified *long-term Theater Objectives* (written in the form of effects we want to achieve) that provide focus and purpose for EUCOM’s activities:

- EUCOM forces are transformed and expeditionary, trained and ready for global deployment and prepared to execute joint/multinational operations and training
- NATO is capable and willing to conduct out-of-area operations

- European partner nations and organizations work with EUCOM to actively solve common problems
- Partner nations have the capacity to provide for their own security and to sustain regional stability
- Protection of Allies, partners, and U.S. interests is assured
- Basing and access support strategic freedom of action and security cooperation activities
- Russia acts as a responsible partner with the U.S., our Allies, and our partners
- Local crises are prevented from becoming regional conflicts.

Additionally, in the *near term* these objectives lead to the following *strategic priorities*:

- Support for the International Security and Assistance Force (ISAF) in Afghanistan and Operation IRAQI FREEDOM.
- Maintain relevance of, and U.S. leadership within, NATO.
- Increase integration of EUCOM activities with the rest of the U.S. Government, especially in combating terrorism and WMD proliferation.
- Engage Russia or mitigate any potentially negative influence.
- Support improved energy security for Europe, Eurasia, and the Black Sea region, to include NATO and USEUCOM.
- Support NATO Transformation for out-of-area operations.
- Ensure EUCOM's end-state transformation and basing ensures EUCOM has the capabilities to accomplish all assigned missions and tasks.

Moving rapidly toward the Strategy of Active Security's objectives requires that EUCOM transform both its basing and its forces.

THEATER POSTURE AND TRANSFORMATION

Forward deployed forces are the primary tool for executing this strategy, maintaining U.S. influence in the AOR, and projecting influence beyond it. Forward-stationed units, rotational forces, and installations are visible manifestations of the U.S. commitment. They enable us to apply influence, assure access when and where needed, and preserve our leadership role in NATO. Precisely because it is challenging for the U.S and the host nation, the decision to station U.S. units in a nation sends a clear message of our support to the host, to other partners, and to would-be aggressors. The response time of such units for crises or Article 5 situations is far shorter than that of similar units in CONUS; their ability to build partner capacity on an enduring, habitual basis is many times greater.

The Trans-Atlantic security relationship has evolved an important new dimension over the last two decades. Initially, it provided primarily collective security to the western parts of Europe. Our commitment to fellow NATO members embodied in Article 5 of the North Atlantic Treaty remains undiminished. But the Trans-Atlantic relationship has evolved increasingly to export security *from* Europe. As forward presence provides more frequent engagement at all levels, builds habitual relationships and trust, provides critical continuity, and serves as a role model and catalyst for transformation efforts among European militaries, it also simultaneously strengthens partner confidence and willingness to contribute to Alliance and coalition operations.

As EUCOM continues its Strategic Theater Transformation, the contributions of the Reserve Component (RC) are increasingly important. On any given day, approximately 3,600 members of the RC are deployed across the theater. Without this support, EUCOM would be unable to fulfill many of its staffing and force protection requirements. The contributions of our

Guard and Reserve forces have enabled us to mitigate risk, while programs such as the National Guard's State Partnership Program (SPP) have helped us achieve our theater goals.

Strategic Theater Transformation

In this context, EUCOM's Strategic Theater Transformation (STT) plan implements a basing strategy that sustains and leverages commitments to our long-standing Allies and partners and U.S. operations in other theaters, such as ISAF, OEF, and OIF.

EUCOM's STT plan includes retaining eight fighter aircraft squadrons in the U.K., Germany, and Italy. For ground forces, it includes two permanently stationed infantry brigade combat teams — a Stryker Brigade Combat Team in Germany and an Airborne Brigade Combat Team (ABCT) in Italy — along with two heavy Brigade Combat Teams in Germany. Although these two brigades are scheduled to return to CONUS in 2012 and 2013, I have recommended and continue to recommend that we retain them in EUCOM. As I discuss in the USAREUR section, these forces contribute directly to our dissuasion and deterrence efforts. They increase our flexibility in dealing with crises and over time progressively increase the capability of friendly forces because of their ability to build partner capacity. Retention of this force level must be planned carefully, since EUCOM's STT plan is closely synchronized with OSD, the Joint Staff, individual Services, and NATO to ensure that global efforts of other Combatant Commands, NATO, and the results of the Base Realignment and Closure (BRAC) Commission process are mutually supportive. STT aims at improving our effectiveness and operational flexibility, but it has at the same time significantly reduced costs. The fact remains, however, that forward stationed units meet the same deployment schedules to Afghanistan and Iraq as CONUS units but, when at home station, are able to establish the long term relationships with partner

countries that are essential to BPC. In addition, studies show that rotating multiple units from the CONUS to Europe is more expensive than forward stationing a single unit.

Since this process began in 2003, EUCOM has closed 43 bases and installations and returned approximately 11,000 servicemembers and 16,000 family members to the United States. Present EUCOM force strength is approximately 84,000 military members. Retention of EUCOM's forces at the current level will enable the accomplishment of assigned missions and tasks.

SECURITY COOPERATION

For any given level of U.S. military presence, an increase in our partners' capacity disproportionately strengthens our ability to maintain security—not only because of its direct effects but because of its synergistic effects as well.

Security Cooperation (SC) programs remain the foundation of EUCOM's BPC efforts. The direct impact of the combat power of overseas-stationed U.S. forces is amplified when their presence, example, and their ability to conduct combined exercises are employed in EUCOM BPC efforts. These programs contribute to building the vital relationships that bolster U.S. strategic interests, enhance partner security capabilities, provide essential access (particularly to en-route infrastructure), and improve information exchange and intelligence sharing.

Our security cooperation BPC efforts are the central aspect of our strategy because they offer the most intense form of foreign partner interaction in peacetime. Through BPC activities such as those executed through the Foreign Military Financing Program, Joint Contact Team Program, Section 1206, the International Military Education and Training Program, Warsaw Initiative Funding (WIF), the Cooperative Threat Reduction (CTR) program, and the Global Peace Operations Initiative (GPOI) we anticipate not only the strengthening of our relationships

with existing Allies, but also the development of new relationships with additional partner countries.

Our SC programs identify low-cost, high-impact engagement initiatives to build relationships that will shape the security environment in which we engage. A major focus of our efforts is building partner capacity with strategically important nations seeking to enhance their own security. EUCOM's assigned units provide frequent engagement at all levels. These engagements build habitual relationships and trust and provide critical continuity. EUCOM facilities and programs, ranging from airborne exercises to non-lethal weapons instruction, provide practical and state-of-the-art training that strengthens relationships and increases the capacity of our Allies and partners. For example, during FY2008, HQ EUCOM and United States Army Europe (USAREUR) programmed and coordinated the execution of the Unit Level Event ADRIATIC AURORA. This combined arms familiarization exercise brought together Croatian, Albanian, and Macedonian forces with their respective State Partners (Minnesota, New Jersey, and Vermont National Guard) to emphasize coalition operations in an effort to improve regional security.

EUCOM's BPC efforts to help partners develop the capacity to conduct effective peacekeeping and contingency operations help mitigate the conditions that lead to conflict. These efforts will ensure that we can work effectively with our Allies and partners should conflict arise. EUCOM BPC efforts require consistent and predictable investment in order to have an impact on the multitude of strategic, security, economic, and political challenges we face.

EUCOM is working with OSD, the Joint Staff, and other COCOMs to address these issues and increase the Department's capabilities to build partner capacity to contribute to

coalition operations. Such programs would address critical capability gaps in coalition partners that we have been unable to satisfy due to declining FMF levels in Europe and, as with DoD's other train and equip authorities, would be implemented with the concurrence of the Secretary of State. Our desired end state is increased partner nation participation in current operations so we can alleviate pressure on U.S. troops as the sole source for deployments.

Security Cooperation Programs

EUCOM also builds partner capacity by executing security assistance programs using our 44 Offices of Defense Cooperation who work with the host nation in close partnership with U.S. Embassy Country Teams and under the direction of the U.S. Ambassador. The Title 22 IMET and FMS programs are central to our BPC Efforts.

International Military Education and Training (IMET) and Expanded IMET (E-IMET) provide education and training opportunities for foreign military and civilian personnel. During FY08, the IMET program sent 1,514 students to 2,510 schools/courses on U.S. military installations and learning centers. The final FY08 EUCOM IMET allocation of \$24.7M was a decrease of about 7 percent from the final FY07 IMET allocation of \$26.9M. IMET remains our most powerful SC tool and proves its long-term value every day. For a relatively small investment, it provides foreign military and civilian leaders access to U.S. military training, builds relationships, and expands influence. Indeed, today's IMET graduates are tomorrow's Chiefs of Defense, Ministers of Defense, and Heads of State.

We continue to see the value of this program in the professional development and transformation of militaries in such established partners as Poland, Romania, and many other countries. The importance of IMET to our BPC efforts cannot be overstated, and we appreciate Congress' continued support in sustaining and increasing this valuable Title 22 resource.

Foreign Military Financing (FMF) provides critical resources to assist strategically important nations without the financial means to acquire U.S. military equipment and training. EUCOM's FMF increases over the past years are due solely to increases in the directed funding for Israel. When the mandated amounts for Israel are removed, the remainder of EUCOM's FMF has steadily decreased (FY07, \$170M; FY08, \$160M; FY09, \$140M). Additional directed spending further restricts what can be undertaken with the available funds, and have resulted in delayed or cancelled programs meant to improve Allied and partner abilities and create significant impediments to the implementation of our BPC efforts.

FMF is an essential instrument of influence, building allied and coalition military capabilities and improving interoperability with U.S. and other Allied forces. When countries buy U.S. military equipment through the FMF program, they also buy into a long-term commitment for spare parts and training. Failing to fully fund vital FMF programs in any of these nations can unintentionally send negative messages.

Foreign Military Sales (FMS) and Direct Commercial Sales (DCS) demonstrate our nation's continued commitment to the security of our Allies and partners by allowing them to acquire U.S. military equipment and training. FMS and DCS are vital to improving interoperability with U.S. and NATO forces, closing capability gaps, and modernizing the military forces of our Allies and partners.

Section 1206 of the FY06 National Defense Authorization Act coupled State Department authorities with DoD resources to build and enhance the military capacity of our key partners. In FY08, EUCOM received \$18.7M to conduct innovative train and equip programs for partners interested in assisting the U.S. in current operations and providing security and stability throughout the AOR. A prime example is the improved national capacity of Azerbaijan and

Albania to conduct counterterrorist operations in seaborne interdiction operations and coastal patrols. Section 1206 authority and corresponding appropriations are key tools that EUCOM will continue to utilize to build partner capacity.

The *National Guard State Partnership Program (SPP)*, See Enclosure 2) continues to be one of our most effective BPC programs, with 20 states currently participating. By linking American states with designated partner countries, we promote access, enhance military capabilities, improve interoperability, and advance the principles of responsible governance. The unique civil-military nature of the National Guard allows it to participate actively in a wide range of security cooperation activities and help bridge the gap between DoD and DoS responsibilities.

In 2008 alone, the National Guard conducted over 90 SPP events and, along with members of the Army and Air Force Reserve, participated in over 150 of 527 Joint Contact Team Program (JCTP) activities. For example, the Oklahoma Army National Guard and its SPP partner Azerbaijan executed an extremely successful SPP medical outreach exercise that administered medical examinations and care to thousands of Azeris – an immediate impact with long-term implications.

Also in 2008, *Traditional Commanders Activity (TCA)* funding supported roughly 400 bilateral military-to-military engagement events. These important events strengthened military ties with our partners and forged new relationships at the senior enlisted to mid-grade officer levels. These relationships translate into long-term linkages that pay future dividends at the Chief of Defense level. FY09 TCA funding level is \$10.3M with a reduction from the FY08 appropriation of \$12.3M.

Combating Weapons of Mass Destruction (WMD) Proliferation is among our highest priorities as the majority of the world's nuclear weapons are located in the EUCOM AOR. The

Defense Threat Reduction Agency (DTRA) is a Combat Support Agency in support of EUCOM to cover the entire spectrum of this unique mission. Cooperative Threat Reduction programs seek to stem the proliferation of known WMD; detection programs address counter-proliferation, particularly interdiction of unknown items; and DTRA's exercise programs address our consequence management responsibilities, reassuring our partners and Allies about EUCOM capabilities.

State Department-led programs such as the Global Initiative to Combat Nuclear Terrorism and the Proliferation Security Initiative focus on denial of access at the source, build capacity for interdiction in transit, and form the most effective framework to prevent the use of WMD. In this regard, the Nunn-Lugar program has been very successful in mitigating the risk posed by WMD through non-proliferation projects that reduce and secure WMD materials and weapons. In recent years, the Nunn-Lugar program has expanded into building partner capacity to interdict WMD in transit, making it a significant aspect of the counter-WMD effort.

Additionally, for the past three years USAREUR has provided *Tactical Human Intelligence (HUMINT) Collection and Management Training* to our NATO Allies, including Estonia, Latvia, and Lithuania. Recently, the initiative led to the training of the HUMINT force in the Romanian Army. As a result, Romanian HUMINT teams have been embedded within U.S. forces during the last two Balkans rotations. We look forward to expanding this program to other countries in the AOR eager to build needed military capabilities.

EUCOM conducts multiple *Humanitarian Assistance (HA) Programs* to assist populations in need and to shape perceptions and the security environment while also showing the U.S. and the Department of Defense in a positive light. This is especially necessary in areas susceptible to the adoption of extremist ideologies or where general discontent and lack of hope

are potential breeding grounds for instability. EUCOM continues to focus these important humanitarian initiatives in the most vulnerable locations and emphasize the importance of this strategic tool.

EUCOM's HA programs consist of the Humanitarian and Civic Assistance (HCA) Program, the Humanitarian Assistance-Other (HA-Other) Program, and Humanitarian Assistance Program-Excess Property (HAP-EP).

Projects funded through these resources complement USAID efforts, enhance regional security cooperation, and advance U.S. interests throughout the region. These valuable efforts also train U.S. troops while generating a positive public image of the Command and the nation. They also bolster a country's capability to respond to disasters, thereby diminishing the need for future U.S. involvement, and provide an example of the value of a professional military beyond wartime events. While the EUCOM HA budget is small compared to other BPC activities, it has a disproportionately high impact as a very visible and positive engagement activity.

For FY08, EUCOM executed \$5.2M in HA Project funding for 135 security assistance related projects in 17 countries. In addition to this outreach through security assistance-type HA projects, the Command also provided \$15.4M in HA Disaster Relief funding in FY08 for airlift and relief supplies as part of Operation ASSURED DELIVERY in support of the Republic of Georgia following the Russian incursion. HA Project funding for FY09 is \$6.35M and will once again encompass approximately 17 countries in the eastern portion of the EUCOM AOR.

EUCOM is also an active participant in DoD's *U.S. Humanitarian Mine Action* (HMA) Program. HMA's goal is to relieve the plight of civilian populations experiencing adverse effects from landmines and other explosive remnants of war. In this capacity, it promotes economic stability and growth by reclaiming farmland critical to a nation's survival. The

EUCOM HMA Program is currently engaging 22 countries on two continents with a focus on “training the trainer” to assist mine victims, develop demining capabilities, and enhance mine-risk educational programs.

EUCOM's *Caspian Regional Maritime Security Cooperation* efforts aim to coordinate and complement U.S. government maritime security cooperation activities in Azerbaijan, Kazakhstan, and more recently, Turkmenistan. Maritime security cooperation efforts seek to build and enhance our partners' capacity to prevent or respond to terrorism, proliferation, drug trafficking, and additional transnational threats in the littorals. EUCOM and United States Naval Forces Europe (NAVEUR) continue to promote Maritime Safety and Security and Maritime Domain Awareness in the Caspian Sea through routine engagement with our partners in the region.

The Caspian Sea's location on the EUCOM-CENTCOM seam, and the critical support Caspian nations provide for Operations IRAQI FREEDOM and ENDURING FREEDOM, make coordination between EUCOM/NAVEUR and CENTCOM/Naval Forces Central Command (NAVCENT) critical to promoting security efforts in the region. EUCOM's biennial Caspian Regional Security Working Group meetings, as well as NAVEUR's and NAVCENT's shared flag-level visits, provide formally coordinated interaction and unity of message.

The *George C. Marshall European Center for Security Studies* is the original of five such centers supported by the Department of Defense. Cosponsored by the U.S. and German governments, it provides professional development to emerging civilian and military leaders, reinforces ideals of democratic governance and stable apolitical militaries, and facilitates long-term dialogue with and among current and future international leaders. As significant, it has built an active network of Euro-Atlantic minded security experts. Its strong reputation in the

region has made it an essential asset in the execution of EUCOM's regional strategy. Marshall Center alumni represent a community of more than 6,000 security sector leaders from over 100 nations, including nearly 200 distinguished alumni who have risen to parliamentary and ministerial leadership levels of government, have become senior defense officials, or advanced to their nation's highest military ranks. This network has proven invaluable for harmonizing views on common security challenges in the region. The Marshall Center has played a significant role in building the capacity of new and aspiring NATO members. Since 1994, NATO has admitted ten new countries and almost 2,000 participants from these ten countries have attended Marshall Center resident programs; almost 28% of total participants over this time period.

The Marshall Center provides a range of resident and non-resident security educational programs that are essential to EUCOM's effort to enhance the security sector capacity of our Allies and partners. The Marshall Center's focus is on developing partner capabilities for democratic governance, combating terrorism, conducting stability operations and homeland defense. Marshall Center programs and activities serve as vital strategic communications platforms, greatly enhancing our ability to explain and elicit partner nation support for combating a host of shared security challenges.

The Defense Environmental International Cooperation (DEIC) program is another low-cost, high-impact program that is reaping dividends beyond its focus area. Established in FY01, the annual worldwide DoD budget for the DEIC program is less than two million dollars with the FY09 DEIC funding level for the EUCOM AOR set at \$200,000. The cost of a typical project or event ranges from \$10,000 to \$80,000. As an example, the Baltic Sea Spill Response Exercise focused on host nations' capabilities, plans, and procedures. Representatives from Azerbaijan, Denmark, Estonia, Finland, Georgia, Germany, Latvia, Lithuania, Poland, Sweden, and Ukraine

participated in this successful exercise. A second significant DEIC engagement activity was the Sustainability Workshop, held in October 2007 in Bucharest, Romania, with a focus on the new Romanian military strategy and its effect on the environment. Discussions in the workshop centered on sustainable training ranges, land rehabilitation, and Geographic Information Systems. Planned engagement activities for FY09 include projects in Integrated Training Area Management, encroachment, field drinking water supply, and marine spill response.

Partnership for Peace (PfP) exercises support efforts to deepen defense and military cooperation between the U.S., NATO, and PfP partners. Application of DoD Warsaw Initiative Funds (WIF) to PfP activities has proven successful in building partner nation participation and cooperation in theater. FY09 WIF funding for the EUCOM Theater is \$16M, an increase of 8% percent over FY08 funding. DoD WIF provides an important source of funding for a number of partner countries that would otherwise be unable to participate in these important activities. DoD WIF pays for partner participation in NATO/PfP and "*In the Spirit of PfP*" exercises and conferences, defense institution building, the Civil Military Emergency Preparedness Program (CMEP) and OSD interoperability events that include U.S. participation.

Regional cooperation through PfP greatly facilitates U.S. access to bases and overflight rights in the prosecution of current and future operations. Several PfP nations have provided basing, force protection at bases, and personnel to operations in Afghanistan and Iraq. Through PfP-sponsored exercises, Eastern European and Central Asian states have gained familiarity with U.S. forces, methodologies, and leadership. Without this pre-established relationship, support to U.S. operations would be harder to secure and incorporate.

WIF-supported PfP activities have also been remarkably successful in preparing nations for full NATO membership. Ten PfP states (Bulgaria, the Czech Republic, Estonia, Hungary,

Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia) have become NATO members since the program's inception. These new NATO members and twelve other PFP states (Albania, Armenia, Austria, Azerbaijan, Croatia, Finland, Georgia, Ireland, Macedonia, Sweden, Switzerland, and Ukraine) provide forces to ISAF/OEF/OIF and Kosovo.

EUCOM's *Clearinghouse Initiatives* ensure that BPC actions are coordinated with other nations involved in the same region or issue. Clearinghouse Initiatives help deconflict programs, avoid duplication, and find ways to collaborate on matters of mutual interest. They exist in the South Caucasus and Southeast Europe and enable interested countries to share information about security assistance programs. The goal is to capitalize on limited resources by merging various BPC programs into a comprehensive, synchronized regional effort.

BALLISTIC MISSILE DEFENSE (BMD)

Taken together, the programs detailed above provide the initial preparation of the U.S., our Allies and partners for the full range of military and full-spectrum threats in the 21st Century.

Some threats have developed to the point where a more direct response is required. At the upper end of the technological spectrum is the spread of nuclear, chemical, and biological weapons and ballistic missiles that can be used to deliver them. Iran already possesses ballistic missiles that can reach parts of Europe and is developing missiles that can reach most of Europe. Iran also continues to threaten one of our key regional allies with its advancing missile technology. In response, the U.S. deployed an X-Band Radar to provide advanced early warning indications. Entirely defensive in nature, the radar provides additional warning time to execute defensive counter-measures. By 2015 Iran may also deploy an Intercontinental Ballistic Missile (ICBM) capable of reaching all of Europe and parts of the U.S.

The proposed U.S. Missile Defense (MD) European Component includes the midcourse tracking radar in the Czech Republic, 10 long range interceptor missiles in Poland (similar to the interceptor missiles based in Alaska and California), and command and control systems. The European locations allow the defense of both Europe and the U.S. against longer-range threats launched from the Middle East. While the U.S. system will provide initial long-range protection to much of Europe, areas of southeastern Europe would still be threatened by shorter-range ballistic missiles. NATO is pursuing a program that integrates national short to medium range MD systems. In essence, the U.S. is primarily focusing on long-range defense while NATO systems are oriented to handle shorter-range threats. Our combined efforts keep the U.S. and NATO collective security closely linked by providing all members of the Alliance with defense against the full range of missile threats.

Russia has expressed opposition to this initiative, claiming it would threaten Russian national security. In fact, the system is purely defensive in nature – it does not carry explosives. The planned 10 defensive interceptors do not pose a threat to Russia’s strategic deterrent force. The Russians are aware of this fact and the U.S. has gone to great lengths to discuss our plans at very senior levels.

OVERSEAS CONTINGENCY OPERATIONS

Technologically sophisticated threats, however, are by no means the only, or even the most dangerous, in the EUCOM AOR.

EUCOM’s number one theater-wide goal remains the defeat of transnational extremist organizations that threaten the United States, its Allies and partners, and its interests. Our multi-layered approach integrates the U.S. Government activities of building partner capacity to combat terrorism, working with partners to promote regional stability in order to diminish the

conditions that foster violent extremism, and denying extremists freedom of action and access to resources.

We will continue our work to deter, interdict, or defeat violent extremism wherever it appears. These efforts involve close cooperation with other Geographic Combatant Commands, the United States Special Operations Command, U.S. Government agencies and departments, and perhaps most importantly, a growing list of foreign partners with the same desire to protect their societies from the threat of terrorism. While much of this collaboration remains outside the public arena, it is vitally important to sustaining a shared view of the enemy threat and enhancing mutual support for counter-terrorism efforts.

As detailed in the Component Activities sections below, EUCOM-stationed forces continue to be heavily engaged in ongoing combat operations in Iraq and Afghanistan, as well as in building partner nation and coalition capacity supporting these operations. 87% of all ISAF/NATO contributors to Afghanistan and 75% of all coalition partners in Iraq came from the EUCOM AOR.

Outside of direct support to combat operations, EUCOM-based forces are in the forefront of promoting the transformation of European militaries. The engagement with, and support to, our Allies and partners underlines the importance of persistent presence of U.S. forces for building effective expeditionary capacity for multilateral theater and global operations.

COMPONENT COMMAND ACTIVITIES

EUCOM's four theater Service Components – U.S. Army Europe, (USAREUR), U.S. Air Forces in Europe (USAFE), U.S. Naval Forces Europe (NAVEUR), U.S. Marine Corps Forces Europe (MARFOREUR), and its functional subordinate unified command for special operations, Special Operations Command Europe (SOCEUR), are responsible for supporting our Theater

Campaign Plan (TCP) and implementation of our Theater Security Cooperation (TSC) program across the AOR. Headquartered in Heidelberg, Ramstein, Naples, and Stuttgart respectively, the Components provide critical capabilities necessary to build military capacity among our partners and allies, support military requirements, and promote vital national security interests through the use of military power.

United States Army Europe (USAREUR)

EUCOM-assigned U.S. Army forces continue to provide extensive support to ongoing combat operations in Afghanistan, Iraq, and throughout the CENTCOM AOR. These forces are heavily engaged in EUCOM's efforts to build partner military capacity while providing an intrinsic expeditionary posture through strategic positioning and power projection of forward-stationed combat formations from sanctuaries in Europe.

Full Spectrum Operations. USAREUR remains decisively engaged in the effort to combat global terrorism and extremism. During the past year, all USAREUR combat brigades returned from, or deployed to, ISAF/Operations ENDURING FREEDOM and IRAQI FREEDOM. The 172nd Brigade Combat Team (BCT) and 2nd Brigade, 1st Armored Division are currently deployed to Iraq. The 1st Armored Division headquarters and 2nd Stryker Cavalry Regiment (2SCR) returned from Iraq and are replacing their battle losses and repairing their critical equipment (RESET program). The 173rd Airborne Brigade Combat Team (173ABCT) returned from Afghanistan, completed their RESET, and is in what is called their dwell window. This is time spent at home station after combat and operational deployments of 12 months or longer and is currently at least 12 months. Additionally, USAREUR has been an essential force provider by deploying the 12th Combat Aviation Brigade; the 18th Military Police Brigade; the

18th Engineer Brigade; and separate Military Police, Engineer, and Signal battalions plus numerous companies/detachments in support of ISAF, OEF and OIF.

USAREUR was the centerpiece of the United States humanitarian assistance mission in Georgia as its conflict with Russia unfolded. The 21st Theater Sustainment Command provided the core of the EUCOM Military Assessment Team (EMAT). Correspondingly, USAREUR provided expertise to the EUCOM Joint Assessment Team (EJAT) as they evaluated Georgia's military capacity and capabilities.

USAREUR continues to provide key logistical support to forces in Kosovo, Iraq, Afghanistan, Africa, and throughout the EUCOM AOR. Likewise, USAREUR is the Army Force headquarters for EUCOM's numerous named contingency operations.

It is imperative that USAREUR, as the Army Service Component Command of EUCOM, have the capabilities, capacity, enablers, and resident core competencies to perform as a Combined Joint Task Force (CJTF) or Combined Joint Force Land Component Commander (CJFLCC) in full spectrum operations across the AOR. A review of EUCOM force capability requirements has shown that USAREUR must retain the current four BCTs and Division HQ structure to deter aggression; promote security and stability; bolster relations with Allies and partners, and project U.S. combat power.

Building Partner Capacity and Coalition Capabilities. The protracted nature of conflict in this dynamic 21st century security environment highlights the increased importance of multinational partnerships and joint/combined interoperability in meeting common security objectives. The persistent presence of U.S. Army forces in Europe is critical to assisting our Allies and partners as they build such capabilities. In addition to the deployment of its own formations, USAREUR plays a leading role in promoting and enabling the transformation of

armies across the EUCOM AOR into effective expeditionary partners for current and future multinational operations.

Since 2005, USAREUR's Joint Multinational Training Command (JMTC) in Germany has trained numerous battalion equivalents from more than 20 Allied and partner nations for deployment to ISAF, OIF, and the KFOR mission. JMTC training focuses on building expeditionary competencies and increasing interoperability between and among partner nations' militaries through collective multinational training. JMTC has the ability to engage in even greater BPC events if the proper authorities can be granted. Existing funding to train and equip General Purpose Forces of coalition partners are limited. To overcome this obstacle, we are working within the DoD and with the DoS to develop a proposal for seeking adequate funding.

Recognizing the importance of its contribution to EUCOM's Strategy of Active Security (SAS), USAREUR continues to execute a robust schedule of bilateral and multilateral exercises across the AOR. While deploying its organic units to the current conflicts, USAREUR is sustaining, redeploying, and resetting those forces upon return from combat. USAREUR employs its remaining forces to execute a wide range of mil-to-mil events and exercises. In FY08, USAREUR conducted 15 such exercises in Albania, Croatia, Georgia, Israel, Morocco, Poland, and Ukraine, as well as a host of others throughout the EUCOM and AFRICOM AORs. These exercises enhanced joint and combined interoperability to lay the foundation for potential future multinational operations. USAREUR has become well-versed in integrating Reserve Component organizations while performing its ASCC mission. The breadth and scope of USAREUR's ASCC, Executive Agent, and Title 10 requirements in support of EUCOM, and a COCOM supporting headquarters to AFRICOM are substantial and continue to evolve. Current and future mission requirements in support of Theater Ballistic Missile Defense may well direct

the USAREUR Air Missile Defense Detachment to increase capability. These requirements are a moving target and will demand considerable flexibility to identify and resource them in the near- to mid-term.

Setting an Expeditionary Posture. USAREUR is executing its plan to consolidate its footprint across Europe on a timeline synchronized with BRAC requirements and the modular transformation of enduring Army forces. By the end of 2009, USAREUR will have transformed into the new Theater Army functional staff configuration. This process is well under way with the merger of V Corps and USAREUR staffs to form a consolidated ASCC headquarters. When all transformation actions are complete in 2015, USAREUR's brigades and separate battalions will be fully restructured and efficiently garrisoned across six Main Operating Bases (MOB): Wiesbaden, Grafenwoehr-Vilseck/Hohenfels, Ansbach, Baumholder, and Kaiserslautern, Germany and Vicenza, Italy.

Although USAREUR is reducing its footprint across the AOR, its forward presence affords unique advantages across the entire range of EUCOM missions. Habitual relationships are foundational to effective BPC initiatives. The relationships between USAREUR's formations and host nation, Allied, and partner nation armies across the AOR pay significant dividends every day for this command. Instilling trust and confidence in our Allies and partners to effectively and efficiently work together in multinational operations is an investment that we are making in regional and global security. It is part of an expeditionary model that catalyzes transformational efforts through more frequent engagement and continuity, builds habitual relationships and trust, and provides opportunities for partners to train alongside formations-- increasing interoperability and expanding confidence and willingness of our allies and partners to participate in multinational operations.

USAREUR's largest AOR expeditionary mission in terms of fiscal resources and troops-to-task commitments is JTF-E. This DoD-directed initiative is designed to support a full time training effort in Romania and Bulgaria. In addition, JTF-E provides the logistical base for United States Air Forces in Europe and Special Operations Command Europe exercises in Eastern Europe and Eurasia. This past winter, USAREUR had commitments from the U.S. Air Force to plan, coordinate, and execute a significant multinational exercise. Likewise, we expect both the Dutch forces and U.S. Marines to hold short rotations in conjunction with JTF-E rotations. USAREUR provides surge staff to support these requirements. USAREUR engineers, in coordination with the U.S. Navy and Army Corps of Engineers, are constructing facilities to support one task force plus trainers and sustainers at both Mihail Kogalniceanu (M-K) Air Base, Romania and Novo Selo Training Area, Bulgaria. Permanent Forward Operating Sites and other training facilities in Romania and Bulgaria have projected completion dates of 2009 and 2011, respectively. In the interim, USAREUR is conducting summer rotations with Army National Guard, select USAREUR formations, and host nation forces at temporary FOS locations. In summation, USAREUR is an invaluable asset to EUCOM as we advance our SAS across Europe and Eurasia in an uncertain future.

United States Naval Forces Europe (NAVEUR)

NAVEUR continues to build and maintain naval leadership and combat readiness to counter any adversary. NAVEUR's assigned fleet, U.S. SIXTH Fleet, demonstrated their operational capabilities through actual Joint Task Force (JTF) and Joint Force Maritime Component Commander (JFMCC) operations during FY08 in support of maritime interdiction operations, JTF LEBANON planning, and Operation ASSURED DELIVERY humanitarian

assistance support to Georgia. In FY09 SIXTH Fleet will re-certify as a JFMCC Head Quarters for full-spectrum operations during exercise AUSTERE CHALLENGE 09.

NAVEUR's forward presence not only strengthens relationships with enduring Allies and emerging partners, it also develops maritime capabilities throughout the region, contributing to regional stability and enabling them to support operations out of their local areas. One of NAVEUR's primary objectives is building maritime partnerships. Over the past year, NAVEUR has focused increasingly on international efforts primarily in the Black Sea-Eurasia region. NAVEUR is using its maritime expertise to support and encourage prosperity and development ashore by improving regional Maritime Safety and Security (MSS). NAVEUR addresses Maritime Safety and Security within partner nations by assisting partner nations in developing an organic capacity to observe, evaluate, and respond in their maritime domain. At the same time these improvements contribute to a global maritime awareness picture focused on improving Maritime Safety and Security around the world.

Maritime Domain Awareness provides participating nations the capability to network maritime detection and identification information with appropriate national defense and law enforcement agencies. Transparency and partnership are vital to its success. The first step to achieve Maritime Domain Awareness is the Automatic Identification System (AIS). AIS is a transponder system that reports ship position and other information similar to the system in use globally for air traffic control. Through NAVEUR initiatives, 23 nations in Europe now share unclassified AIS data through the Maritime Safety and Security Information System (MSSIS).

Nations differ in how they organize and assign responsibility for maritime issues to governmental agencies and organizations. NAVEUR continues to expand engagement of maritime professionals from beyond the host nation's traditional navy to include Coast Guard,

Gendarmerie, Customs, Harbor and Ports Authorities, Hospitals, Police, Fire, and Fisheries departments. These engagements have served to focus efforts on those responsible and most capable to improve Maritime Safety and Security. Additionally, NAVEUR uses the U.S. Navy's Total Force Concept employing its Reserve Component throughout the NAVEUR staff and to supplement manpower and expertise in embassy country teams. Reservists are deployed as Maritime Assistance Officers to assist in planning and executing maritime activities, enabling and enhancing execution of security cooperation.

NAVEUR played a significant role in enhancing maritime safety, security, and cooperation in the EUCOM AOR in FY08. Some examples of our engagement activities during FY08 include:

The Black Sea Partnership Cruise 2008 (BSPC08), the second installment of a U.S.-led initiative to improve NATO interoperability, build Maritime Domain Awareness, and enhance theater security cooperation among Black Sea nations, was conducted onboard USS MOUNT WHITNEY at sea with maritime professionals from five Black Sea area nations (Azerbaijan, Bulgaria, Georgia, Romania, and Ukraine) and NATO observers from four nations (Estonia, Greece, Lithuania, and Poland). Major topics taught or demonstrated during the cruise include NCO development, Shipboard Helicopter Operations, Law of the Sea, Oil Spill Response and Consequence Management exercises, and a robust Visit Board Search and Seizure (VBSS)/Customs Enforcement workshop. Aside from the academic benefits, the BSPC serves to foster an open and collaborative environment among Black Sea nations and to build long term relationships between junior officers that would not otherwise develop.

NAVEUR and SIXTH Fleet commands and units along with several European and North African navies (France, Italy, Malta, Mauritania, Morocco, Portugal, Spain, Tunisia, and

Turkey), conducted a multilateral naval exercise called PHOENIX EXPRESS 2008. This exercise has grown in size and complexity over the last three years and it continues to be a great success in building partner capacity and developing relations, focusing on maritime interdiction, communications, and information sharing. The desire is to expand PHOENIX EXPRESS 2009 to include navies from Algeria, France, Greece, Italy, Malta, Morocco, Portugal, Spain, Tunisia, Turkey, Senegal, and possibly others.

The 36th annual Baltic Operations Exercise 2008 (BALTOPS 08) with 13 participating nations, (Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Netherlands, Poland, Sweden, Russia, United Kingdom, and the United States) was a EUCOM-directed, NAVEUR-sponsored, and U.S. SIXTH Fleet-executed multinational exercise conducted in the spirit of Partnership for Peace (PfP). This exercise tested U.S. and our key maritime partners' abilities to operate and protect Europe's sea lines of communication against highly capable submarine threats.

In response to the increasing ballistic missile threat to this AOR, NAVEUR is leading an urgent effort to develop the requirement for ballistic missile defense (BMD) command and control capability both ashore and afloat. NAVEUR, in collaboration with NAVCENT, war gamed scenarios to develop a command and control architecture for a BMD capable Aegis ship operating in defense of Eastern Mediterranean nations.

Naval Mobile Construction Battalion Four (NMCB-4) deployed a 25 person detachment to Romania (Mihail Kogalniceanu Air Base, Constanta) and Bulgaria (Novo Seio Training Area, Silven) in FY08. The CB Detachment conducted HCA in Romania and exercise related construction (ERC) in Bulgaria in support of the JTF-E Commander's forward basing initiative.

Explosive Ordnance Disposal Mobile Unit Eight (EODMU-8), a forward deployed NAVEUR EOD command consisting of 170 personnel, supported a total of seven combat deployments in 2008 to OIF and OEF.

NAVEUR and Navy Region Europe continue to exercise and refine the Task Force Consequence Management (CM) structure to respond to “all-hazard” CM events in the EUCOM AOR. In FY08, NAVEUR and Navy Region Europe conducted a Pandemic Influenza Table Top Exercise with the Italian Government. Over 100 participants met at the Lazzaro Spallanzani National Institute for Infectious Disease in Rome in order to clarify the authorities, responsibilities, and roles of participating agencies in an integrated, comprehensive response to pandemic influenza.

The infrastructure at NAVEUR bases sustains the combat readiness of permanent, rotational and surge naval forces, as well as that of other Service Component forces. NAVEUR transformation, in support of the Integrated Global Presence and Basing Strategy, has reshaped the U.S. Navy’s footprint in Europe to support operations south and east into Africa and Eastern Europe. NAVEUR’s transformation efforts over the past five years have closed NAS Keflavik, Iceland, U.S. Naval Activities, United Kingdom, and Naval Support Activity La Maddalena, Italy. Joint Maritime Facility St. Mawgan, United Kingdom is proposed to close in FY09 while the port of Gaeta, Italy will realign under NSA Naples. This will leave Naval Forces Europe with four enduring bases. The enduring bases at Rota, Spain; Sigonella, Italy; and Souda Bay, Greece are strategically located across the Mediterranean to provide flexible and highly capable inter- and intra-theater logistic support. The base at NSA Naples, Italy provides a consolidated command and control location for Headquarters, NAVEUR and SIXTH Fleet in close proximity

to the NATO operational Headquarters of Allied Joint Forces Command Naples and Striking and Support Forces NATO.

From a basing and infrastructure perspective, the base closure phase of NAVEUR transformation is substantially complete. NAVEUR is shifting the focus of its transformation efforts ashore to developing a Joint framework that enables alignment between Navy infrastructure and validated Combatant Commander requirements. Navy Installations are increasingly critical to supporting current and proposed future operations of the Geographic and Functional Combatant Commanders. Existing processes and procedures do not provide adequate and timely visibility of COCOM, NATO, and other U.S. Agency requirements. In order to integrate COCOM/NATO/USG Agency requirements into the Service resourcing processes, NAVEUR is participating in the development of Theater Asset Management for application at key Navy Installations with joint value such as NAVSTA Rota, NAS Sigonella and NSA Souda Bay. The three key components of Theater Asset Management (joint manning, joint processes and governance, joint standards and criteria) are critical to NAVEUR's effort to advance the art and science of transformation beyond its Service-specific origins and realize a cross-Service, cross-COCOM, cross-agency linkage between capability, capacity, infrastructure and requirements.

United States Air Forces Europe (USAFE)

USAFE is a key force provider in the form of tactical combat air forces, tanker, and airlift assets for EUCOM, OIF, ISAF, and OEF. In 2008, USAFE units flew over 26,000 combat-fighter hours, nearly 4,000 tanker/transport hours, and trained 18 NATO Joint Terminal Air Controllers (JTAC) from 7 countries supporting peacekeeping operations in Kosovo, OIF, ISAF, and OEF. USAFE has deployed six of its eight fighter squadrons, 100 percent of its heavy airlift

and tanker squadrons, and a large percentage of its Airmen in support of global operations. To plan and execute EUCOM's quick-strike capability, USAFE operates a fully functional Falconer Air Operations Center (AOC). In addition, USAFE's deployed Control and Reporting Centers support OEF, ISAF and OIF with persistent round-the-clock wide-area surveillance, common tactical picture fusion and distribution, and tactical air battle management and control capability from Kandahar AB, Afghanistan and Al Udeid AB, Qatar.

Direct support of current multinational operations is provided by nearly all USAFE bases and units. USAFE main bases and Geographically Separated Units (GSUs) throughout the EUCOM AOR enable Global Attack, Global Mobility, CORONET (movement of air assets, primarily fighter aircraft), Air Bridge, Force Extension and Theater Support air refueling missions. USAFE air mobility hubs at Incirlik AB in Turkey, Ramstein and Spangdahlem Air Bases in Germany, Moron AB in Spain, and RAF Mildenhall in the U.K. enable crucial logistical support of U.S., Allied, and coalition forces fighting in the CENTCOM AOR. Meanwhile, Lajes AB in the Azores (Portugal) provides vital throughput for combat and mobility air forces alike. USAFE also directly supports our wounded Airmen and brothers and sisters in arms. USAFE's 435th Contingency Aeromedical Staging Facility at Ramstein processed 12,787 patient movements – as many as 94 in a single day – during the past year. USAFE's 86th Aeromedical Evacuation Squadron is directly involved in providing airborne medical support for many of these patients from Iraq to Ramstein AB and on to CONUS-based medical facilities. Sick and wounded patients received at Ramstein AB are treated at Landstuhl Regional Medical Center (LRMC). LRMC, a jointly staffed Medical Treatment Facility (MTF) with permanently assigned Army and Air Force medical staffs and considerable deployed augmentation from the Navy and Air Force, is the largest MTF in the world for contingency support medicine and the only

Secretary of Defense designated Level 3 MTF in support of OEF and OIF. Once stabilized, LPMC patients are sent on to the U.S. for additional care.

In addition to fully supporting ongoing combat operations, USAFE, as the air component to EUCOM, provides full-spectrum air, space, and cyberspace capabilities and options. USAFE promotes regional stability through focused theater engagement and supports combat operations, humanitarian assistance, and Ballistic Missile Defense (BMD). USAFE is also EUCOM's lead agent for personnel recovery, theater air mobility and aeromedical evacuation. As the designated Area Air Defense Commander (AADC) for EUCOM, USAFE took an initial step to deliver integrated ballistic missile defense by installing a Command, Control, Battle Management, & Communication (C2BMC) suite in its 3rd AF Air Operations Center. C2BMC provides the commander with BMD situational awareness and the capability to rapidly identify and track ballistic missile threats for early warning and possible defensive counter-measures. In an effort to ensure overall mission success as EUCOM's Air Component, USAFE annually revalidates its full spectrum capability during Joint Exercises like AUSTERE CHALLENGE.

USAFE also plays a vital role in EUCOM's Strategy of Active Security (SAS) and Theater Campaign Plan. In support of the SAS and theater engagement, USAFE participated in over 450 TSC events in 44 countries. This includes USAFE support to events such as MEDCEUR 2008, a multinational medical training exercise in Croatia. This "In the Spirit of" Partnership for Peace (PfP) JCS-sponsored regional, multinational exercise in Central and Eastern Europe, integrated the Air National Guard (ANG), Air Force Reserve Command (AFRC) and 320 participants from 14 different countries in crisis response, humanitarian assistance, disaster relief, and foreign consequence management operations. MEDCEUR 2008 culminated

in a one week mass casualty training exercise to challenge and test first responders, triage and stabilization procedures, and medical evacuation.

USAFE's operational theater engagement highlights include support to NATO and Mobility Operations. USAFE provided continuous Combat Air Patrols in the skies over Bucharest, Romania during the NATO Summit. This effort included fighter, mobility and support forces from five separate USAFE Wings. In support of the NATO Baltic Air Policing mission, USAFE deployed four F-15Cs to Lithuania for three months. These fighters maintained a constant 24-hour alert, ever-ready to intercept aircraft which might violate the air sovereignty of Estonia, Latvia or Lithuania. Additionally, USAFE executed the largest air exercise since the fall of communism in the Baltic region. American fighter and tanker aircraft, joined by Polish and Danish air forces and guided by Baltic weapons controllers, participated in an exercise that clearly demonstrated NATO alert force capability as well as a commitment to the defense of Allies. Finally, at the first call for Georgian Humanitarian Assistance, USAFE airlifters flew over 220 tons of cargo and 164 passengers in 115 sorties logging over 460 flight hours.

A vital component of USAFE's presence in theater is cooperation and interaction with our NATO Allies. USAFE conducted 19 JCS exercises in 16 different countries. NORTHERN VIKING 08, conducted in Keflavik, Iceland, provided training and experience in joint and combined air defense, sea surveillance, public relations, and counter-terrorism for U.S. and NATO forces and successfully demonstrated continued support to U.S. treaty commitments to Iceland.

USAFE is collaborating with 12 other nations to achieve a Strategic Airlift Capability (SAC) based in the European Theater. The SAC will provide dedicated and timely access to global C-17 airlift to each of 12 participating nations: 10 NATO Allies, including the U.S., plus

Sweden and Finland. This consortium is implementing a multinational military Heavy Airlift Wing (HAW) at Papa Air Base, Hungary. The HAW will be comprised of military members from each of the 12 participating nations and will operate 3 C-17 aircraft. The C-17s will support NATO, EU, UN, and sovereign operations. Of the approximate 151 HAW personnel, 41 will be U.S. Air Force members. The HAW Commander is expected to declare Initial Operational Capability (IOC) later in 2009 when the unit is ready to assume its full range of missions with its first C-17 aircraft.

To further interoperability and extend capacity of limited U.S. Intelligence, Surveillance, and Reconnaissance (ISR) assets, USAFE continues to explore expansion of its traditional intelligence exchanges, while investigating new opportunities with partner nations. USAFE aggressively pursues the opportunity to work with partner nations which now possess, or are developing, airborne ISR capabilities. Robust coalition operations can be realized by building on these relationships and standardizing tactics, techniques, and procedures (TTPs).

In addition, USAFE and partner nations are simultaneously pursuing methods to integrate ISR architectures and leverage coalition assets to satisfy mutual requirements. For example, USAFE is engaged in an intelligence initiative with the U.K. to develop a shared/integrated net-centric ISR capability to support coalition partners. These actions have provided much-needed manpower relief and additional insight into complex problem sets for both USAFE and CENTCOM. Moreover, USAFE's Distributed Ground Station (DGS-4) began SIGINT Mission Management last fall and obtained a multiple-intelligence methods collection capability, improving accuracy and timeliness of actionable intelligence for theater warfighters. This was a combined operations engagement entailing 24-hour operations in support of the NATO Summit in Bucharest.

USAFE, as a service Major Command, provides Administrative Control (ADCON) of Seventeenth Air Force (17 AF), the Air Force Component assigned to AFRICOM. 17 AF (AFAFRICA) was stood up with IOC on 1 Oct 08 and plans to meet FOC by 1 Oct 09. During this build-up period, USAFE's 3 AF Air Operations Center (AOC) has supported 17 AF with air, space, and cyberspace capability as necessary to carry out AFRICOM mission requirements.

Looking toward the future, USAFE will recapitalize the vast majority of its aircraft with next generation variants. Starting in March 2009, sixteen Vietnam-era C-130E models will be replaced by C-130J models that provide both increased range and payload capability. Next will be the replacement of the U-2 with the RQ-4 Global Hawk at NAS Sigonella, as approved by the Italian government last April. Beddown of the Global Hawk support assets will be complete by December of this year with the first aircraft scheduled to arrive in the second quarter of 2010. Five F-35 squadrons will be replacing our air-to-ground fighters over the next 13 years. USAFE is working aggressively to accelerate delivery of the F-35 to the EUCOM theater to be concurrent with our F-35 NATO program participants Denmark, Italy, the Netherlands, Norway, Turkey, and the U.K.. This earlier delivery will allow USAFE to lead NATO, encourage transformation, deter future threats, and leverage coalition basing, tactics and training. In addition, starting in 2015, the current Combat Search and Rescue (CSAR) squadron is planned to begin to grow into a full CSAR Group to include a robust CSAR-X squadron, HC-130s, and Guardian Angel Weapon System (GAWS). This forward deployed Group will provide expeditionary CSAR support, to meet EUCOM and other COCOM demands. These assets will also be used to continue to develop an internal NATO capacity for out-of-area CSAR operations.

United States Marine Forces, Europe (MARFOREUR)

MARFOREUR continues to conduct operations, exercises, training, and security cooperation activities in the region through the employment of a small staff of both active duty and RC Marines. MARFOREUR optimizes the smallest commitment of forces or senior level visits by focusing them in priority areas. MARFOREUR also assisted in Marine Forces Africa's (MARFORAF) standup as a Service Component of AFRICOM and continues to provide consolidated administrative headquarters functions.

The majority of MARFOREUR's activities were focused on the Black Sea-Caucasus and West Africa-Gulf of Guinea regions. MARFOREUR participated in 11 exercises and 45 separate mil-to-mil events throughout Europe and Africa. Eleven DoS-sponsored African Contingency Operations Training Assistance (ACOTA) events were conducted prior to the standup of AFRICOM that resulted in the training of six separate African nations in preparation for United Nations or African Union peacekeeping missions.

U.S. Marine Corps prepositioned equipment plays an important role in supporting EUCOM's contingency plans and its Strategy of Active Security. MARFOREUR seeks to enhance its ability to rapidly deploy forces into the AOR by conducting maritime prepositioning force (MPF) exercises and utilizing equipment stored in Marine Corps Prepositioning Program – Norway (MCPN) in support of exercises and operations whenever possible. During the conduct of humanitarian assistance operations in Georgia, equipment supplied from MCPN contributed to the overall relief effort.

The High Speed Vessel (HSV) is an asset that enables more frequent, focused engagement activities with coalition and emerging partners across the EUCOM AOR. The vessel provides persistent "soft presence," and enhances our strategic lift capability by bridging the gap between low speed sea lift and high speed air lift, and enabling a broad spectrum of missions.

The Joint High Speed Vessel (JHSV) is a key piece of the SEABASING architecture. It will enable rapid closure of Marines to the sea base from forward-deployed advanced land bases, logistics movement from MPF ships to amphibious ships, ship-to-ship replenishment, and, in appropriate threat environments, maneuver of assault forces to in-theater austere ports.

In 2008, MARFOREUR and NAVEUR conducted the inaugural Africa Partnership Station (APS) deployment aboard the USS FORT MCHENRY, thus initiating a new era of naval BPC operations in the AOR. In March, the West Africa Training Cruise (WATC) 08 demonstrated current SEABASING capabilities utilizing existing platforms and equipment. CTF-365 had four ships under tactical control, the USS FORT MCHENRY, the High Speed Vessel (HSV-2) SWIFT, and two maritime prepositioning squadron ships, the USNS BOBO and USNS WHEAT. The Naval force aggregated the sea base off the coast of Liberia from different origins and assembled maritime prepositioned equipment via tactical connectors. Once assembled, the task force was employed ashore via HSV to support a humanitarian effort, delivering supplies to clinics, hospitals, and schools. Upon conclusion, the task force reconstituted aboard the sea base and all vessels redeployed to conduct their separate follow-on missions.

In Europe, prior to the recent conflict in Georgia, MARFOREUR coordinated a HMMWV driver training program that contributed to the sustained rotation of a Georgian brigade through OIF. MARFOREUR will continue to seek similar engagement opportunities in this strategically important region and will capitalize on ODC initiatives and partner nation interest in the full range of Marine Corps capabilities such as NCO development, maintenance management, intelligence capacity building, and communications support.

MARFOREUR support to the Joint Exercise Program relies largely on the Marine Corps Reserve, offering unique annual training opportunities to U.S.-based forces while mitigating the impact of limited active duty force availability. Additionally, MARFOREUR conducts exercises in the region involving Marine units up to the battalion/squadron-size level, again utilizing the RC as the primary force provider. These exercises will increasingly integrate MPF and prepositioned equipment in support of the developing joint SEABASING concept as well as enhancing Marine Corps expeditionary warfare capabilities.

As the executive agent within DoD for non-lethal weapons (NLW), the Marine Corps, through MARFOREUR, conducted NLW education and training programs involving both existing and emerging partners. This year, by integrating NLW weapons training into JTF-E rotations, MARFOREUR conducted NLW training with over 500 military personnel from Romania and Bulgaria. Current equipment sets facilitate a basic NLW capability, however the next generation of NLW will utilize cutting-edge directed energy technologies to provide Marine units as well as joint and combined forces the option of selectively escalating levels of force with reversible effects, thus giving commanders more time to make decisions in uncertain environments and avoid undesirable effects.

United States Special Operations Command, Europe (SOCEUR)

SOCEUR efforts at countering terrorism in 2008 focused on expanding European SOF partnerships and capacity through the Partner Development Plan and by improving the counter-terrorism capability of North African partner nations through OEF-TS. In his role as director of the NATO Special Operations Coordination Center (NSCC), COMSOCEUR directed the development of common Terms of Reference as well as standardized doctrine and training for NATO Special Operations to enhance SOF integration and interoperability within the Alliance.

Finally, following the stand-up of AFRICOM in October 08, SOCEUR implemented a transition team to support the establishment of SOCAFRICA as a sub-unified command. SOCEUR then undertook a comprehensive evaluation that redefined its roles and missions to focus on the dynamic European security environment, upon completion of transfer of responsibilities of OEF-TS to AFRICOM.

SOCEUR's operations in the Trans-Sahara region gained momentum and made increased progress towards building a capable counter-terrorism capacity to enable governments to conduct operations against violent extremists operating within their borders. Partner enthusiasm and support for this capacity building was evident during JCS Exercise SILENT WARRIOR in May 2008, when nine African and three European partner nations executed a combined counter-terrorism exercise across an area larger than the entire continental United States. In September 2008 fifteen partner nations contributed a total of 567 personnel to JCS Exercise FLINTLOCK 2008 in a combined counter-terrorism exercise in four African and one European nation. These highly successful exercises forged relationships and developed a common understanding among participants about how to proceed against an insidious and mutual threat to regional security.

SOCEUR conducted 29 Joint Combined Exchange Training (JCET) events and 13 Bilateral Training Events in 27 countries during 2008. These events have continued to develop our European and OEF-TS partner nations into more capable, professional Special Operations Forces, with the added benefit of increased political support and commitment from their political leadership.

When OEF-TS transfers to SOCAFRICA, SOCEUR will increasingly shift its focus towards building partner SOF capacity in Europe along three lines of development: continuing support for the NATO SOF Transformation Initiative; expanding SOCEUR-led, bilateral Partner

Development Plan activities; and sustaining 1-10 SFG component deployments to ISAF. These initiatives directly support EUCOM's objective to enhance partner and Allied SOF capability and generate increased SOF capacity for deployment to NATO missions and other expeditionary operations.

Beginning with just a handful of loaned U.S. personnel, the NSCC became a true coalition organization by the end of 2007, reaching IOC with voluntary national contributions of 81 personnel from France, Germany, Italy, Spain, the U.K., and the U.S. There are currently 23 nations represented in the NSCC, the largest standing coalition of SOF in the world. The NSCC, as the NATO SOF proponent, continues to generate increased desire and willingness on the part of Alliance and partner nations to contribute additional SOF to NATO operations in Afghanistan.

SOCEUR conducted JCS Exercise JACKAL STONE 08 to continue partner development in support of EUCOM Strategy of Active Security, to conduct CJSOTF training for forces deploying to Afghanistan, to enhance partner special operations training, and to exercise in the unique training environment offered by participating nations. Approximately 1,420 personnel from eight European nations participated in this month-long exercise.

The SOCEUR Partner Development Plan (PDP) remains the catalyst to allow our European partners to take a more proactive role in global defense efforts where our national interests intersect, and in the future this may lead to strategic relief for deployed U.S. SOF. PDP has recently been designated a Program of Record. As a direct result of the SOCEUR Partner Development Plan and NSCC initiatives, NATO SOF contributions to ISAF increased the number of deployed NATO Special Operations Task Groups to ISAF from two in 2007 to eight by the end of 2008--representing a 400% increase in NATO SOF combat power.

In 2007, SOCEUR expanded its efforts in Afghanistan by deploying a Special Operations Task Group (one U.S. Special Forces company and associated staff officers) to support ISAF. This deployment was a tangible example of U.S. commitment to NATO success and demonstrated the ability to further increase NATO SOF capacity in Afghanistan. SOCEUR will continue to sustain this rotational deployment of component forces to ISAF which serves to demonstrate best practices to our SOF partners, reinforces U.S. commitment to ISAF / NATO and allows more capable SOF to mentor others.

In FY09, SOCEUR plans to conduct 42 different engagement events with 21 countries within the EUCOM AOR and 40 JSOTF-TS engagements in 11 African nations. In addition to JCETs and bi-lateral training, SOCEUR supplements its tactical efforts by bringing senior officers and civil authorities from partner nations together to attend seminars and courses to promote exchanges about military aspects of good governance and interagency coordination. Furthering these themes, the Command's information operations and civil military support actions have focused on humanitarian activities, with messages designed to erode popular support for violent extremist organizations.

SOCEUR continues to deploy component forces and staff members to OEF/OIF and contributes to EUCOM's initial crisis response force. During 2008, the Command deployed crisis response teams to Chad and the Republic of Georgia as well as an assessment team to the Democratic Republic of the Congo. In the 4th quarter of 2009, SOCEUR will conduct a major SOF exercise in Central and Southeastern Europe, involving up to seven nations and multiple U.S. agencies and military commands in order to further develop European partner SOF capacity and validate the Command's crisis response capabilities.

THEATER INVESTMENT NEEDS

Both EUCOM and component activities require infrastructure for fixed facilities, mobility, prepositioning of equipment, and interoperability. EUCOM's ability to continue its transformation and recapitalization in Europe will depend in large measure on the investment provided for military construction (MILCON), Strategic Mobility and Maneuver programs, Quality of Life programs, Theater Command, Control and Communications Systems, ISR, and Pre-positioned Equipment.

Theater Infrastructure

EUCOM advocates MILCON investment in enduring installations that support EUCOM transformation. While we resist investing MILCON in non-enduring installations, we must continue to use sustainment, restoration and modernization (SRM) funds and other resources to maintain these installations until all the Soldiers, Airmen, Sailors, civilian employees and their families depart and the installations are removed from the inventory.

Previous annual MILCON authorizations and appropriations have enabled EUCOM to modernize infrastructure, basing and housing facilities. These authorizations and appropriations have supported our theater strategy by providing enduring infrastructure from which to operate. As these were discussed in detail in the 2008 EUCOM posture hearings, they will not be recapitulated here.

We must anticipate infrastructure requests beyond FY09 for our future force structure. These investments will enable us to eliminate substandard housing and includes projects that will pay dividends as we divest non-enduring bases and consolidate our forces into more efficient communities.

EUCOM's future requirements will form the basis for our Strategic Theater Transformation and Military Construction requests. For FY10, these will be available after the Administration finalizes the FY10 budget submission.

NATO Security Investment Program (NSIP)

The NATO Security Investment Program (NSIP) reduces the need for MILCON and SRM money to fund many of EUCOM's operational infrastructure requirements. Through EUCOM's continuous and collaborative dialogue with NATO and host nation military staffs, the Command has successfully planned, programmed and benefitted from over \$640 million in NSIP investment since 2004. This investment has increased operational capabilities at nearly all of EUCOM's Main Operating Bases and Forward Operating Sites on projects ranging from harbor dredging and hydrant fuel systems, to aircraft parking and maintenance facilities. NATO identifies infrastructure requirements through Capability Packages, which are statements of military capabilities required to meet NATO military requirements. Our involvement in emerging Capability Packages will likely include funding for projects to enhance operational capabilities for strategic air transport, air-to-air refueling and theater-wide fuel distribution and storage.

STRATEGIC MOBILITY AND MANEUVER

Because facilities and forces must be effectively linked, sea lift, strategic and tactical airlift, and ground transportation systems are essential elements of EUCOM's Strategy of Active Security. Meeting the objectives of this strategy, particularly robust BPC activities, requires dependable and available transport. Further, we envision increased lift requirements to support the increased engagement in Africa facilitated by AFRICOM whose organic lift capability is severely limited. Equally important, our ability to respond rapidly to crises depends on readily

available strategic lift platforms capable of covering the vast expanse of our AOR--the distance between Central Europe and Sub-Saharan Africa is equivalent to that between Europe and California. EUCOM's current fleet of C-130s, which cannot carry out-sized cargo, lack the range or capacity to support the rapid movement of forces or humanitarian assistance throughout the theater. To this end, EUCOM will continue to pursue increased organic tactical and strategic lift capability to enable the full range of engagement and contingency activities. We appreciate the support in the FY08 NDAA for the Strategic Airlift Capability and look forward to the successful implementation of the SAC program and its associated Memorandum of Understanding.

The mobility infrastructure within Europe and Africa continues to be an integral part of the national strategic mobility effort. In recent years, EUCOM has inherited significantly increased responsibilities in, and through, our theater directly supporting current global operations. EUCOM is meeting that challenge, and simultaneously fulfilling our existing mission requirements of training and engagement with Allies and partners, through key programs of support.

In the near term, EUCOM is actively addressing emerging requirements to the south and east, including en-route expansion possibilities and locations, new air and sea port uses, and continued support to AFRICOM and CENTCOM AORs. From FY06 to FY09 EUCOM successfully planned and executed \$81M in MILCON for four EUCOM en-route infrastructure projects. During this same time frame, EUCOM's enroute locations benefited from over \$65M in NATO Security Investment Program (NSIP) funding, off-setting additional MILCON costs.

Future EUCOM enroute infrastructure requirements will continue to be shaped by emerging global access demands from changes in the long-term EUCOM force posture, seam

regions such as the Caucasus and Central Asia, trans-regional mobility support to CENTCOM, continued support to AFRICOM, and NATO/ISAF operations.

Pre-positioned Equipment

Pre-positioned equipment reduces demands on the transportation system and appreciably shortens its response time. Continued support of the Services' Pre-positioned War Reserve Materiel (PWRM) programs also demonstrates commitment through presence and preserves a broad spectrum of traditional crisis response and irregular warfare options globally. As we transform and transition to a more expeditionary posture, there is a heightened need for PWRM equipment sets configured to support both kinetic and non-kinetic operations, positioned in strategically flexible locations. Transformation of prepositioning to support has taken on new urgency in light of the U.S. actions in Operation ASSURED DELIVERY.

All four Services maintain PWRM in EUCOM's AOR, either on land or afloat. USAFE continues to maintain PWRM at main operating bases within the theater, with centrally managed storage sites in Norway and Luxembourg. Equipment includes Basic Expeditionary Airfield Resources (BEAR) kits postured for global use, as well as multiple classes of flight line support equipment for exercises, maneuvers, and operations in the EUCOM AOR. USAFE also maintains a stock of pre-positioned equipment in the U.K. for support of Global Strike Command bomber beddown.

Many stocks have been drawn down to support ISAF, OEF, and OIF and will not be reset until at least 2015. Over two-thirds of the Marine Corps Pre-positioning Program-Norway (MCPN) stocks were withdrawn in direct support of OIF and OEF. Equipment was also drawn out of the EUCOM Maritime Pre-positioned Force (MPF) program to outfit additional combat units in support of the Marine Corps expansion. The Department of the Army's Heavy Brigade

Combat Team (HBCT) pre-positioned set from Camp Darby near Livorno, Italy is being used to support operations in Iraq and Afghanistan as well.

Continued Service investment in this capability is necessary to ensure that a fully flexible range of military operations remains available to Combatant Commanders. EUCOM is actively involved in DoD-led studies examining the global disposition of PWRM and is working to ensure our strategic direction and operational requirements are incorporated in these studies and ultimately in an overarching DoD prepositioning strategy, beyond traditional "war reserve."

INTEROPERABILITY AND LOGISTICS

Partner and Coalition Interoperability

Interoperability enables us to build effective coalitions and improves the logistics of even single-nation operations.

COMBINED ENDEAVOR (CE) is the largest and most powerful Security Cooperation, Communications, and Information Systems exercise in the world. It is sponsored by EUCOM and brings NATO, PfP members, and other nations together to plan and execute interoperability scenarios with national systems in preparation for future combined humanitarian, peacekeeping, and disaster relief operations. Further, results are published in the CE Interoperability Guide, enabling multinational communicators to rapidly establish command and control systems for the force commander. The rapid integration of past participants into the UN Mission in Lebanon, tsunami relief, ISAF deployments and multinational divisions in OIF were salient examples of COMBINED ENDEAVOR'S effectiveness. CE '08 emphasized network security, multinational common operational picture, friendly force tracking, as well as information sharing and collaboration with NGOs. CE '08 provided communications support to Exercise MEDCEUR, affording CE participants a venue to address TTPs in an operational environment.

The Coalition Warrior Interoperability Demonstration (CWID) is an annual event that enables the COCOMs and the international community to investigate command, control, communications, computer, intelligence, surveillance, and reconnaissance (C4ISR) solutions that focus on relevant and timely objectives for enhancing coalition interoperability. CWID investigates information technologies that will integrate into an operational environment within the near term. CWID is also a venue for information technology development or validation of fielded or near-fielded commercial, DoD, and partner systems to reduce fielding costs or programmed transition timelines.

As has been described above, EUCOM has significant competencies, relationships, and resources to draw upon in order to promote security and stability throughout the region. One of the primary ways that we mitigate the risk to our own security is through building strong relationships with our partner nations. Our Security Cooperation programs form a foundation for shared and interoperable capabilities to respond to contingencies.

Reform of the Security Cooperation Framework is crucial to the achievement of national strategic objectives in the EUCOM AOR, including those related to supporting coalition operations in Iraq and Afghanistan, dealing with Russia and its actions in Georgia, maintaining U.S. leadership in NATO, and strengthening the Alliance.

As the Secretary of Defense has stated, the “U.S. strategy is to employ indirect approaches – primarily through building the capacity of partner governments – to prevent festering problems from turning into crises that require costly and controversial direct military intervention.” In Europe, this strategy not only helps nations provide for their own security and maintain stability within the region, but also enables many Allies and partners to *export* security to other regions, most notably as contributors to coalition operations in Iraq and Afghanistan.

Both directly and indirectly, our BPC efforts reduce the burden on U.S. military forces and advance U.S. strategic interests.

Our BPC efforts encompass a wide range of activities, including training individual units, modernizing and transforming military forces, educating current and future military leaders, and developing the defense institutions of Allies and partners. They require a Security Cooperation Framework that enables strategic planning and application of resources to achieve national objectives. They also require a whole-of-government approach supported by robust military *and* civilian capacity. However, existing Security Cooperation authorities, procedures, resources, and interagency coordination mechanisms do not adequately support a strategy based on building partner capacity. Limited resources and the proliferation of multiple, complex, restrictive authorities and processes, each with their own set of rules and management procedures, significantly constrain our ability to plan, make commitments to Allies and partners, respond to strategic events, and execute operations and activities to achieve U.S. strategic objectives in Europe. Furthermore, the lack of interagency unity of effort undermines our ability to capitalize on opportunities to achieve national security objectives in the EUCOM AOR.

Recent initiatives, such as Section 1206 of the 2006 NDAA, Building Capacity of Foreign Military Forces, have partially mitigated some of these shortcomings. These and other measures are important first steps toward the more comprehensive reform of the Security Assistance Framework that is required to execute the strategy outlined by Secretary Gates. Such reform should streamline existing Title 10 and 22 authorities, facilitate strategic planning and application of resources, increase responsiveness and effectiveness in meeting emerging requirements, enhance interagency coordination to permit whole-of-government approaches, and -- as the Secretary of Defense has proposed elsewhere -- increase the capacity of the State

Department and other civilian agencies to support building partner capacity. These reforms are essential to executing our strategy to achieve national objectives.

THEATER COMMAND, CONTROL, AND COMMUNICATIONS SYSTEMS, AND ISR

Communicating and sharing information across an expansive theater are critical capabilities and essential enablers of our Nation's strategic mission. Whether conducting activities within the EUCOM AOR or supporting other COCOMS, the ability to command & control forces is provided by EUCOM and its partners' Command, Control, and Communications (C3) network infrastructures. In order to continue our warfighting dominance, we must continue to evolve how we use this valuable asset, and at the same time, maintain and protect it.

The U.S. increasingly relies on its network of coalition partners to carry out missions abroad. Participating nations bring unique hardware, software, data structures, information, and capabilities for command and control purposes. Investments in international communications standards enable interoperable solutions for sharing of operational information. Continued development of information sharing policies enables commanders to make better decisions using timely and reliable knowledge. Together, interoperable standards and policies that facilitate information sharing will help to bridge the gap between differing systems effectively enabling command and control during coalition and combined operations.

Our Strategy of Active Security places forces in regions not currently supported on a day-to-day basis by the Global Information Grid (GIG). Establishing network capabilities to support operations in remote areas can only be accomplished with reliable and responsive satellite resources. Military Satellite Communications (MILSATCOM) can provide this capability, enabling the joint force secure access to critical C³ ISR and logistics information. In order to

achieve a high level of agility and effectiveness in a dispersed, decentralized, dynamic, and uncertain operational environment, we must maintain our MILSATCOM infrastructure, ensuring it is ready, robust, and available on demand.

Today, current MILSATCOM systems are fragile and over-utilized. The proposed replacement architecture is plagued with delays and unacceptable disconnects between space and ground segments

Cyber attack activity is on the rise. Our increased reliance on network capabilities and the value of information riding on those networks becomes ever more critical. While a network-centric, web-enabled force offers a tremendous advantage in carrying out nearly every dimension of our national strategy, it will be our greatest vulnerability if left inadequately protected. The “cyber riot” in Estonia, coupled with the cyber attacks associated with the Russian incursion into Georgia, are demonstrations of potential havoc that can be created by a well-resourced and technically advanced opponent. Essentially, the network is our most vital non-kinetic weapon system. We must continue to support initiatives for defending our networks and building our cyber operations force.

Without continued improvements to information sharing and interoperable solutions, we limit our coalition capabilities. Without a well-maintained and protected communications infrastructure, our ability to command and control military forces becomes severely degraded. We must continue efforts to safeguard, resource, and exploit the tools enabling the most powerful weapon in our arsenal: information and the knowledge it can engender.

QUALITY OF LIFE (QOL) PROGRAMS

Quality of Life programs and services are vital contributors to our warfighting effectiveness within the European theater. Our warfighters and their families continue to endure real and perceived hardships in an operational overseas environment impacted by transformation and extended deployments. As we transform to meet emerging mission requirements, we owe it to our service and civilian members and their families to provide a safe, productive, and enriching environment. I am committed to helping improve this environment and sustain appropriate entitlements that compensate our servicemembers for their sacrifices. Our collective efforts should match their commitment to duty and country with a pledge that we will strive to provide them with a standard of living comparable to that of the society they have committed to defend.

EUCOM's top QoL issues are: deployment and counseling support for service members and families; support for Child, Youth, and Teen programs; predictable access to healthcare; and servicemember benefits and entitlements especially adequate housing and support for dependent education programs provided by the DoD Dependent Schools – Europe (DoDDS-E). The importance of these programs is magnified in an overseas environment where members and families cannot rely on off-base options as they do in the U.S.

Deployment and Counseling Support

Protracted combat operations and associated tempo and casualties have critically increased the immediate and future mental health requirements of our servicemembers and their families. Multiple studies identify the requirement for increased mental health support to military and family members including the DoD Mental Health Task Force recommendations

which recommended that Congress provide adequate assessment and appropriate mental and behavioral health care.

Because supplementing overseas counseling through off-base providers is extremely challenging due to differences in language and standards of care, Component Commanders have identified the need for additional mental health providers and technicians to provide evaluation, counseling, and when required, physiological treatment referral for EUCOM military and family members.

Child, Youth and Teen Programs

EUCOM and our Service Component Commands consistently receive requests for increased support of child development centers, school age programs, and youth and teen programs and services. Forty-four percent of EUCOM's civilian and military personnel have children. EUCOM is dedicated to supporting child, youth, and teen programs such as the child care subsidy, after school programs, summer camps, summer enrichment and summer school programs, gang prevention and awareness programs, and Drug Abuse Resistance Education (D.A.R.E.).

Off-base options for child, youth and teen programs are limited by culture, language barriers, lack of U.S. standards of care and quality, availability, and above-average costs compared with those at U.S.-based military communities. A recent EUCOM-wide analysis identified a staff shortage, due to difficult hiring processes and staff turn over, as the primary reason for a gap between our members' and families' child care requirements and the level of care available to provide programs that meet their needs. Our ongoing efforts to address this gap will improve EUCOM's ability to conduct and sustain our diverse missions, especially in this era of continuously high operational tempo.

Access to Healthcare

Family member access to both medical and dental care is challenging overseas. EUCOM's military medical treatment facilities (MTFs) must prioritize their limited resources to ensure a ready military force. As a result, the already limited, space-available care may not cover the population and our families are frequently referred off-base to receive host nation medical and dental care. EUCOM family members must often use local community medical and dental services characterized by providers who speak a different language, manage care according to the standards of their culture, and are difficult to access and understand when compared to on-post care in a MTF.

Additionally, during periods when the dollar is weak, families required to use off-base care are further stressed, as upfront costs then are higher and insurance limits (expressed in dollars), especially in dental care, would be reached much sooner than in the U.S. This presents a challenge to EUCOM's ability to sustain an adequate QoL. Our success in strengthening programs, obtaining resources and deploying beneficiary awareness campaigns will lead to healthier communities.

Servicemember Benefits and Entitlements**Family Housing**

EUCOM QoL construction investments affirm our commitment to servicemembers and their families as we strive to fulfill Defense Planning Guidance (DPG) requirements to eliminate inadequate housing.

USAFE, NAVEUR and USAREUR continue to improve their housing inventory through the Build-to-Lease (BTL) program. Through this program, USAREUR continues the process of

improving Grafenwoehr, with 1,300 units acquired and 300 more new units to be acquired, to complete the project. Also, USAREUR plans to acquire 215 more BTL units in Vicenza. Each Component continues to explore additional BTL housing opportunities throughout Europe to meet housing requirements.

EUCOM's request for funding for family housing and barracks construction, renovation, and replacement as Quality of Life projects will follow the submission of the President's FY10 budget.

Commissaries and Exchanges

Investment in commissaries and exchanges ensures our servicemembers and their families have access to the supplies and services they need and we strongly encourage continued support for these key activities. The importance of these programs is magnified in an overseas environment where personnel and families cannot rely on off-base options as readily as they do in the United States.

Department of Defense Education Activity (DoDEA) Schools

EUCOM works with DoDEA and Department of Defense Dependent Schools-Europe (DoDDS-E) to provide our children with quality educational opportunities. Ensuring DoDDS-E delivers a first class education is essential to families serving in Europe, where there are no affordable off-base schooling options like those available in the U.S. DoDDS-E has 90 schools serving EUCOM's 36,500 students. These schools represent almost half of DoDEA's inventory of 199 schools. Operating and maintaining them requires constant attention.

Delivery of a quality education depends on quality facilities. DoDDS-E has aging schools, many of which were built prior to World War II. With 43 percent of DoDEA's students in the EUCOM theater, the health of DoDEA's facility sustainment and recapitalization budgets

is essential to the effectiveness of our education programs. Unfortunately, DoDEA has had a growing backlog of facility recapitalization requirements, although beginning in FY2009 , DoDEA has put a renewed emphasis on facilities, increasing funding for facilities sustainment, restoration and modernization. World-wide, nearly 70% of DoDEA's permanent-built infrastructure is assessed by DoD facility standards as poorly maintained or in need of replacement. Within Europe, this ratio has reached 72%. Based on data in DoDEA's recently submitted Report on Condition of Schools, six of DoDEA's top ten recapitalization needs are in Europe. Some of these needs address children attending classes in long-standing temporary buildings, unable to clean up after physical education, or rushing through lunch in cramped cafeterias to accommodate multi-stage dining schedules. We strongly support DoDEA MILCON funding to meet the requirements of EUCOM families.

EUCOM appreciates continued Congressional support to make school construction a top quality of life priority for overseas families. Giving students and their families an education comparable to what they would receive stateside improves retention and enhances readiness.

NATO/SHAPE

The Washington Treaty marks its 60th anniversary in 2009. For over 60 years, it has been the cornerstone of security and stability, and NATO is the world's most successful Alliance. The Alliance's current and future role in international security is set by the principles and provisions of the Washington Treaty. As the past six decades have demonstrated, NATO has protected, and will protect its members' sovereignty. Trans-Atlantic security today is not threatened by one strategic threat, but is challenged by regional and global networks of instability, which contain risks and threats to our nations individually and collectively. Consequently, 21st Century Trans-Atlantic security is by necessity part of a global network of security - interconnected with other

regional and global networks. NATO will play an even more critical role in the years to come in anchoring global security as NATO nations work in a comprehensive approach with members, partners, and international organizations. The Alliance is determined to enhance security and stability and to cooperate in building a stable, peaceful Europe. The benefits of Trans-Atlantic stability that we enjoy today can be extended to the insecure and unstable beyond Europe, as has been demonstrated in Afghanistan and Africa. Risks are omni-directional, and crises can develop rapidly, transforming political disputes into military conflicts. Crises must be identified, managed, and resolved. The Alliance is uniquely capable, uniquely structured, and will play a major role in the management of crises. I believe our Alliance's core mission is to be prepared to address the myriad risks that jeopardize stability in the modern era. It is my hope that the 60th Anniversary Summit will produce a renewed impetus to adapt the Alliance further to meet the demands of the security challenges of the 21st century.

The threats to our security in a globalized world do not stop at national borders and cannot be successfully addressed by any nation alone. NATO is essential, as is our steadfast commitment to NATO and trans-Atlantic security. The challenges of the 21st century require greater cooperation than ever in areas such as energy security, terrorism, piracy, and arms control, all supported by an integrated, robust, visible U.S. presence. To the extent possible, U.S. security policies must be sufficiently aligned with our Allies to provide mutually beneficial effects. Significant contributions of forces supporting NATO are absolutely critical, particularly to the current out-of-area operations. However, we must be mindful that EUCOM presence is our most visible form of the U.S. commitment to the Alliance. Operationally, we must maintain the appropriate EUCOM force structure to implement our strategy. Active security cooperation

and habitual training relationships improve operational readiness and enhance our position of influence in European security.

In addition to the honor of serving as Commander of EUCOM, I am privileged to command Allied Command Operations as the Supreme Allied Commander, Europe. During this past year, the men and women of NATO have worked tirelessly on behalf of the Alliance and served their nations with distinction. Our Allies and partners have answered the call to duty, fought valiantly, and paid in blood and treasure. There are now over 70,000 deployed military forces from 43 NATO and non-NATO nations conducting operations under my command on three continents. They demonstrate NATO's relevance in today's dynamic security environment.

Operations

In Afghanistan, over 55,000 men and women from 41 NATO and non-NATO partner nations assigned to ISAF are assisting the Government of the Islamic Republic of Afghanistan (GIROA) in the establishment and maintenance of a safe and secure environment, facilitating reconstruction and development, and extending GIROA control. In my time as SACEUR, ISAF has increased from approximately 30,000 to the current force strength. Allies have increased their contributions to this operation since 2006. We still have shortcomings in both forces and enablers, which I address with the nations. The nations of the Alliance understand the significance of this operation for the security of their people, the security of the region, and the future of the Alliance.

While 2008 saw a marked increase in violence by insurgents, the activity is concentrated in generally the same districts as the previous year. We attribute this increase in violence to three factors. First, ISAF and the Afghan National Army (ANA) have increased operational tempo and extended their reach into areas that were once safe havens for the insurgency. Second, the

Federally Administered Tribal Areas in Pakistan remain a sanctuary for the arming, training, and planning of operations against ISAF in Afghanistan. Third, insurgents have taken to attacking reconstruction and development in an effort to convince Afghans that their government cannot provide for their individual security, or the security of the International Community efforts to rebuild and reconstruct Afghanistan.

Development of the Afghan National Security Forces (ANSF) is crucial to combating this trend and key to long-term success in Afghanistan. In the last year, the ANA has fielded 5 infantry battalions, 4 commando battalions, 4 support battalions, and 3 brigade headquarters. The ANA participates in more than 90% of all ISAF operations and has led planning and execution of 58% of the more than 200 planned operations this year. The Afghan National Army Air Corps (ANAAC) continues to grow in both size and capability due to contributions of aircraft and training teams. In the past year the ANAAC has provided 90% of the airlift required by the ANSF. Critical to the development of the ANA is the coordination between EUCOM, CENTCOM, and SHAPE in developing training and deployment programs that have resulted in 48 fielded Operational Mentor and Liaison Teams (OMLTs) Another 12 teams are training to deploy this year. Additionally, SHAPE is assisting with non-U.S. sponsorship in 11 of 19 ANA schools.

Security must be accompanied by good governance and lasting reconstruction and development. The GIRA struggles to deliver substantive and sustainable service to the Afghan people. Efforts are ongoing, but markedly improved conditions are still unrealized today. More than 60,000 projects are currently underway and signs of progress are evident.

Security in Pakistan and Afghanistan is undoubtedly linked. We must engage with Pakistan at all levels, and Pakistan must work to be part of the solution. We work with Pakistan

militarily in the framework of the Tripartite Commission, which is a cooperative effort comprising military representatives from ISAF, Afghanistan, and Pakistan. I believe a similar diplomatic cooperative effort is also needed.

The narcotics trade is a major obstacle on the road to a secure and stable Afghanistan. In October, NATO's political leaders approved enhanced counter-narcotic actions by ISAF forces against drug facilities and facilitators that support the insurgency. The nexus between the illegal drug trade and the insurgency is real, and narco-profits represent a significant funding stream to arm and train the insurgents. The objective of the ISAF action is to impact the resources made available to the insurgency through illegal drug activities. ISAF will work in support of the Afghan government. ISAF will not conduct operations to eradicate the poppy crops.

Whatever discussion we have about strategy, no strategy will work if it is not matched by the right resources. I have written separately to Ministers of Defense to articulate the importance of filling the Combined Joint Statement of Requirements (CJSOR). In late 2008 we saw an increase in national troop commitments and a reduction in national force caveats, though more is needed.

Increases in U.S. troop levels are not enough. NATO forces in Afghanistan have shown their ability to clear opposing forces from any terrain, but to hold terrain and build the nation of Afghanistan will take a much larger commitment. International organizations as well as the Afghan Government need to make greater progress thru a collective, comprehensive effort. Ambassador Kai Eide, the Special Representative of the UN Secretary General for Afghanistan, is charged to bring coherency to the international effort. He must have our steadfast support, all of it, all of the time. Euro-Atlantic and wider international security is closely tied to Afghanistan's future as a peaceful, democratic state.

While ISAF is our top priority, we have more than 14,000 troops from 33 NATO and partner nations in Kosovo continuing to ensure a safe and secure environment. The future roles of the UN and the European Union Rule of Law Mission are still being clarified, but NATO's mandate to ensure a safe and secure environment remains the backdrop of discussions.

NATO is overseeing the stand-down of the Kosovo Protection Corps, supervising and supporting the stand-up of the civilian-controlled Kosovo Security Force. This important mission requires increased resources. I have called on NATO nations to sustain their commitment to achieve success in Kosovo.

Our commitment to regional security and stability throughout the Balkans remains steadfast. We continue to assist in defense reform, including Partnership for Peace and NATO membership activities, through our NATO HQs in Sarajevo, Skopje, and Tirana and the Military Liaison Office in Belgrade.

NATO ships participating in Operation ACTIVE ENDEAVOR (OAE) continue to patrol the Mediterranean Sea in a counter-terrorism mission. Through advances in surveillance technology and contributions of non-NATO nations, OAE now maintains a continuous watch and deterrent presence of a vital strategic waterway used by more than 6,000 merchant vessels at any given time.

NATO provides an essential trans-Atlantic dimension to the response against terrorism. We need to strengthen the ability to share information and intelligence on terrorism, especially in support of NATO operations.

We train Iraqi Security Forces with just under 200 personnel assigned to the NATO Training Mission-Iraq (NTM-I). NTM-I assisted with the establishment of the Iraqi Training and

Doctrine Command and National Defense University, and operates the Iraqi Military Academy Ar Rustamiyah (IMAR), where two-thirds of Iraq's Second Lieutenants are trained.

NATO has agreed to assist the African Union (AU) mission in Somalia by providing airlift support to deploying AU member states. The first request was in June and NATO transported a battalion of Burundian peacekeepers to Mogadishu. We are also assisting making the African Standby Force operational

Operation ALLIED PROVIDER (OAP) was NATO's response to a request by the UN to conduct maritime operations off the coast of Somalia to deter, defend, and disrupt piracy activities and allow the World Food Program to deliver humanitarian aid to the region. We should not underestimate the importance of this decision, nor the precedent it sets for our Alliance. NATO's political leaders approved a mission for which there was no detailed contingency or operational plan, demonstrating that we can react quickly in times of crisis. NATO is considering a possible long-term role in counter-piracy that could complement UN Security Council Resolutions and actions by others, including the European Union.

A strong collective defense of our populations, territory, and forces is the core purpose of our Alliance and remains our most important security task. The member nations don't always see the threats in the same way nor do they always agree on the ways and means to confront them. However, difference of views is nothing new - with 26 perspectives and a system of consensus, we can be certain decisions taken by the Alliance will be well-reasoned, serve a common purpose, and be underwritten by our professional military forces.

There are substantial issues confronting us; issues that could challenge the success of our operations or the military credibility of the Alliance. I would like to note four of them. First, shortcomings that directly impact on our collective ability to react to crisis--forces in ongoing

operations, command structure, operational and strategic reserves, and the NATO Response Force (NRF). Strategic success hinges on adequate resourcing—deployed forces deserve to be fully resourced. Resourcing is the single most important means to demonstrate political will and symbolize our collective accountability to the servicemembers put in harm’s way. In its current construct, the NRF has been plagued by force shortfalls and insufficient national contributions. The Peacetime Establishment Review has been an exercise in compromise and, in the end, does not meet all of our expectations. We are successfully transforming the command structure to better support and enable the operations of today and improve our ability to manage and react to crises, but we must have a properly manned HQ for the future.

Secondly, NATO’s role as a security provider will be determined by how the Alliance performs in its military operations in meeting new security challenges. Piracy may be the immediate challenge, but others must be addressed: energy security, proliferation, and cyber attacks to name a few. At a time of financial crisis, discussion of increased capabilities and new missions is very unpopular. We need nations committed to equitable burden-sharing to achieve our stated ambition.

Thirdly, our operations highlight the need to develop and field modern, interoperable, flexible and sustainable forces. These forces must be able to conduct collective defense and crisis response on and beyond Alliance territory, on its periphery, and at strategic distance. We can further information superiority through networked capabilities, including an integrated air command and control system, increased maritime situational awareness and the Alliance Ground Surveillance (AGS) capability. AGS is a mix of manned and unmanned airborne radar platforms and is an essential capability for decision makers and planners. We can improve strategic lift and intra-theater airlift, especially mission-capable helicopters. A major milestone in meeting

Alliance strategic airlift needs was realized when ten NATO countries plus two partner countries (Finland and Sweden) signed the Memorandum of Understanding confirming their participation in the acquisition and sustainment of three C-17 strategic transport aircraft. The Alliance also clearly recognizes the importance of protecting the territory and citizens of NATO member nations and is developing options for a possible integrated NATO-wide missile defense architecture.

The fourth challenge is Strategic Communications. Strategically communicating the implications of NATO's policy and actions is essential. With new challenges and NATO increasingly acting in concert with other countries and institutions, it has been much more difficult for our publics to understand what NATO is all about. We need public understanding and public support. Additionally, the need for appropriate, timely, accurate and responsive communication with local and international audiences in relation to NATO's policies and operations is vital.

NATO's relationship with key partner nations is critically important to the overall security environment. NATO's diverse relationships with the Mediterranean nations of Africa, the Middle East, troop contributing nations from the Pacific and South America, Partnership for Peace nations from the Caucasus and Central Asia, and special relationships with Russia, Georgia, and Ukraine all demonstrate the vast potential for security cooperation, consultation, and joint action together. In particular, Albania and Croatia accession protocols have been signed, and ratification by the member nations is ongoing. I am satisfied with the progress of Albania and Croatia militarily and am confident in both national and NATO plans in place. Both nations are already valuable participants in the NATO mission in Afghanistan. We continue work with prospective members. The Former Yugoslav Republic of Macedonia has had a

membership action plan since 1999 and Georgia and Ukraine began intensified dialogue in 2006. All of these nations will contribute to Alliance security. We stand ready to further develop a substantive relationship with Serbia making full use of its Partnership for Peace (PfP) membership.

The NATO-Russia Council (NRC) has been a valuable mechanism for consultation, cooperation, joint decision and joint action since 2003. Russia's disproportionate use of force in the conflict with Georgia led the Alliance to suspend formal discussions and cooperation with Russia in the NATO-Russia Council. The Alliance did agree at the recent Foreign Ministers Meeting to restart the NRC some time this summer as a mechanism for dialog on issues of disagreement and on those where we have common interests. These common interests should be the focus for future engagement. We welcome Russia's approval of the Land Transit Agreement (LTA), allowing transit of NATO non-military goods through Russia to Afghanistan via Central Asia.

In 2009, 60 years after the signing of the Washington Treaty, 18 years after the end of the Cold War, the Alliance is engaged with the broadest set of challenges, risks, and threats in its history, reflecting the increasingly complex and multi-layered nature of the 21st century security environment. U.S. leadership in NATO is critical to our national security, as well as being critical to the success of NATO. As we look to the future with the goal of building a stable, secure, and united Europe, NATO should be an anchor in the framework of a turbulent global environment, a source of political solidarity to confront these challenges with a comprehensive and strategic approach, and have capabilities and capacities sufficient to respond rapidly. EUCOM's role is vital to sustaining U.S. leadership within the Alliance, shaping the comprehensive and strategic approach necessary, and providing the capabilities and capacities to

respond rapidly to NATO's call. U.S. military contributions are only possible with the staunch and steady support of Congress and we greatly appreciate your leadership and assistance.

CONCLUSION

EUCOM works with other U.S. government agencies using a whole-of-government approach to strengthen U.S. leadership in its Area of Responsibility even as we support operations in other theaters. EUCOM's overall mission to defend the homeland and create an environment that advances U.S. strategic and economic interests is accomplished in many ways, the most effective of which are our BPC efforts. Building Partner Capacity has also been a key function of NATO throughout its existence. In the last two decades it has taken on an additional dimension as NATO as an organization and its members as individual nations export security to other nations in Europe, Eurasia, and Africa. NATO, as an alliance of shared values, remains the essential forum for trans-Atlantic security consultations and cooperation, helping us and our partners confront common threats in a unified manner.

Challenges in the region are both numerous and dynamic. In Europe, threats to the independence of nations in the Baltics, conflict over missile defense, Kosovo's disputed status, the numerous other reduced but not eliminated conflicts in the Balkans, enormous stockpiles of legacy ammunition, and terrorist attacks by the Kurdistan Worker's Party threaten the establishment of a secure environment in Europe. In the Black Sea/Eurasia region, the impact of a more assertive Russia, in particular the challenges produced by its conflict with Georgia, frozen conflicts between Armenia and Azerbaijan, between Georgia and its separatist regions, between Transdnistra and Moldova, and the potential repercussions of the status of the Crimea present

similar challenges. The Israel-Palestinian conflict produces tensions not only in the immediate vicinity but also far beyond it.

Using eight long-term objectives and seven immediate priorities, EUCOM's *Strategy of Active Security* guides the Command in reducing all of these challenges. Adapting EUCOM's structure and infrastructure to the new challenges requires strategic theater transformation, which affects not only EUCOM headquarters and its associated agencies, but the five subordinate commands as well.

The assistance of the Members of this Committee is essential in ensuring EUCOM's effectiveness in its ongoing programs, operations and initiatives. Your efforts underpin EUCOM's ability to operate across the entire spectrum of military missions. Committee support also sustains effective engagement with, and credible support to, the NATO Alliance and our regional partners. Since 1952 the dedicated men and women of the United States European Command have remained committed and able to achieve our national goals. Your support allows them to continue in this proud tradition.

Mr. EDWARDS. General Craddock, thank you.

And Sergeant Major Farley, let me speak for the committee in saying we are deeply grateful to you and to your family for your service and sacrifices for our country. One of the greatest privileges in my life was to represent Fort Hood in the Congress for 14 years. Thank you for being here today.

MILITARY CONSTRUCTION IMPLICATIONS IN GERMANY

General Craddock, let me apologize to you that we have Budget Committee markup all day. I would like to see us fund the Defense Department this year. So I better high tail it over to the Budget Committee after my opening questions. But you have key members and key staff here who will be shaping this budget. We are very grateful, and it is important that you are here and we thank you for that.

Let me ask you about the timing of the decision that the Department of Defense has to make in regard to the two brigade combat teams and you are—obviously, the decision itself and the timing of that decision has military construction implications both in Germany and here in the United States.

Could you tell me where you think we are on the timing of that decision? And, also, if you could give us any insights into what would be the military construction implications in Germany should we keep them there. Do we have a bottom line on additional monies that might be invested, whether it is for living quarters or for barracks or for other facilities that we might have—frankly, I know once we have made initial decisions to draw down troops, we tend to cut corners on maintenance of our facilities.

Any insights you can give us on those points, I would be very grateful.

General CRADDOCK. Thank you, Chairman.

You are absolutely right. There is going to be, obviously, service considerations here because of the cost of the maintenance and care of the facility. I have talked at length with General Carter Ham, who is the commander of U.S. Army Europe. He understands that we must have, from the Army, a timing construct here so we understand when decisions have to be made so that contracts won't be let, brick and mortar won't be started to be put together in the States if the decision is made not to bring the two brigades back.

He tells me—and we are trying to work this, and it is difficult because everyone wants to keep information close hold. But he tells me that the Army will need a decision on the two brigades by about October of this year. That is, in order to do the work they will have to do if they come back to start to prepare for them, the 12 and 13, or to stop those efforts and focus on other areas.

Now, I have taken that information and I went to the Undersecretary of Defense for Policy, Michele Flournoy, because the policy shop is the driver in regards to the decision on force posture. And I told her that the Army timeline says October. And she told me that the plan is, the OSD plan in the joint staff, is to put this decision into the Quadrennial Defense Review, the QDR, that is starting to formulate now.

She believes—and I talked to the chairman on Monday—he believes that they will have in the QDR, they will be far enough long

with their global force posture decisions, not only Europe but the Pacific—Guam and Okinawa—that they will have their decision by late September on force posture for Europe.

Mr. EDWARDS. Okay.

General CRADDOCK. So that sounds encouraging, and we are going to push on that to make sure that it doesn't get pushed aside. But that synchs up, synchronizes up pretty good.

So I think, Chairman, that is the timeline we are looking at. I have told the secretary and the chairman I will come in to him with my proposal.

The compelling arguments that need to be made—excuse me—

Mr. EDWARDS. It is that time of year. I am fighting allergies, so I understand.

General CRADDOCK. The rationale or the arguments that need to be made to show why we need to keep the two brigades—and we will also show the tasks that will not be done—the missions, the exercises—if we don't have those two brigades.

So we are working on that. We will bring in May to the joint staff—in the tank—the ops desk, we will start with them. So that will kick that process off. That will inform the QDR.

Mr. EDWARDS. All right.

General CRADDOCK. So that is what I am looking at.

Now, if we retain, the decision is to keep the two brigades or there may be a decision to delay the decision. Maybe delay bringing them back until 2014 or 2015. They will make the final decision later—I heard that.

If we keep that, there will be a Mil Con hearing for recapitalization in the installations that now are considered non-enduring that would have to stay enduring to accommodate the two brigades. Essentially, we are talking, probably, two facilities. It would be troop barracks and family housing. They are, quite frankly, in pretty good shape now.

So it is not as if we have to go ahead and tear down and stand up. But there will be, for those two brigades in the out years, some recapitalization costs. I don't have an amount, but I think it is only two installations.

The plan would be that those two brigades would fill in as much as they could to the main operating bases established now—Grafenwoehr—Baumholder. But Schweinfurt then may take and have to be backfilled by logistics and support troops for the retention of two brigades. So I don't think we are talking about a large standup of new main operating bases, maybe one, maybe two at the outset.

Mr. EDWARDS. Thank you. And, again, thanks for being here.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

I wanted to say one word to Sergeant Major Farley before I ask a question. And that is my good friend, Fred Thompson, got really famous playing himself in a movie. And once you retire, Sergeant Major, if there is ever a movie where they need an authentic-looking sergeant major, you should just step into that role. There would be life after the service, for sure. You look just like a sergeant major ought to look.

So thank you for your service as well.

Major FARLEY. Thank you, sir.

QUALITY OF LIFE

Mr. WAMP. General, I think you just came off of a quality-of-life conference, and I was just going to ask you of the status—that is our main thrust here is quality of life. Give us an update on the overall quality of life throughout the European Command and then kind of the second piece of the question which is a part of quality of life.

You have made a big deal out of the schools throughout the European command, and I want you to update the committee on where you are with the schools as you prepare to leave and what the needs are still with the schools from your perspective.

General CRADDOCK. Thank you, Congressman.

The quality-of-life conference, I thought, was a good one. We had a good representation of delegates. We brought in teams, a good sampling of teams. And I was very impressed with the out-brief when the team group got up and gave their issues. Dynamic, articulate, poised, quite impressive.

The major priorities and issues for quality of life are, one, counseling for families and service members post- and pre-deployment. Because of this extended duration, we have got troops and units now starting—preparing for their third 12—some of them 15-month. Now we are back to 12-month rotations. We have had Air Force, 3-, 4-month rotations continuous.

This is a key need. And the fact is the problem is overseas, we can't get the servicing contracted off post. We have got to have the counselors, you know, embedded in our organizations, the mental health organizations and medical organizations to do that. So that is priority number one.

Second is the child, youth, and teen facilities. We have got to make sure that because of this extended rotation, deployment, when service members are going, that there are adequate facilities to keep the kids engaged, active, productively engaged, particularly the teenagers. So that is another one that is been—we had a lot of focus on.

Access to medical care and dental care. I think what has been done and the help we have gotten is to reduce out-of-pocket costs for dental care so that that dental insurance plan is better, is helpful.

TRICARE for the off-post requirements is coming along. It is better than it was. We have more physicians, local national physicians, whether it be in Germany or Italy or the UK, that are in the program. So that is helpful. And we have got some better counseling and better knowledge of how that works.

It is not yet as easy or as good as here in the States, and that is the goal. My goal is to make life in Europe for our forces commensurate with what we have here in the States. And with the dental and medical, we are getting close, but it is not quite enough.

Our medical facilities—I was at Landstuhl 2 weeks ago—very impressive to see our staff, physicians, nursing all rotate with the global force into Iraq and Afghanistan. So we have got a continual turn. And what we have to do then is contract local national, German and Italian doctors to go in. So we have a lot of turbulence.

Mr. WAMP. Right.

Before you go on to schools, let me just ask then what is the percentage of the troops under your command in European Command that have their families with them?

General CRADDOCK. Hmm. Sergeant Major.

Major FARLEY. About 60 percent, sir.

Mr. WAMP. Sixty percent. And is that increasing? We had the Korean Command in here last week, and we are really trying to improve command sponsorship. Ratchet up where families can be with the troops because of these extended stays, multiple deployments and rotations, et cetera.

Is that increasing in European Command or decreasing?

General CRADDOCK. I think, at the senior noncommissioned officer, it is decreasing I think. The number that bring their family is down because they get to Europe, a few months later, they—so rather than bring the family—

Mr. WAMP. And then leave them—

General CRADDOCK. I think at the junior ranks, we are probably holding about steady in the number that bring their families.

Mr. WAMP. Okay.

General CRADDOCK. Because as opposed to the past, we can get more of them on to post housing and things like that. But senior NCOs, I think, many of them are coming—

Mr. WAMP. Schools.

General CRADDOCK. Schools. This is a major concern of mine. DODEA and then the Department of Defense schools in Europe, DODS Europe, has done, over the several years that I have watched as my kids went to school there on and off, has done a good job in terms of curriculum establishment, in terms of quality of the teachers and, also, I think the administration. So I am pretty much impressed with that.

The challenge we have got now is facilities. For several years we have tracked this back. We have 43 percent of the schools in DODEA worldwide that are located in Europe. We have about 44 percent of the students of all the DODEA who are located in DODS Europe.

For several years now, we have been getting 15 percent of the DODS Mil Con allotment, and we have fallen farther and farther behind in being able to maintain facilities and being able to replace facilities. We are Band-Aiding over the years and patching up the facilities.

There was a requirement in the Appropriation Act to report back—DODEA had to report back the status of the facilities. They have four categories—Q1 through 4, four being the lowest. Seventy-two percent of our facilities are Category 3 or 4. Category 3, major repair required. Category 4, replacement required.

I think overall, DODEA came out 70 percent. So we are a bit worse than the average overall. So the challenge we have had over the past couple years is to get—I don't mean to do this in a pejorative way, but we had to get DODEA's attention that we had—we need a better fair share of the Mil Con appropriation. We need a better allocation.

And I think we have done that to the extent that we now have, from them, a commitment that we will get a greater share. The

challenge is being able to sustain the appropriation for Mil Con. I am hearing it may be cut and that there are some fences for the Mil Con in Europe and CONUS because it is grow the Army so, therefore, it can't be touched.

We have got a few projects that we want to do, and I know I am constrained a bit by OMB and I am not supposed to talk about monies and things like that. My concern is this. It is a readiness issue.

We must have schools facilities, fiscal plans, commensurate with what they find here in the States. Will it be like Northern Virginia? Maybe not. Will it be like Georgia? Tennessee? Texas? Yes, it has got to be like that. Right now, it is not.

I live in SHAPE in Mons, Belgium. I go over to the SHAPE International School. I have walked through it several times, and it is a huge campus that, over the years, has been patched with temporary buildings here and there all over the place and then tied together in a physical plant that is—it is customized. There is—every time something breaks, it is a unique fix because it is not like anywhere else. It has been all pieced together. It is the same throughout all of EUCOM.

Old hospitals turned into schools. Facilities that were never intended to be a school, we moved in, we made it work. But these need more care and maintenance or they have got to be replaced. So that is the challenge.

The readiness piece of this is when Mom or Dad gets orders for Europe and they then find out where they are going. They call ahead. What do they do? The first thing they ask about is quarters. Where am I going to live? The second thing is schools for the kids.

And if what they get is good school system, bad facilities, there is no lunchroom, the gyms are far away, they are decrepit. Then they will leave the family at home because they are set in some place in CONUS in the United States that is acceptable to them. And then Dad or Mom becomes a geographical bachelor or bachelorette and a 2-year tour, not a three. And we have got a greater turn.

This effects readiness because they are not as focused on the job forward because they have got the family back here. It is a split perspective, and it is much more difficult. We are going to have that. We are going to—I worry that we will turn EUCOM assignments into a—either a burden or a hardship tour because we can't provide the schooling. Schooling is critical.

And my headquarters, EUCOM, we have got senior noncommissioned officers who have kids in school, high school kids a lot of them, and officers—and they will—they will opt out if they don't think the kids can get an education, if they don't have an adequate place to live—and we are doing pretty good there—or if the facilities aren't acceptable in terms of medical care and things like that.

That is the problem with the schooling. It is a readiness issue over time.

Mr. WAMP. That is it for this round, Mr. Chairman.

Mr. FARR [presiding]. Thank you very much, Mr. Wamp.

And thank you, General.

Chet had to go to a Budget Committee meeting and asked if I would chair the committee.

I will ask some questions and then I will go to Mr. Crenshaw.

INTERNATIONAL MILITARY EDUCATION IN TRAINING

I was very interested, General, in reading your statement about your efforts in building the partner capacity, the BPCs promise to be a stronger and more flexible response to the broad spectrum of threats in your jurisdiction.

In reading that this morning and then just a moment ago, I spoke to the international IMET, the Military Officers—graduate school in Monterey that I represent. Thirty-nine of them, a lot from Singapore, but a good number in Korea, but a lot of them from your part of the world.

And what I was interested in is that we have seen a cut in the funding of IMET which has not allowed these officers to come to this country because their host countries pay for it. And it is more expensive now. So they have been cutting in host countries, but we have been matching, you know, it works on a formula basis depending on the host country. If we help Germany or France or England at all in sending their officers—or Australia, it is full scale. But the others—the other countries, they were telling me that it is a real difficult problem.

And it seems to me, as I read throughout your testimony, this whole concept that we are going to really try to build a lot more capability in soft power and education and peace and things like that.

What is your feeling about what is happening at IMET? If we lose those officers, isn't that part of building your partner capacity that they come here and get this kind of training?

General CRADDOCK. Absolutely, sir. It is critical. IMET is probably, dollar for dollar, the best program we have for building partner nation capability and capacity. And, indeed, over the years, we have seen a trend now where the dollars available go down.

Every year, we work closely with the nations to determine their needs, to request school slots. When a family from the Ukraine, a family from Georgia, a family from Azerbaijan comes to a year-long school, the officer, the noncommissioned officer brings his family and they live in the States, we gain from that, they gain from that, they go back, they never forget that. And it is very—it is valuable. It is critical.

This is a Title 22 program along with the foreign military financing. And the State Department essentially funds the program, turns it over, then, to geographical combatant commands to implement. So we work closely with State. But they fund it.

We have—I think, we have got to push harder to sustain the funds for IMET. I am absolutely convinced that, in terms of opening up and engaging, that is the first place that we have got to go. But the process is cumbersome.

What will happen is I have, in all these countries, offices of defense cooperation. They are in the embassy. They work with the host nation military to decide what schools, what slots with needed. We then pull that together at EUCOM. We put a package together and a recommendation. It goes back to the office of secretary of defense policy. They look at it. They massage it or cut it or change it. They send it over to State Department.

State gets it. They add their spins on it or whatever. It goes through OMB and comes over here. And oftentimes, then, when State gets it back, this is just a fact of life, that money is withheld as a cash flow enabler.

So for fiscal year 2009, this fiscal year in IMET, we get—money up front, so we buy school slots. And then if we don't get a predictable stream of money, normally what happens then—this is—I did this in SOUTHCOM, and this is the third year in EUCOM. About July or August, we get the big dump on IMET monies based upon whatever it is State did not need to reallocate for something else. And then we apply it for school seats the last quarter of the fiscal year, but we have to get it spent by the first quarter of the next fiscal year.

And the challenge is these are services that have these classes, these schools. The services want to get those school slots, seats, filled up early in the year. If they don't, they sometimes they cancel that school or that course for July or August or September.

So we become at risk if we can't get somebody in. We have the money, but we don't have the seats because the class is cancelled. Or we have to get it in the first quarter of the next year and try to fill up. So it is not a—it is not a consistent approach over the year. It is feast or famine.

Mr. FARR. I am very interested in seeing what we can do to, perhaps, make that a better decision making process. And, in fact, I asked Chet if he would stay here because they just whacked a billion dollars out of State Department, and there is no doubt that it is going to hit this program which you just said is the best partner solution there is.

And our strategy for achieving stability around the world is to develop these partnerships and building partnership capacity.

I think it is important that you communicate those thoughts, also, to Secretary Clinton.

General CRADDOCK. Okay. I will.

Mr. FARR. And we will try to do something on this end.

I have some other questions, but I think I will let Mr. Crenshaw go right now.

BALLISTIC MISSILE DEFENSE—EUROPEAN SITE

Mr. CRENSHAW. Thank you, Mr. Chairman.

Thank you, General Craddock, for your service and wish you well.

When you were here last year, we had a pretty candid discussion about the missile defense in Poland and in the Czech Republic. And I had just come back and met with the Poles and they were, at the time, they were—they had a lot of demands like—it seemed like they hired some guy to negotiate for them picking up all the points.

The Czech Republic things were kind of moving along pretty good, and then after Russia invaded Georgia, as I recall, Poland kind of, may be, had changed their perspective or whatever.

So I know that they have signed agreements with the president, but I understand—I guess back in December both those countries, though decided, well, let us wait and see what the new administration is going to say about all this before we kind of ratify those.

And I just—I guess I wanted to ask you, from your perspective, has anything changed, in your view, in terms of that—those two sites in terms of missile defense, number one?

Number two, there was an article in Reuters, I think, that talked about the Polish government was a little concerned that maybe if we didn't follow through, they had a lot on the line, they, you know, had made a lot of commitments and what kind of impact would that have over the area that you command?

And then, finally, where are we in terms of the military construction that we appropriated the money in 2009? Not all the money. But just those three questions.

In general, anything changed? What would happen if we didn't follow through? And what is left in terms of dollars?

General CRADDOCK. Thank you, sir.

There has been changes, and there is concern, I think, both in Poland and the Czech Republic over how we are going to proceed.

As you said, the Poles have approved the placement of the interceptors. The EUCOM will do the technical agreements to do that, the land-use agreements and the arrangements. But we cannot do that until a Status of Forces Agreement is signed with the Poles. So we are waiting for that. So we have got to get through that process.

State Department will work that, and once that is agreed to, then when we are given that, we will proceed for the land-use agreements and the technical arrangement that start digging the brick and mortar.

A little bit different, Czech Republic. The lower house did not vote on the approval. They have withdrawn it because their law says, after so long, it has to vote, and they were afraid they would not get a favorable vote, so it has been withdrawn.

Yesterday, the government got an unfavorable confidence vote, so the prime minister—the president will have to form a new government. They may wait until after the end of the rotating EU presidency to do that at the end of June. But it looks like, right now, that government, which was in favor of installation of the radar, is going to dissolve, probably, by the end of the June. And we are concerned that the next government may not hold that radar in the same favorable light.

So we have got some political changes here that are, obviously, impacted on what we are going to do.

I have talked to the military leaders of both of those nations. I have talked to the defense ministers. They all tell me that, indeed, they have spent some political capital with their constituents, their people, in order to generate approval for the radar. The incursion into Georgia convinced the Poles very quickly, as you said. So they were very favorable to that and that was no issue.

It is still on the margins, I think, in the Czech Republic. Some polls I read say that 70 percent are against the radar. Others I read 48. So I don't know where it is, but I know it is an issue with their population.

I think the longer the United States waits to decide how they want to proceed, the greater risk we have in the peoples of those nations then thinking that it is a good thing for them. And I think that, as I saw the foreign minister of Poland talk about the lack

of confidence, and he is worried that the United States may change its position. I think that will, again, influence other nations in how they view our consistent relationship. So, unfortunately, it will play in.

Now, the requirement—the need for a radar, I think, NATO is—the 3rd of December, the foreign ministers affirmed that the third site was needed and would provide significant protection from ballistic missile attacks. So there is no question there so far of the threat.

It is a matter of, now, I think, a decision by the United States on how they will proceed, how they will proceed with regards to the Russian consideration of the third site. And I think those are going to be some difficult political decisions that will lead to difficult discussions at the highest levels of the U.S., the Russian Federation, and I think, Poland and the Czech Republic.

So we, right now, essentially, we are in a hold status. We are waiting for a political decision on—my requirement is to protect U.S. forces and U.S. families and interests in Europe from ballistic missile attack. If we do that by putting in a third site to intercept, fine. If we do that through political means, diplomatic means, economic means to minimize or reduce the threat, that is okay, too. But that has yet to occur.

Mr. CRENSHAW. In terms of the appropriation, is there anything needed yet? We appropriated some money last year, but I guess—is that kind of on hold as well?

General CRADDOCK. That is on hold until we get the go-ahead to make the technical agreement, and then the monies will be used to break—start shoveling earth and do the brick and mortar. I think it is an incremental appropriation. I think it is okay. It is just a matter of have we got the trigger to get started.

Mr. CRENSHAW. Gotcha.

General CRADDOCK. Yes.

Mr. CRENSHAW. Mr. Chairman, I have got another question, but I will wait until the next round as well.

Mr. FARR. Okay.

Mr. Carter.

ECONOMIC DOWNTURN

Mr. CARTER. Thank you, Mr. Chairman.

General, the dollar is fluctuating pretty severely, and there is a global downturn that we are seeing which, of course, that is front-page news over here. I was reading an article last night about the economic crisis in Europe.

It seems at least that in some countries, Spain and Ireland being the two examples I was given in that article, they are teetering on the edge. Is that having an effect on the military construction projects that you might have or that you might anticipate? And are we going to need to formulate something consider the possibility of a severely fluctuating dollar when we start trying to spend money in Europe?

General CRADDOCK. Thank you, sir.

A difficult question. What we have seen is a favorable exchange rate with the dollar against the Euro here over the last few

months. But in the last 2 weeks, the dollar has lost \$0.10 against the Euro which is pretty significant in a very short period of time.

I don't think that is going to impact too much. I think, actually, because of the economic downturn, that we may be able to leverage that into great opportunities with the Mil Con we do have because, as there is less demand for the construction business, local contractors, whatever, then we may be able to get their business at a better rate for us because they want business.

Mr. CARTER. Right.

General CRADDOCK. As opposed to they have got too much business and they, you know, we have to either outbid or wait. So I don't think that will be unfavorable.

What I do think, though—

Mr. CARTER [continuing]. Bid for American companies or European companies?

General CRADDOCK. If there is an American company that can do it, fine, but the problem there is the Status of Forces Agreement. And number the Status of Forces Agreement that we have, for example, in Germany, you are going to have to go to a German company before American if the German can do the same work. It is not even a bidding process because the taxes then on the American company are pretty high, and that makes a difference.

But this downturn, I think, is going to impact any cost shares or anything that the nations would have right now. We are going to have to fight harder.

Let me give you an example. The SHAPE International School has got 17 nations as a part of it. It has been there ever since 1968, and we have worked over the years. We are having a very difficult time with them to pay their fair share. And they are saying, because of the downturn, they are not going to touch it.

They have 17 percent of the students, they paid 3 percent of the cost. The other nations are paying a fair share. But with the downturn, discretionary monies, they are going to look hard at all these cost shares to see if they can reduce it. That is where the danger lies.

Mr. CARTER. The overall economic situation in Europe, at least in the article I was reading, is that the Eastern Bloc in the last election just barely turned out to vote, there was around 17 and 12 percent voter turnout in some of the eastern nations in the EU. And even the founding nations were below 50 percent, in fact, they were below 40 percent.

The imposed currency is starting to be a burden on some of the countries, do you have any comment about that?

General CRADDOCK. Well, no, I agree with that. Now, the Euro, the European Union, has got a lot of regulatory requirements, and it is a bit of a burden. You know, there is requirements for contributions to different types of funds in the EU. And those are must-pays much like very view as our budget, civilian pay is a must-pay. Those are must-pays.

So that then, as you have got to do that and your revenue generation is less, it reduces the discretionary funding. NATO asked its members to contribute 2 percent of their gross domestic product to the security sector, to defense. That is—they want 2 percent for ministries of defense.

Right now, there are three countries out of 26 that contribute 2 percent. And the trend is down for everyone. And I think within a month, it will be two countries, the UK and the U.S. We had six countries doing it 6 months ago. Now, we are down to three. It is going to go to two. That is where we are trending.

And in Europe, when times are tough, revenues are down, the first place they go to grab discretionary funding is in the security sector. I think we are going to continue to see that.

Mr. CARTER. Thank you.

NATO CONTRIBUTIONS

Mr. FARR. Thank you, Mr. Carter.

General, both Secretary of Defense Robert Gates and joint chief of staff chairman, Admiral Mullen have called for a whole-of-government response to stabilization and reconstruction issues in Afghanistan. And I am wondering do you know what NATO countries will contribute to this kind of buildup of the civilian surge?

General CRADDOCK. Well, the effort is ongoing right now. It is—it is going to be pushed hard, I think, by the Secretary of State. She has been given the task to engage with the NATO nations.

As you know, the United States has increased its force commitment by 30,000. When they are all there by the end of July, it will be 30,000 since the 1st of January. Commensurate with that, at the same time, we have to increase the civilian representation.

What do I mean by that? We need Department of Agriculture or like type agriculture experts from Europe—energy, transportation, commerce—that can integrate into not only the central government in Kabul and mentor these—this nascent civil service, if you will, but also move out into the provincial—the provinces, the capitals and the provinces and the districts and mentor and partner with the government personnel there. And that has not happened.

Mr. FARR. So the State Department has a new coordinator for stabilization and reconstruction, Admiral Herbst—excuse me, Ambassador Herbst.

General CRADDOCK. Right.

Mr. FARR. Is he going to be coordinating the NATO country civilians as well or just trying to grab our folks?

General CRADDOCK. I think he will be working the U.S. side. And right now, the U.S. side is the predominant side in terms of numbers. However, in the north, the Germans have started to push in quite a few civilians. And, right now, their provincial reconstruction teams are co-led by a civilian, the foreign ministry, and by a military officer.

We are seeing a little more of that in the West, but we have got to do two things. One is—

Mr. FARR. Do these teams train together at all like you would train—

General CRADDOCK. They come together. They get trained up, and then they deploy down. We want ours to stay a year. Theirs stay 6 months. They have a continual turn, also.

Every one of the PRTs, not only ours but those run by other nations, has a U.S. State Department representative and a USAID representative. So we get integrated into them there.

Mr. FARR. And they have a language and cultural training to be able to work on the grounds?

General CRADDOCK. It is—we need to grow it. But what we have is a good core capability around which we need to put more agriculture experts, energy experts, medical experts so that we can continue to build capabilities.

Mr. FARR. What I am curious about is this interaction between Department of Defense, NATO, and these civilian crisis corps folks that are—that are—the stabilization group, how that will be integrated in command and how it will be integrated in operations because, obviously, you can't be two different entities in the same country on different missions.

General CRADDOCK. In the U.S., where the rubber meets the road is a provincial reconstruction team. There is 26 in Afghanistan. The U.S. has 12. And in that team that is led by U.S. military officers, but embedded in the team are State Department representatives, USAID representatives, Department of Agriculture—we are starting to get them—land grant colleges are sending agriculture experts from the school over on 6-, 7-, 8-month rotations.

Mr. FARR. Is this primarily—country?

General CRADDOCK. Yes. I just talked last month to the Department of Agriculture expert in Regional Command East, U.S. leading, and he has got several teams of 30 or 40 from schools, land ag colleges, agricultural schools, who are over there working with farmers. And he said it is amazing because it is very basic.

Give me an example. He said, well, we found out that a lot of these farmers overwater. There is a lack of water, but when they get it, they overwater the crops. So we worked with them to show them how to do this better, and crop yields then go up two and threefold.

So the land is fertile. There is water under the ground. Some rivers in the east particularly. And it is a matter then of just giving them the basic fundamentals of pulling it all together, and the crop yields go up.

Mr. FARR [continuing]. Poppy fields?

General CRADDOCK. Different problem. But it is most—that is mostly in the south right now. Ninety percent of the poppies are coming out of the south, and that is where the focus—is going to be next.

STABILIZATION CORPS

Mr. FARR. I am very keenly interested in emphasis on soft power. I think it is the right thing to do, and I think America can do it well. I was a Peace Corps volunteer and came back with that experience of language and cultural knowledge and really working with the peasants that, you know, just didn't understand sort of basic things.

So I am interested in how you, as a career military officer, feel about this. It really seems to me that if we are really going to do stabilization and we are going to work ourselves out, we have got to have that civilian transfer.

General CRADDOCK. I agree. Absolutely agree.

Mr. FARR. What are the things that we need to add that we are not doing?

General CRADDOCK. I think that we have got to have, whether it is USAID or whether it is the stabilization and reconstruction directorate in State Department—maybe that is where it starts—we have got to have an energized, growing—it has got to be bigger—stabilization corps. And they have got to—right now, the military is doing it in most places, but we have got to get that transitioned into a civilian entity and just let the military be there for security as required.

I don't know how you motivate that, how you get, you know, incentives for folks to join, but that has to occur.

Mr. FARR. The concept here was to draw upon the trained experience of USAID, State Department, and then have a reserve corps made up of state and local folks who you can call upon and you would have this cache of incredible career talent and, hopefully, career talents that also know something about the country that you could pull together and train and they could come in there as you said, a stabilization corps.

General CRADDOCK. I am all for it.

Mr. FARR. I guess we just haven't met the size and skill level that is needed.

General CRADDOCK. I think it is still fragmented. I think departments, Agriculture, Energy, Commerce, Health and Human Services all generate their own participation, but it is not brought together here under a stabilization corps where each department agency puts their people in and 40 of them are pulled out and they are trained together and culturally assimilated to go into a province in Afghanistan, and 45 go into some other country and—I think, now, it is individual stovepipes going in.

And then they come together on the ground, and it is better than nothing, but it is still not good enough.

Mr. FARR. What was the ingredient that made the military come together in a coordinated way?

General CRADDOCK. We follow a prescribed routine. It is in our—it is the way we are drilled. It is our ethos.

And Regional Command East in Afghanistan, the military put together a program in Nangarhar Province, and they called it Nangarhar, Inc.—I-N-C—incorporated. And I took 30 members from the Council on Foreign Relations to Afghanistan. We went there.

And the military briefed these industrialists, entrepreneurs, businessmen and women here is what we are doing. And everyone I heard said why are you doing this. This is not a military task. This is a civilian task. You are into development, reconstruction, job creation. You are bringing in industrial capability, technology, why are you doing this? And the answer is no one else was there, but they were doing it very well.

That is what we have—that is the stabilization corps we are talking about. Those—those functions, those skills, those tasks have to be handed off to a stabilization corps, a stabilization battalion, whatever and then they have to sustain that over time because we are taking the military—and our strategy is shape, clear out the insurgents, hold—keep it secured—and then build. We are using our forces to shape, clear, hold, and then build, and we don't have enough to do it.

So as soon as the next problem spot comes up, we are trying to hold and build, we have to move our forces over to clear the insurgents out of this problem spot. And this is—

Mr. FARR. Well, I was involved in carrying the legislation to create that stabilization corps in the State Department, and it is only about 2 years old. Congress has cut their request in funding. We haven't funded it enough. But I think it is important for the Department of Defense to talk about that as much as possible and plead with all of us appropriators that you need that other arm, that other strength in order to secure and stabilize an area.

And I think that voice, coming from the military, may be even more respected on the Hill than coming from the State Department.

General CRADDOCK. I agree with Secretary Gates. I think it means that we, the Department of Defense, push monies over to do this. It is in our best interest to do it.

Ambassador Carlos Pascual was the first director, and I was in SOUTHCOM. We worked together closely. I think—and I am—this is my judgment—he got so frustrated with the ability to get resourced and to get authorities to move ahead that he left. And I think when that happened, that whole program lost a lot of ground and a lot of momentum.

Mr. FARR. Well, the Congress can take the blame. They asked for \$150 million, and we gave them \$10 million.

General CRADDOCK. Okay.

Mr. FARR. Mr. Wamp.

Mr. WAMP. Carrying the thought a little bit further, this civilian approach, I have said here many times, that our commanders around the world are maybe our best State Department representatives—and they are more effective than State Department a whole lot of times—but don't you think that that is the best way for General "Kip" Ward to succeed in AFRICOM is with that approach?

I talked to a top official last month from Kenya who actually had gone from concern about AFRICOM to a much better attitude towards AFRICOM. Not threatening, more stabilization support and economic development things that they saw real positive instead of a threat to the continent which I think was the first reaction.

And just in a big picture, you have divested those countries, but during the transition, don't you think that that is very much a part of the success formula for AFRICOM is that approach?

General CRADDOCK. Oh, I absolutely do. I think that, in most scenarios today, particularly in Africa, I think, in Eurasia to a great extent, soft—S-O-F-T—power is what will prevail.

In Afghanistan, I have said repeatedly, this is not going to be won by military means. The military will set the conditions, the security so that development, which is job creation, the delivery of infrastructure, social services and welfare to the people can occur. When that happens, then they will decide they do not want insurgents around because they don't bring that to them. And the people will push the insurgents out.

Same thing in Africa. Different problems in Africa. It is endemic. It is poverty. It is—but it is not a conventional military threat. So we have got to—we, the military—have to enable the civilian approach. And that is the challenge we have got.

Until we do that, we have got to have civilians behind us.

Mr. WAMP. We are seeing the push-pull here to a certain extent is if the military is involved, a lot of people in Washington don't look at it as foreign aid or assistance to countries. They don't think it is as efficient. This is just a reality that still has to be dealt with because I do think as you transition more over to State Department, you don't get, frankly the efficiency.

And I know that there were gross inefficiencies with Iraq in staging and procurement on the other side of the world in a war-fighting capacity. But I also believe that you have seen the military be very responsive with the resources in this kind of a theater as opposed to, frankly, some State Department.

So we have got—I understand where you are going, but we have got some selling to do.

Back to Afghanistan, unless you want to interject.

AFGHANISTAN

Mr. FARR. The problem is—the military has been very straightforward about this and the Department of Defense, Secretary of Defense has been very straightforward that they need this capacity built up. And they were the first to support this legislation.

And, in fact, that is how we got it through the Senate. It was calls from the Department of Defense that got it through, not the State Department. But we haven't been listening to it or funding it. And I think the concept there is that they trained. I mean, if you are going to be governor of a state, you are going to have a lot of people who are really good at their job and professional. Why can't we call them up as we do National Guard to have these civilian skills and, perhaps, the linguistic knowledge? You know, maybe they are Afghans.

I think it is just a missing component. As far as cost, I mean, if we really put a nice spin on it, I think you could get senior people to almost volunteer to do this. Who wouldn't want to have an experience like this?

Mr. WAMP. Back to Afghanistan and your role as the supreme commander and NATO increasing their presence there. Word from the Pentagon is that in the supplemental, when it comes, there will be a little thin slice for Mil Con directed to Afghanistan. Where would that be spent? Do you know?

General CRADDOCK. I have a NATO hat in Afghanistan. I do not have a U.S. hat. But because of this uplift in forces, as I understand, there have to be some additional tarmacs laid because of the increase in numbers of helicopters, so they have got to do some more work on the airfields. There will have to be more facilities to house the troops, whether they are—probably C-huts or things like that. Headquarters will have to be built. Regional Command South is going to be up a little bit. So I think that is the Mil Con investment.

From a NATO perspective, we are basically in airfields. NATO will take care of common funding for common-use areas. But, for example, the Germans in the north in Mazari Sharif have built that into an incredible facility. I mean, there is more—there is more cement up there than anywhere else in one place in that

country. It is huge. But that is nationally funded, no NATO money there.

That is going to happen. The U.S. is going to have to fund some of these increases when they put these forces in places where there are no facilities now. There is no infrastructure anywhere in Afghanistan.

So any time you put a force in there, one of these got to put the infrastructure in. You have got to put in housing. You have got to put in dining facilities. You have got to harden them because of the threat from rockets and mortars. And that is where the cost lies.

Mr. FARR. Is there water?

General CRADDOCK. There is water in most places of the country's surface. Southwest, no. But under—not too deep—there is water. Some of it is high metal content, but the fact is that before the Soviets destroyed it, that was a very complex irrigation system, and it was—it was good. The country was green. When the Soviets left, they just completely destroyed the irrigation system.

The challenge we have got with Department of Agriculture and some of the European nations is to help rebuild the irrigation system in the south and the north. The east has got, because of the Hindu Kush, a lot of mounts and runoff from snow and streams. So there is plenty of water there. Good micro, hydroelectric capability. Put a little turbine in one of these streams as wide as this table, fast moving, and you can generate enough to put one light bulb in 50 houses. That is a pretty good deal.

So there is water. It is a matter of getting to it, getting it in, out, and distributed in irrigation has got to be rebuilt. Totally destroyed.

Mr. WAMP. So Admiral Stavridis, Ph.D., real smart guy, real neat guy, but he is going from dealing with Hugo Chavez to taking EUCOM. What do you say to him? [Laughter.]

General CRADDOCK. Hang on. Well, I did the same thing. But the difference—I went from SOUTHCOM to EUCOM and NATO. The difference is I had already spent 14 years on and off in Europe on assignments. I had been in a NATO command. So I understood a lot of how that works.

So Jim is going to have to—militarily, not a problem. You can transfer skills from one combatant command to the next. Okay? So that is okay.

The challenge will be the political and military side in NATO. And that is completely different and unique. There are different rule sets, different acronyms, different processes. When you—in NATO, when you were invited to something, that means you will be there. It is—you have got to break the code. And that is going to be the challenge.

So what I am telling you is listen to some of the folks who have been around a while very carefully because, in NATO, generally speaking, what you hear is different from what they mean. It is incredibly political.

Mr. WAMP. Wow.

Thank you, Mr. Chairman.

Mr. FARR. Mr. Bishop, under the rules of the committee, I am told that priority, because of the way people came in, is that Mr. Crenshaw and Mr. Carter go.

Mr. CRENSHAW. Thank you. While we are talking about Afghanistan, let me ask you a couple of questions. You know, kind of big picture, kind of what is going on there. But what you just mentioned and, you know, kind of the political nature.

When I was there, one of the big problems, it seemed like, I think you said we have got 62,000 people there. Half of those are ours. Right? Forty-two different nations have people there. We have got another 14,000 that are kind of part of Enduring Freedom, and we are getting ready to send another 17,000 there.

And part of the problem is getting everybody to work together. As I understand it, some countries don't go into some areas of Afghanistan. There are these so-called caveats where, you know, we watched the film of kind of the way people engage the enemy, and they were watching from high-tech spy planes. Now, here they are, the bad guys are here, but there are too many people nearby so we can't do anything until they go somewhere else.

I mean—and I guess I am wondering NATO is getting ready to have an anniversary. You are going to have a NATO—do you all talk about that? About—it seems to me that, with all the high-tech equipment you have got, you know, interoperability kind of questions of how you train people, how you work together, the different rules that different countries have.

Give us a picture of the overall situation in Afghanistan. And then what do you think are the things that we ought to be doing legislatively or the things that you are trying to do at these NATO summits to kind of work together?

But could you kind of comment on a couple of those issues?

General CRADDOCK. I will give you an overall Afghanistan. I just took the North Atlantic Council plus non-NATO troop-contributing nations in 2 weeks ago—well, last week, actually. That was 42—reps from all 42, ambassadors from 42 countries.

So we got them out and about to see the country and talked to President Karzai, talked to the ministers, talked to Speaker of the House Kenuti and others. So I will tell you the general consensus was they came back seeing a far better picture than what they expected.

So, now, it is not rosy, but it is not as bad as you read. Three lines of operation in NATO: security, governance, and development. My assessment is in security, except for the south, we are making progress. In the south, we are stalemated, and we need more troops, and that is what the U.S. is going to provide.

The south is a coherent insurgency. It is Pashtun. They are all working under orders from Quetta—the Quetta Sura. The Pashtun insurgent leaders have very tight control in the south. It is a coherent insurgency.

The east is a syndicate of insurgents. You have got Taliban. You have got HIG, Hakani, Al Qaeda, IJU, you name it. There are a whole bunch of bad guys, and sometimes they work together and sometimes they don't. So they are syndicated to the extent it is to their advantage. When they feel like it is not, then they blow each other up and try to do something else. Different kind of insurgency.

The key is Pakistan for them. If the safe haven in Pakistan is not eliminated, we will never end the fighting in Afghanistan. Fact.

Insurgents, when they are under pressure, go back across the border into sanctuary, and then they pick and choose when to return.

But except for the south, security is on the uptick. We turned over Kabul, the capital, for leave for security to the Afghans. The incident rate today, they are doing a pretty good job. Will they ever completely eliminate the suicide bomber that makes the headlines? No, we can't do that anywhere in the world. But the number of incidents are down. They are doing okay.

Governance, I think, is the long pole in the tent. It is the problem. If the people in Afghanistan don't believe government is a positive factor in their life, they will never support the government either central, provincial or district. And, right now, the corruption is so bad that the people are right on the margins. They don't know whether to walk off and take the Taliban, even though they are harsh, they are not corrupt, they don't—people and shake them down, or they think maybe there is a chance the government is going to help them.

If we don't see a reduction in corruption, if we don't see the delivery—fair delivery—of infrastructure and services, I am worried that even though we could be perfect in securing the place, the people will still never back their government.

Development is starting to get better. It is now a more coherent approach. It is integrated the Afghan national development strategy, which was a long time coming. It is integrating from bottom to top, and we are seeing projects linked up and down. So I am getting a better feel there.

The World Bank Solidarity Program, which is administered down at the local level, does not go through Kabul or any provincial capital, is probably the most effective development program there. It is very good.

Now, we have got to take those types of successes and link them up and then across. So that is the overall picture. Not moving as fast as we want to. We still have to continue to push.

NATO

And what is the problem with NATO? In order to get buy-in in the beginning, I think what happened was that every nation that wanted to have a little hitch in going, a caveat—well, we will go but we want—okay, fine. Come on.

And individually, it wasn't a problem. But then when you have got 42 nations and they generate, right now, 17 caveats—18 nations out of 42 are caveat free. The rest have got 70 caveats. They won't do this. They won't go there. Then the commanders on the ground, every time they have put together an operation, have to consider that and have to adjust. And it gets to be three-dimensional chess because you think you have got it—no, I can't use these guys because—so it is very difficult. It takes enormous planning efforts.

And now, the next factor, a good factor, is we have got to work with the Afghan National Army. They are getting more capable. They are participating in 90 percent of the ops. They lead 50 percent. That is a good thing. So we want that.

But we have got nations that are caveated. They—if they are—if they are providing mentoring teams for an infantry battalion of

Afghans in the north, and we have got a problem in the south. So we want to move that brigade of Afghan soldiers to the south, but that team in the north that belongs to a country says, oh, no, I can't go south. So the OMLTs mentoring team, they stay north. The U.S. has to pick up—put a team together to go south. These are the things that cause incredible inflexibility that the commanders down there have to deal with.

So we have got to—it is too late. We have built our house. We are going to live with it now. But when we do this again and we build an O-plan, an operations plan and NATO says go do it, then we cannot let nations opt in the way they want to. You are either all in or you are all out.

And if you are not all in and we don't have enough to do it, then militarily, we go back and say we can't do it. You told us to do this. Here is what we need. You only gave us this. This is all we can do. We didn't do that.

It is the worst abomination of a military—military effort. We just—it is too hard. It is too many restraints. Headquarters structure, all the caveats and the constraints, some of these national elements that come in don't report under ISAF, NATO. They stay nationally command and controlled. So it is—we have got to have a 21st century structure here, and this is a Cold War structure.

Mr. CRENSHAW. You bring that up, like, at these meetings and it just—they can change.

General CRADDOCK. I meet with the chiefs of defense every 3 or 4 months. I tell them this. I need—you know, at the last summit, the heads of state said we are going to fill up your requirements with troops, we are going to eliminate caveats. The next meeting after that, I took a big, old jar in and I labeled it. This is the fill-up-the troops. And I laid it out there. Who is going to put something in it? And nobody did a thing.

So you can name them, you can shame them, but it doesn't work. You just continually beat on them. The chiefs of defense—the military guys—always tell me I can get more. I can provide more. I can do this. Will you do it? I will try. They go back, they can't get political approval.

Mr. CRENSHAW [continuing]. Withhold military aid—conditionality?

General CRADDOCK. Most of the ones that have the capability, have the capacity and haven't contributed don't get aid from us. Smaller nations, the newer nations, the new members of NATO are paying a bill—they are punching above their weight, but they are not real capable, so we have got to help them out. We have got to train them. Sometimes, we embed U.S. guys with them to help them out. They are willing, but they don't have a lot to bring.

It is the big nations that we don't give any aid to, they are the ones that could do it but don't.

Mr. CRENSHAW. Thank you.

Mr. FARR. Mr. Carter and then Mr. Bishop.

AFGHANISTAN

Mr. CARTER. Well, this line of questioning we have been going into is very frustrating. I was over with the 4th Infantry Division

early on, and some of the commanders were complaining about the same issues that you are complaining about in Iraq.

One general, and I won't mention his name, got frustrated. He said I spend more time taking care of these people than I do getting anything out of them. And I have got fighting soldiers that are having to take care of these people because they are limited in what they are willing to do. And he said as far as I am concerned, they might as well go on home. But I guess he was a little bit frustrated.

But another thing that Sam brought up, and this is only in Iraq you are talking about provincial teams were a good issue. I mean, they really did work. But the frustration that the military was having at that point in time—this was prior to the surge was it was taking a lot of soldiers to move a few people from the State Department out there because they just didn't want to go.

And he said, finally, you just said it is easier for us to just do it ourselves than try to push these guys out of their little secure place inside Baghdad. They didn't want to go outside of there. They didn't feel like they were getting paid to get shot at and so they didn't want to go out there.

And so the Army took over, basically, all those issues that were supposed to be dealt with. Is that same type of thing occurring in Afghanistan?

General CRADDOCK. To a certain extent, yes, but I don't think it is as bad as what you described because we have been there a little longer. When we pushed out the insurgents, the Taliban, in late 2002, they were beat up pretty bad. We didn't realize it, but they were out there refitting, rearming, regenerating over the next 3-1/2 years. So, by 2006, they were back.

We had folks out and about, State Department folks and other civilian teams. So we had them out there. Now, the—you know, and we had security for them, we just had to, probably, put a little more security in certain places. But I don't think it was having to get them out there. They were already out there. The question is are they—is it good enough.

The problem wasn't the U.S. Now, the problem is international organizations, nongovernmentals. Right now, UNAMA, the mission in Afghanistan only has their people in offices in 17 to 34 provinces. And the reason they will tell you is security.

Well, the real reason is manpower. There is plenty of security where they are, but they don't have enough people to get out there. So they continually have a tension of resources versus security.

But, no, we do have to provide security. We are asked to escort world food trucks. We are asked to do a lot of that. But, you know, there is a—there is a bit of a tension. Any time a lot of these nongovernmentals, these international organizations see a uniform, you know, they push back. They don't want the military around because they think we endanger them if they are near us.

But what we are seeing now is a reverse. They are asking us to come around and help them out because they realize we can provide a level of security now. ISAF does that. U.S. forces do that. If it means we can get them out and they can start doing what they are chartered to do, it is probably worth our time to do it.

Mr. CARTER. At the Naval Postgraduate School where they are doing this training with everybody, military and international and nongovernmental organizations, the feedback I am getting is the NGOs are much more comfortable being with the military because they are out in the fields. What they are not comfortable with is watching USAID and the State Department hide in the embassy compounds.

And because of the way they were founded they don't want to be seen as partnering with the military. But as far as ground work is concerned, they find themselves, because you say so many of the soldiers are doing this work—fixing water systems.

I think it is a whole new paradigm that America needs to build on, NATO needs to build on that we have never trained civilian forces to go in and do stabilization in failed states and how maybe you ought to go in ahead of time just so they don't fail. But in post-conflict, how do you get them in and how do you restart the system? You need forces trained together and civilians don't train together. They are all independent. They come in. They rush in. They are single purpose. One, will build houses. Somebody else will do teaching. They are not under a single command structure, and that is why I think we should match military organizational skills to civilian parts.

I think it is challenging and exciting and a great opportunity, but Congress has got to get behind you.

General CRADDOCK. We don't have to push out the USAID or U.S. State Department. I will say they are out there. We—the challenge is keeping them out there and more of them because, too often, we have an AID rep out in the PRT in some remote province, and it is time to leave and they leave, and it is 2 months before we get a replacement.

So we have got to have a continual, persistent presence, otherwise the local people lose faith in the fact that we are serious about this.

Mr. FARR. Mr. Bishop.

Mr. BISHOP. Thank you very much.

Welcome, General Craddock.

COMMAND STRUCTURE AT EUCOM

I have been interested in the conversation regarding the three Ds: defense, diplomacy, and development which is very much a part of the newest command: which is Africa Command. One of the specific things in the Africa Command structure is that there is a deputy commander for civil and military affairs who is an ambassador.

And do you believe that in what you are doing in Afghanistan, that that would be helpful? Does your command structure at EUCOM include a civil military affairs deputy to the commander as does AFRICOM?

General CRADDOCK. Thank you, sir.

No. The command structure of European Command does not have a civilian deputy. I was—I worked with General Ward in the beginning in the creation of that structure. And we looked at what ailed Africa. We looked at the needs of Africa. We looked at the challenges and the threats in Africa. And it was apparent that

there are probably more nonmilitary challenges than military and it would take soft power to address it.

And that was a discreet decision, uniquely, to have a civilian deputy out of the State Department, Ambassador Yates. I think—and what I am doing now, quite frankly, in EUCOM is we are beginning—I have started a review the command structure, a review towards our reorganization.

When I left SOUTHCOM, I did that. I handed that off to Admiral Stavridis.

Mr. BISHOP. SOUTHCOM sort of has that structure, also.

General CRADDOCK. Right. Exactly.

So we are heading that way, but I will, quite frankly, tell you that we had the first year to be able to split out AFRICOM. A challenge because that changed European Command. That was a significant event.

So we spent the first year doing that. We spent the second year, now, regrouping and understanding what that meant and getting ourselves reorganized. Now, it doesn't sound like much, but the fact that—a couple of facts.

I have got two hats. I am not the only combatant commander with two hats, but I am the only one with two different headquarters that are 500 miles apart. That created a significant difference. And along with that was, in years past, the deputy commander of EUCOM was a four-star, General Ward.

When we split out AFRICOM, my deputy commander became a three-star. And while, as competent and capable and good as he is, four beats three. And three can't get in doors that four gets into. And when he wants to meet with chiefs of defense as a three-star, it is harder.

When we have conferences—and we do that routinely, we bring in the chiefs of defense of the nations once a quarter. If I am not there, then it is hard to get them there. So we spend the next year sorting ourselves out.

Now, I have stated let us get ourselves arranged for the 21st century because we are going to be in the process of reorganizing ourselves. Is it going to be like SOUTHCOM? Not exactly. Is it going to be like AFRICOM? Not exactly. But it will be what we need to face the challenges in our region.

AFGHANISTAN

Mr. BISHOP. In terms of your long-term military base needs for Afghanistan, do you see in EUCOM the need for any long-term military basing and access for the efforts in Afghanistan that this committee would have to fund?

General CRADDOCK. Not discreetly towards Afghanistan. I think that, in conjunction with Transportation Command, TRANSCOM, they have in-route infrastructure requirements in our region. So, you know, Moron in Spain, Rota is in Spain, we have got to make sure that what we have meets the needs but it is not more than we need. We can't warm base things in two locations if we can fix it to be adequate for all the throughput we need in one location.

So I don't think there is anything unique to Afghanistan. As you know, TRANSCOM is working on a northern distribution network so that, instead of having to go through Pakistan, we can come in

through Russia and Kazakhstan and Uzbekistan and Tajikistan. That is working pretty well. NATO is doing the same thing.

So I don't have anything different than what TRANSCOM—we support TRANSCOM's efforts. We just—we are in a debate with TRANSCOM. Let us make sure you don't have more than you need there, TRANSCOM.

DOD EDUCATION NEEDS IN EUROPE

Mr. BISHOP. Okay. Let me change gears for a moment and go to your DOD education needs in Europe.

I think you may have alluded in your testimony to your need for school construction in Europe. Can you describe that need and the current state of the schools? I think you mentioned about \$300 million to \$400 million in Mil Con needs per year.

Does that support the current transformation efforts? And of what is that comprised? Other than schools, are there any other major construction or infrastructure needs that you have?

Mr. FARR. Before you arrived, the general went through that quite—

Mr. BISHOP. I am sorry. I apologize.

Mr. FARR [continuing]. Respond to your question.

Mr. BISHOP. Okay.

General CRADDOCK. What we have is, over the years we have taken and patched together school facilities, school infrastructure, fiscal—and we put patches on it because we never had enough money to be able to buy new in a quality facility.

DODEA, for whatever reason, only gave us 15 percent of the available funds, yet we have 43 percent of the schools and the students. So we weren't getting a fair share. Because of that, we could never completely fix a problem. We had to Band-Aid several problems.

So we have gone in these last couple of years, we have identified that, we have asked for a greater share. Right now, 72 percent of our school facilities, on a grading system, Q-1 through 4 with four being worse, 72 percent of ours are three or four. Three means major repair. Four means needs a new facility.

So we are just about at the end of being able to patch these things. We are going to have to do some new construction. That is the challenge we have got. We have got good staffs, good teachers, good curricula. Physical plants are decaying faster than we can ever—

If we don't do that, if we don't get these facilities up to Q-1 soon, we are going to have families elect to stay in the States and the service member comes alone. And that is going to be a readiness issue.

Now, beyond that, there are several programs. We are still going to need to finish up our barracks modernization. We are still going need to finish up our family housing system. That is already in the plan. And then, as we head towards the objective force for the land army for the air, there are some command and control requirements for the Army as they pull together several different units into the Weisbaden location. So that is all in the program that we have got now.

Mr. BISHOP. I apologize for going back over information you had already covered. I was in a Defense Subcommittee meeting simultaneously with this, so I apologize.

But thank you so very much.

TAJIKISTAN

Mr. FARR. Recently, I got a call from a professor at Monterey Institute of International Studies. She is Russian. And she has been teaching problems of the region. And she was really leaning on me about how we have sort of paid no attention to Tajikistan.

You mentioned it. And she said the ills of Afghanistan are flopping into that country without people paying any attention to it and it could become really explosive. Do you concur with that—

General CRADDOCK. I don't have a lot of detailed knowledge because Tajikistan is in the CENTCOM AOR. But, obviously, as a neighbor there, as a border state in Afghanistan, we see that.

The fact is that smuggling routes, historically, have gone through that area up through Tajikistan. We know drugs are moving through Tajikistan into Russia. The Russians know that. They have a growing problem with heroin addiction coming out of Afghanistan.

So the fact is we can't approach Afghanistan by itself as a regional issue, and we have got to then see both from the Pakistan side and the Iranian side, which are the two big players, but we have got to look north. And then you have got Turkmenistan and Tajikistan and—those nations are also going to feel the problems move across borders to them the better it gets in Afghanistan.

There is a natural flow—there has been for centuries—and had runs from the south of Afghanistan up through the north through the Kunduz Corridor where the Germans are. And that is where they are facing problems because it is a Pashtun belt there. And so there are a lot of bad things happening. And then you have got another one out west into Turkmenistan. Those are the two main corridors.

And as we are able to increase the security situation, it is going to move that way. And the other way it is going to move is through the Khyber Pass into Pakistan. And then you have got—out west—not as defined, not as large, you have got one large corridor into Iran, but it is pretty well covered. We watched that—south of that, it is a wide open border and there is all kinds of—there is—there is a truck park in southwestern Afghanistan where there are no paved roads that, at any one time, you will fly a predator over or a UAV and there will be a thousand trucks there and they are marshaled there coming and going.

And they are smuggling gasoline. They are smuggling anything that is a commodity that they can make money on on the black market. It is incredible.

Mr. FARR. Thank you.

Mr. WAMP.

Mr. WAMP. No further questions.

Mr. FARR. Mr. Crenshaw.

PRIVATIZED HOUSING/QUALITY OF LIFE

Mr. CRENSHAW. Just a quick question. You were talking about quality of life and family housing. Do you ever use—you know, over here, we have kind of seen how privatized housing can kind of speed up the process and not wait. Is that something that you all have looked at over there?

General CRADDOCK. We are doing that. Actually, all the new things we are doing, the Army is moving into these new main operating bases, it is all done on a build-to-lease. Absolutely.

Mr. CRENSHAW. Great.

General CRADDOCK. Yes. We even looked at it to see if there was a possibility for schools. Is there a way we could build them, but it didn't pan out because, you know, the host nation has their own requirements, their own standards. And we couldn't make the thing meet.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

Mr. FARR. I don't have any other further questions. I think your testimony is probably the most extensive I have ever seen before this committee, and I really appreciate it. It is very substantive.

QUALITY OF LIFE

Maybe in closing, there is one issue that I think the schools, obviously, for a Mil Con project, are a high priority. Is there anything else you wanted to share with the committee to prioritize as something we ought to be paying attention to?

General CRADDOCK. I just came out of a quality-of-life conference that we had before the EUCOM about a month ago. And what I was struck with—and I have—again, I have been back and forth, in and out since 1972, 16 years now. So I have seen this and I have watched the transformation of the quality of life.

And I will tell you that it is incredible. From 1972 to today, the folks today—the kids, as I call them—if they were transported in time back to 1972 and they saw the quality of life, they would say, wow, this is a pretty good deal. But, of course, in life, everything is relative. So you gauge how you are based on what you had before, maybe, in the States.

So I think that what we have to do here is we have to make sure the services—and that is the challenge we have got. The services have to understand that they do have some responsibility for these forward-deployed forces not only in Europe but also in the Pacific.

And we have got to keep an awareness and a recognition that, while it is not going to be the same as what they are going to find in a camp, post, station, installation back in the states, we have got to make it as close as possible to that in the delivery of infrastructure and services.

The support relationships are going to be more difficult. You cannot go off post at night in Vilseck down to a 7-Eleven and pick up a gallon of milk. It is different. But what you can do is get as close as possible. And you can go to a Shoppette, if you can get that. And it is open 24 hours a day. That is something we have done. That is a good thing.

So I think that is what I would focus on. The low-hanging fruit is gone. It is quality of life. I said, look, folks, what we have got to have here is you have got to tell us what you need, and there are probably three categories.

One is what can I do in EUCOM to fix that problem. Do I have the authority? Do I have the resources? We have got some of that, not much left.

What does the Department of Defense have in terms of authorities and resources to fix the next basket of problems? And then what is it going to take to fix the next basket, which is statute. That is you all.

What are those problems that we are going to have to fix? The low-hanging fruit is gone. The hard ones, to a certain extent, have already been pushed up and, sometimes, rejected.

You know, I asked for a COLA, a cost-of-living allowance review. I felt that no one adequately explained COLA for overseas camps, posts, and stations. And I talked to David Chu when he was there and all of his people, and they came over and they—and my COLA expert is right here. I mean, this is a passion. And we worked this together.

But he is the guy that tried to break in to the proprietary formula. It is proprietary. The contractor that does it, we could not—he couldn't tell us. It is proprietary. What do you mean it is proprietary? But it was.

And we had these folks come over, Department of Defense folks, civil service, and explain it, and we couldn't understand it. I couldn't understand it. You had to be a Ph.D. in economics, I guess. I couldn't get it.

So we said, please, put it in English. We have got to be able to tell our people that. And I asked, then, the Undersecretary, the Deputy Secretary, Gordon England. I don't accept it, please review this. And he initiated a panel, and they came back and said it is all okay. But the problem is we still don't know how it works.

Recently, we were told you have got to take a cut because we have overpaid you too long. And we didn't cut you earlier because Craddock requested a review. We reviewed and he lost. So now you have got to take two points a month for 4 months. So that is eight points—what? About \$50 a point?

Mr. BISHOP. Is this in reference to the civilian employees?

General CRADDOCK. No. This is military. This is military.

Mr. FARR. It is \$25—

General CRADDOCK. It is going to be a couple hundred dollars a month difference now.

Okay. But one place didn't take a cut to that extent. And that place has better facilities than anywhere else. The most modern facilities. Somewhere else that doesn't have that access, smaller commissaries, smaller PX, took a bigger cut. What kind of formula does that? So that is the challenge.

Mr. FARR. Is there a recommendation coming to us on what those statutory changes ought to be?

General CRADDOCK. Yes. We have put some requests in to the department on some changes to the law that would help the quality of life. And that is all being pulled together in OSD general coun-

sel, and they are going to review this through their legal legislative affairs and push it over.

I don't know how much it will survive.

Mr. FARR. Well, we will have our staff look at it.

General CRADDOCK. Good. Good. I appreciate that.

Sergeant Major, anything on COLA that you want to add? I mean, he is really—it is a passion.

Mr. FARR. Well, the hearing is, I think, over. So why don't you introduce the officers that you brought with you to the committee?

General CRADDOCK. Go ahead, guys. This is—Jim Sears is my special assistant. EUCOM—he is in a EUCOM billet, but he works with the attache.

In the back row, leg affairs, Rick Myers, my XO. J.L. Briggs. And this is the Mil Con expert from EUCOM, and the colonel knows that he is the absolute brain on all the history here, where we have been, and where we are going. And he is the guy that told me, because of the OMB restrictions, I can't talk programs or dollars.

Mr. FARR. Our committees don't like it when we—

General CRADDOCK. Necessary evil, I guess. But, yes.

Mr. BISHOP. Do the currency and the fall of the dollar impact your need for that COLA?

General CRADDOCK. It plays into that, yes. Yes.

VOICE. COLA is broken down into three components—which indicates where I do my shopping. In the military—do I shop off post or do I shop on post. That is one.

And then there is a market analysis where they compare the cost of items for us overseas to numerous CONUS locations. Once that is all done, then the dollar to Euro or dollar to Yen or dollar to Won is—as the last thing.

So the dollar-Euro fluctuation for us—does not take effect until—5 percent threshold—for it to be 2 percent—numerous times—and they have rejected that request saying that the system was not—16 to 31. They said that they couldn't react fast enough—2 percent threshold.

The—things like that.

Mr. BISHOP. Thank you.

Mr. FARR. Thank you. That is the first time I have had that explanation. I appreciate it.

General CRADDOCK. And the argument is, over time, it all balances out. The problem is many of our families aren't there over time. They are there for a specific period, and if it is caught in the downturn, it is always lagging behind. It is always lagging behind the depreciation of the dollar. And they never catch up.

So if you are there 5, 6, 10 years—2 years—but we—what we have asked for is, explain it to us in English so we can understand it so we could put an article in the Stars and Stripes and say, folks, here is how it works and everybody could read that and say, I understand that. We have yet to have that.

Mr. FARR. Well, the president is arguing a new era of transparency. Maybe we will have that go down to COLA analysis.

General CRADDOCK. And if the contractor that figures it out has got a proprietary formula that we can't get access to, I don't think it is—I hope that doesn't continue. But that is really strange.

Mr. FARR. Thank you for your presentation. And thank you all for your service to our country. We really appreciate it.

The committee stands adjourned until 2:00 p.m. when we are going to reassemble for an afternoon hearing on the interoperability between the Department of Veterans Affairs and DOD on medical records.

General CRADDOCK. Thank you, sir.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

FORCE LEVELS/DEMANDS IN EUROPE

Question. You have recommended that the Army retain four brigade combat teams in Europe. What are your recommendations for the other service components (USAFE, NAVFOR, MARFOR) of EUCOM?

Answer.

United States Army Europe requirements in addition to four Brigade Combat Teams (BCT):

- Seven enabling brigades
- One division headquarters
- One Army service component command headquarters

United States Air Force Europe requirements:

- Eight fighter squadrons
- One theater airlift squadron
- One air refueling squadron
- One combat search and rescue group
- One Intelligence Surveillance Reconnaissance/Global Hawk squadron
- Associated air base wings to support above requirements

Navy Europe requirements:

- One Command Ship (USS MOUNT WHITNEY)
- One Navy service component command headquarters
- Associated port and base support units
- Naval presence in EUCOM area of responsibility of 2.5 major surface combatants (These forces are better suited as rotational forces and may be fulfilled through Global Force Management/Request for Forces processes)

Special Operations Command Europe requirements:

- One Special Forces Battalion
- One Special Operations Group with vertical lift capability
- One Naval Special Warfare Unit
- One Theater Special Operations Command Headquarters

Marine Force Europe requirements:

- Deployable Combined Joint Task Force Headquarters for air, land, and sea components

Rotational requirements: These force requirements are better filled by rotational forces and may be satisfied through Global Force Management/Request for Forces processes:

- Naval presence in EUCOM area of responsibility of 2.5 major surface combatants (mentioned above)
- 1.0 presence of a Littoral Combat Ship
- 1.0 presence of the Joint High Speed Vessel
- 0.5 presence of a United States Marine Corp Special Purpose Marine Air Ground Task Force

Question. You also indicate that along with the two BCTs, EUCOM should retain "Division HQ structure" within the theater. Does this mean retaining two division headquarters? Why is it necessary to retain division headquarters structure?

Answer. EUCOM requires at least one intermediate, tactical level headquarters in order to meet directed mission requirements, which includes having a deployable Combined Joint Task Force Headquarters for the land component commander and to effectively and efficiently conduct Theater Security assistance missions.

Today United States Army Europe has only one Division Headquarters (1st Armored Division) assigned in the EUCOM area of responsibility and one Corps Headquarters (V Corps).

—In 2009, V Corps consolidates with United States Army Europe Headquarters into 7th Army and will relocate to Wiesbaden, Germany. This consolidation will remove it as tactical level headquarters from EUCOM.

—The 1st Armored Division Headquarters (Wiesbaden, Germany) is scheduled to return in 2011.

—Thus, by 2011 EUCOM will not have an intermediate tactical headquarters land component capability.

A Division or Corps Headquarters includes a tactical command and control capability for U.S. and North Atlantic Treaty Organization operations and training, staff expertise, and military-to-military exchanges. This includes Division or Corps level exercises with North Atlantic Treaty Organization allies and regional partners. A tactical level Headquarters enables EUCOM to support NATO Headquarters with peer Headquarters or subordinate tactical Headquarters. A ready, deployable, full-spectrum, land-based tactical level Headquarters separate from the Army Service Component Commander is a keystone of EUCOM's ability to build partner capacity and export security from Europe. EUCOM requirements include having Service Component capabilities to maintain and deploy a Joint Task Force Headquarters. The Navy and Air Force Joint Task Force Headquarters are challenged to deploy quickly to a land based scenario away from sea and air ports.

Question. Where are the two temporary additional BCTs currently stationed? If the two BCTs were made permanent, would you recommend that they remain at these locations or be relocated somewhere else?

Answer. The two BCTs are currently home stationed in Baumholder and Grafenwoehr. If they remain in Germany, they will remain stationed at these locations.

EUCOM is currently assigned 4 Brigade Combat Teams. The current plan has EUCOM permanently retaining the 173rd (Airborne) Brigade Combat Team, which is split based between Germany and Italy, awaiting Fiscal Year 2012 construction completion at the Dal Molin complex, Vicenza, Italy, and the 2CR Striker Brigade Combat Team is stationed at Vilseck, Germany within the Grafenwoehr Major Operating Base (MOB) area.

Question. The relocation of two brigades and divisional headquarters from Europe to CONUS was a key element of the Global Defense Posture Review, and a decision to wholly or partly reverse that decision would seem to rebuke the conclusions of that review. In your opinion, was this review fundamentally flawed, or was it overtaken by unforeseen developments?

Answer. The review was not fundamentally flawed; however, decisions made at that time were based on geostrategic assumptions that have been invalidated by recent events, e.g., the Caucasus. The resurgence of Russia and its encroachment on Georgian sovereignty was clearly not anticipated among NATO and in U.S. bilateral relations. Russia's willingness to use force outside her borders was an unforeseen development that renders a reassessment of whether previous strategic assumptions made in the GDP Review are adequate regarding stability and security in the region. Additionally, the global economic downturn has underscored the importance of the European nations' dependence upon Russia as an energy exporter, which has complicated the understanding of the dynamics involved with respect to Russia. The continuing actions in CENTCOM requiring increased support and cooperation from our European Allies and partners has also elevated the importance of EUCOM's ability to build those partnerships and export security to regions in conflict or prone to crisis.

Question. Have you seen an increased demand from other countries for bilateral/multilateral training with U.S. forces since the Russian invasion of Georgia?

Answer. Absolutely. The Russian aggression against Georgia and its intimidation and meddling in the internal affairs of other nations has intensified the requests for all forms of Theater Security Cooperation both from those nations who have been directly threatened and those key supporting partners who understand the importance of a strong and cohesive NATO. The most urgent requests are from Georgia, itself, along with the Baltic States of Latvia, Lithuania, and Estonia. These nations want to see U.S. forces exercising with their forces. The NATO nations that border Russia have all asked for increased assistance in building their own capacity to defend themselves as well as increased exercises as a demonstration of U.S. commitment and capacity. The Poles, Hungarians, Czechs, Slovaks, Romanians, Turks and Bulgarians have requested more U.S. support than I can provide. In addition, non-NATO nations such as Azerbaijan have requested exercises and training events with the U.S. Our long standing NATO partners such as the UK, France, and Denmark have requested increased interoperability training. Last, traditionally neutral nations such as Sweden, Finland and Austria have shown interest in Theater Security Cooperation. This issue is as much about avoiding a reduction of our current level of bi-lateral and multi-lateral training as it is about a growing demand signal for increased training.

We have noted an increased concern by our partners with regard to Russian military activities and intentions and a corresponding desire for the U.S. and NATO to reinforce our commitment to European security. From an intelligence standpoint our newly-developing relationships with several European partner nations include not only intelligence sharing but also tactical level intelligence training.

DODEA SCHOOLS IN EUROPE

Question. Please provide a listing of DODEA schools within your AOR and indicate the quality rating of each school's facilities.

Answer. As I noted in my recent testimony, DoDEA measures and articulates the quality of its school facilities in terms of DoD "Q-Ratings" as defined below.

- Q-1 Facility is new or well maintained—Good Condition
- Q-2 Facility is satisfactorily maintained—Fair Condition
- Q-3 Facility is under-maintained—Poor Condition
- Q-4 Facility Requires Replacement—Failing Condition

The attached table provides aggregate Q-Ratings for each school in the EUCOM AOR.

DoDDS-Europe District/School Name	Installation Country	Q-Rating
Bavaria:		
Ansbach Elementary School	USAG Ansbach, Germany	Q3
Ansbach High School	USAG Ansbach, Germany	Q3
Bamberg Elementary School	USAG Bamberg, Germany	Q4
Bamberg High School	USAG Bamberg, Germany	Q3
Garmisch Elementary/Middle School	USAG Garmisch, Germany	Q3
USAG Grafenwoehr, Elementary School	USAG Grafenwoehr, Germany	Q3
Hohenfels Elementary School	USAG Hohenfels, Germany	Q3
Hohenfels High School	USAG Hohenfels, Germany	Q1
Illesheim Elementary School	USAG Ansbach, Germany	Q4
Netzaberg Elementary/Middle School	USAG Grafenwoehr, Germany	Q1
Rainbow Elementary School	USAG Ansbach, Germany	Q3
Schweinfurt Elementary School	USAG Schweinfurt, Germany	Q4
Schweinfurt Middle School	USAG Schweinfurt, Germany	Q3
Vilseck Elementary School	USAG Grafenwoehr, Germany	Q3
Vilseck High School	USAG Grafenwoehr, Germany	Q4
Heidelberg:		
Aukamm Elementary School	USAG Wiesbaden, Germany	Q3
Boeblingen Elementary/Middle School	USAG Stuttgart, Germany	Q4
Hainerberg Elementary School	USAG Wiesbaden, Germany	Q4
Heidelberg High School	USAG Heidelberg, Germany	Q4
Heidelberg Middle School	USAG Heidelberg, Germany	Q4
Mannheim Elementary School	USAG Mannheim, Germany	Q4
Mannheim High School	USAG Mannheim, Germany	Q4
Mannheim Middle School	USAG Mannheim, Germany	Q4
Mark Twain Elementary School	USAG Heidelberg, Germany	Q3
Patch Elementary School	USAG Stuttgart, Germany	Q4
Patch High School	USAG Stuttgart, Germany	Q4
Patrick Henry Elementary School	USAG Heidelberg, Germany	Q4
Robinson Barracks Elementary/Middle School	USAG Stuttgart, Germany	Q3
Wiesbaden (Arnold) High School	USAG Wiesbaden, Germany	Q4
Wiesbaden Middle School	USAG Wiesbaden, Germany	Q4
Isles:		
AFNORTH Elementary/High School	Joint Force Command Headquarters Brunssum, Netherlands.	Q2
Alconbury Elementary School	RAF Alconbury, United Kingdom	Q4
Alconbury High School	RAF Alconbury, United Kingdom	Q4
Bahrain Elementary/High School	NSA Bahrain, Bahrain	Q4
Brussels Elementary/High School	USAG Benelux	Q4
Croughton Elementary School	RAF Croughton, United Kingdom	Q3
Feltwell Elementary School	RAF Feltwell, United Kingdom	Q3
Geilenkirchen Elementary School	Geilenkirchen AB, Germany	Q3
Kleine Brogel Elementary School	Klein Brogel AB, Belgium	Q3
Lakenheath Elementary School	RAF Lakenheath, United Kingdom	Q2
Lakenheath High School	RAF Lakenheath, United Kingdom	Q3
Lakenheath Middle School	RAF Feltwell, United Kingdom	Q1
Liberty Intermediate School	RAF Lakenheath, United Kingdom	Q3
Menwith Hill Elementary/High School	RAF Menwith Hill, United Kingdom	Q3

DoDDS-Europe District/School Name	Installation Country	Q-Rating
SHAPE Elementary School	SHAPE, Belgium	Q3
SHAPE High School	SHAPE, Belgium	Q4
Kaiserslautern:		
Baumholder High School	USAG Baumholder, Germany	Q3
Bitburg Elementary School	Spangdahlem AB, Germany	Q4
Bitburg High School	Spangdahlem AB, Germany	Q4
Bitburg Middle School	Spangdahlem AB, Germany	Q4
Kaiserslautern ES/MS/HS	Vogelweh AB, Germany	Q4
Landstuhl Elementary/Middle School	Landstuhl, Germany	Q3
Ramstein American Middle School	Ramstein AB, Germany	Q3
Ramstein Elementary School	Ramstein AB, Germany	Q2
Ramstein High School	Ramstein AB, Germany	Q4
Ramstein Intermediate School	Ramstein AB, Germany	Q3
Sembach Elementary School	Sembach AB, Germany	Q4
Sembach Middle School	Sembach AB, Germany	Q3
Smith Elementary School	USAG Baumholder, Germany	Q4
Spangdahlem Elementary School	Spangdahlem AB, Germany	Q3
Spangdahlem Middle School	Spangdahlem AB, Germany	Q3
Vogelweh Elementary School	Vogelweh AB, Germany	Q4
Wetzel Elementary School	USAG Baumholder, Germany	Q3
Mediterranean:		
Ankara Elementary/High School	Ankara AB, Turkey	Q4
Aviano ES/MS/HS Complex	Aviano AB, Italy	Q1
Incirlık Elementary/High School	Incirlık AB, Turkey	Q3
Lajes Elementary/High School	Lajes Field, Portugal	Q4
Livorno Elementary/High School	USAG Livorno, Italy	Q3
Naples Elementary School	NSA Naples, Italy	Q2
Naples High School	NSA Naples, Italy	Q2
Rota Elementary School	United States Naval Station, Rota	Q1
Rota High School	United States Naval Station, Rota	Under Construction
Sevilla Elementary/Middle School	Moron AB, Spain	Q3
Sigonella Elementary/Middle/High School	NAS Sigonella, Italy	Q2
Vicenza ES/MS/HS Complex	USAG Vicenza, Italy	Q4

Question. What is the annual sustainment requirement for DODEA schools in your AOR, and how does this compare to the actual funding level?

Answer. Based on applicable currency exchange rates, the facility sustainment requirement for DoD Dependent Schools Europe (DoDDS-E) is \$39M for FY09 and \$37M for FY10. Actual DoDDS-E sustainment funding for FY09 is \$34.1M and is projected to be \$32.2M in FY10.

Question. What is the backlog of restoration and modernization for DODEA schools in your AOR?

Answer. The backlog of Restoration and Modernization (R&M) is defined as total unfunded requirement. DoDEA reports a \$1,150M unfunded R&M requirement for schools at enduring bases in Europe.

Working in close partnership with DoDEA, we have generated broad support within OSD for increased investment in our schools and anticipate making significant gains on this backlog over the next 5 years.

Of important note: The backlog figure above does not include \$450M in unfunded R&M requirements for schools in communities currently slated for closure. While DoDEA tracks the backlog at all of their facilities, they do not intend to recapitalize or make any non-emergent investment in schools at these closing locations.

DEPLOYMENT AND EN ROUTE INFRASTRUCTURE

Question. You note in your testimony that “forward stationed units meet the same deployment schedules to Afghanistan and Iraq as CONUS units”. The 2004 “Strengthening U.S. Global Defense Posture” report from the Department of Defense noted that “heavy divisions in Europe may be closer to the Persian Gulf region than units in the U.S., but as Operation Iraqi Freedom demonstrated, their movement by sea requires a circuitous route via the Baltic and North Seas, the Atlantic Ocean, and the Mediterranean. Therefore Europe’s proximity provides no particularly significant time advantage for movement of such heavy forces compared to movement from the United States.” You seem to argue that the advantages of forward-stationed forces in building partner capacity should tilt the balance in favor of re-

taining a larger force in Europe. At the same time, are there any potential changes that could be made to EUCOM's posture and infrastructure that would bypass the Baltic/North Seas/Atlantic Ocean route and allow for a more direct movement of heavy forces by sea to Southwest/South Asia?

Answer. Yes, but such changes would drive tremendous infrastructure costs as they would require significant rail network expansion and seaport infrastructure improvements for southern European ports.

However, the most expeditious route for deployment of EUCOM heavy forces to Southwest/South Asia remains the use of mature rail and seaport infrastructure in Western Europe through seaports such as Rotterdam, Netherlands; Bremerhaven, Germany; and Antwerp, Belgium via the North Sea, Atlantic Ocean, and Mediterranean Sea. Currently, we flow our Germany-based heavy brigade via ports on the North Sea via the Baltic Sea. U.S. Transportation Command estimates a 25 to 30 day transit timeline to Southwest Asia. Alternatively, CONUS based heavy brigades take up to 45 days.

Our route utilizes the mature rail and seaport infrastructure in Western Europe and is facilitated by well established, dependable host nation support. In the event of major combat operations requiring multiple U.S. Divisions, U.S. ports and rail lines could quickly become overwhelmed. Deploying some of the force from Europe could save valuable time. It is quite possible that four EUCOM BCTs could be loaded on ships and under way from Europe while their CONUS BCT counterparts are still waiting their turn at the smaller number of U.S. ports that could accommodate them.

Last, I would like to point out, that while forward presence offers advantages for rapid deployability to a crisis in Europe, Africa, or the Caucasus, it significantly increases the effectiveness of Building Partner Capacity (BPC) activities in several ways. There is tremendous value added for BPC within the theater through the habitual relationships which only forward stationed units can provide. These relationships are critical to building trust and confidence with both our traditional and new partners and allies alike. In addition, under current BCT rotation and reset procedures for global sourcing, forward stationed units can contribute to BPC activities for approximately twice the length of time that rotational forces can provide. This is because the forward stationed unit's training cycles are conducted in theater and can be leveraged for BPC.

Question. What specific recommendations has TRANSCOM made regarding en route infrastructure in the EUCOM AOR?

Answer. EUCOM works collaboratively with Transportation Command via the European En-route Infrastructure Steering Committee to identify and assess en-route infrastructure requirements within the context of the strategies of both Commands and accounting for the strategies and requirements for adjacent Commands. Beginning in 2003, Transportation Command specifically recommended infrastructure enhancements at Rota, Spain to increase the capability of this location to support strategic air transport and multimodal (ship to aircraft) operations. Recommendations by Transportation Command for en route infrastructure at other locations in the EUCOM area of responsibility, for example Ramstein, Germany or Souda Bay, Greece, have similarly been provided by Transportation Command. Again, the recommendations are made by Transportation Command with the coordination of EUCOM and are further vetted within the Transportation Command-led Global En-route Infrastructure Steering Committee, a governance body that ensures the most vital infrastructure requirements are moved forward.

Question. What role do airfields, ports and other facilities in the Black Sea/Caucasus region perform in the US/NATO supply effort for Afghanistan?

Answer. The Black Sea/Caucasus region is proving to be an area of strategic importance to both the U.S. and NATO as we expand our ground lines of communication through countries other than Pakistan. The nations in this region have made their airfields, ports and other facilities available to our Afghanistan resupply effort, called the "Northern Distribution Network."

Specifically, access to Georgia and Azerbaijan allows us to use their road, rail, and port networks to move construction and general supplies into Afghanistan. Our aircrews use the airports at Tbilisi, Georgia; Burgas, Bulgaria; Varna, Bulgaria; and Constanta, Romania as refueling and crew rest stops.

NATO is similarly engaged in the region to expand the flow of logistics toward Afghanistan. A line of communication is planned via Georgia, Azerbaijan, and Turkmenistan. Also, the international airport at Baku, Azerbaijan is an important hub for moving cargo from Germany to Afghanistan.

MISSILE DEFENSE

Question. What on-site activities are you able to conduct at the BMD locations without ratification of the bilateral agreements?

Answer. Only site surveys have been allowed without Parliamentary ratification of our bilateral agreements. Permanent changes, such as ground clearing and construction, cannot begin at the sites in Poland and the Czech Republic until entry into force of a Site Agreement and a Status of Forces Agreement which supplements the North Atlantic Treaty Organization Status of Forces Agreement.

Both the Site and Status of Forces Agreement with Czech Republic were signed in 2008; however, ratification in the Czech Republic remains uncertain and will not occur until after new Parliamentary elections (likely fall 2009—provided the winning party will support the radar site).

The site agreement for Poland was signed in 2008 and negotiations for the Status of Forces Agreement Supplemental are ongoing. Key issues regarding construction, criminal jurisdiction, tax relief, and the application of Polish law to U.S. forces must still be agreed upon. The State Department is lead on Status of Forces Agreement Supplemental negotiations.

Question. Would the personnel manning the BMD sites fall under EUCOM operational command? How would the operation of the two bases be integrated with existing garrison/wing command organizations in EUCOM?

Answer. Yes, EUCOM will command and control (C2) personnel manning the BMD sites.

The operation of the two bases will be integrated through the individual service components that have been assigned manning responsibilities for those planned bases: U.S. Air Forces Europe for the European Midcourse Radar Site in the Czech Republic, and U.S. Army Europe for the European Interceptor Site in Poland. EUCOM, Missile Defense Agency, and the European Service component staffs are working closely with the services (U.S. Air Force and U.S. Army) to ensure issues related to manning, sustainment, and required facilities are addressed. EUCOM is monitoring the command organizations which are being planned by the services, however the organization of sustainment commands remain a service responsibility.

Question. Have the construction contracts for the BMD sites been awarded? How much of the fiscal year 2009 military construction funds for the BMD sites in Europe have been obligated and expended?

Answer. Construction contracts for the Ballistic Missile Defense sites in Europe have not been awarded, nor has any of the Fiscal Year 09 Military Construction funding been obligated and/or expended. No construction contracts will be awarded nor Military Construction funds obligated and/or expended until all necessary Status of Forces Agreement Supplemental and Implementing Agreements are complete. Facility-related activities are currently limited to design and pre-negotiation of agreements that must be in place prior to award of construction contracts.

Question. The amounts programmed in the fiscal year 2009 FYDP for construction of the BMD sites did not include amounts necessary for housing or community facilities to support personnel. The agreements allow for up to 250 personnel at the radar site, and 500 at the interceptor site. Do you have an estimate and/or a list of facilities necessary to provide such support?

Answer. No, we do not have an estimate. While support facility planning is underway, the scope and cost of required facilities at both sites are largely dependent on the terms of SOFA Supplemental and/or Implementing Agreements that have yet to be finalized. Although we cannot provide meaningful cost estimates at this time, it is important to note that EUCOM, MDA, and the lead services at each site are committed to meeting mission and mission support requirements with the smallest practicable personnel and infrastructure footprints. Once the terms of applicable agreements are finalized, the lead services for each site (Army for the European Interceptor Site and Air Force for the European Midcourse Radar) will work with MDA to develop mission support facility requirements.

Question. The agreements with the Czech Republic and Poland retain title to facilities on both sites with the respective host nation governments, including permanent structures built with U.S. military construction funds. How does this compare with basing arrangements with other European host nations?

Answer. Our basing agreements typically retain title with the respective host nation. Our use of facilities at overseas locations is governed by the terms of host nation specific implementing arrangements for real estate, which require consignment agreements be established for all U.S. occupied facilities. These agreements are binding and valid until terminated with the consent of both parties. Implementing arrangements for real estate with both the Czech Republic and Poland will include similar terms.

Question. In your written statement, you discuss a multi-national Heavy Airlift Wing to be established at Papa Air Base, Hungary by the U.S. and twelve other countries. Are there any facility requirements for this unit, and will they be borne by the U.S., NSIP, or some other cost-sharing arrangement?

Answer. Operational facility requirements have been identified for supporting the Heavy Airlift Wing and in 2009 these costs will be approximately \$12.5M. Costs are shared among the twelve nations in accordance with the cost-sharing arrangements contained in the Strategic Airlift Capability (SAC) C-17 Program Memorandum of Understanding. The U.S. pays 33%, or an approximate \$4.2M share. There is an active effort on behalf of host nation Hungary, with support from the U.S., to secure NSIP to cover a portion of the facility requirements.

NSIP eligibility for a given infrastructure requirement is based upon the minimum military requirement, or that infrastructure which is essential to a NATO Commander's ability to fulfill his or her military roles and responsibilities. Infrastructure required to fulfill that minimum requirement is eligible for NSIP funding. Infrastructure above and beyond that capability is to be funded by national assets, or in this case the SAC C-17 Consortium.

NATO SECURITY INVESTMENT PROGRAM

Question. In recent years, an increasing portion of NATO Security Investment Program funds have gone to support the "out of area" mission in Afghanistan. As both commander of EUCOM and Supreme Allied Commander, do you believe that the current NSIP program is well balanced between the ISAF mission and needs within Europe?

Answer. The current NSIP program is reasonably balanced according to partner nation priorities with respect to current operations in Afghanistan and NATO needs within Europe. While the amount of the NSIP available for investment within Europe has reduced with the increased need for financing common-use requirements in Afghanistan, this shift has not resulted in undue negative consequences for the Alliance.

Question. How will France's rejoining of NATO as a full member of the alliance affect the cost-sharing distribution within NSIP?

Answer. France will assume a 12.4% share of the North Atlantic Treaty Organization Security Investment Program's annual €640.5 million annual program. Previously, France participated in approximately 60% of the North Atlantic Treaty Organization Security Investment Program funded expenditures to include, among others, capital investments for ongoing military operations (Afghanistan, Kosovo, etc), the North Atlantic Treaty Organization Response Force, and the North Atlantic Treaty Organization Air Command and Control System. France will now participate in the remaining 40% of the North Atlantic Treaty Organization Security Investment Program funded activities such as the infrastructure for the military headquarters and airfield and port improvements. The French re-integration, along with the accession of Albania and Croatia will reduce the U.S. North Atlantic Treaty Organization Security Investment Program cost share from 23.2% to 21.7%. This cost share will be phased in over several years as, under normal North Atlantic Treaty Organization procedures, France, Albania, and Croatia will participate in the funding of newly programmed projects but not previously programmed ones.

WEDNESDAY, MARCH 25, 2009.

**MEDICAL TRANSITION: DEFENSE TO VETERANS
AFFAIRS**

WITNESSES

**MICHAEL J. KUSSMAN, M.D., UNDER SECRETARY FOR HEALTH, DE-
PARTMENT OF VETERANS AFFAIRS**

**S. WARD CASSCELLS, M.D., ASSISTANT SECRETARY FOR HEALTH AF-
FAIRS, DEPARTMENT OF DEFENSE**

STATEMENT OF THE CHAIRMAN

Mr. FARR [presiding]. This meeting will come to order.

Chairman Chet Edwards is at the Budget Committee, and has asked me, as vice chair, to chair this afternoon's hearing.

As you know, this hearing is on the Department of Defense and the Department of Veterans Affairs medical transition. The purpose of this hearing is to review the progress that these departments have made in ensuring a seamless transition for our veterans and to identify and to discuss what still needs to be done.

Witnesses from GAO and the VA inspector general, at one of our earlier hearings, the review of the VA challenges, acknowledged that the departments have moved forward in their development of electronic medical interoperability, but they also indicated that the process would be improved by identifying results-oriented performance goals.

This is only one example of the many issues that must be addressed if we are to ensure that no veteran falls through the cracks and is left to navigate that system alone. And I know a lot of members have been asking those questions all year.

Our witnesses for this hearing will be Dr. Michael Kussman, who is the Under Secretary of Health for the Department of Veterans Affairs, and Dr. Ward Casscells, the Assistant Secretary of Defense for Health Affairs.

As the senior physicians and essentially the CEOs of the veterans health systems and military health systems, they are responsible for not only ensuring that their systems meet the medical needs of their patients, but that patients can move between these systems in order to provide those who have served this nation with the very best in care.

I would like to welcome both of our witnesses to this hearing and look forward to your testimony and discussion.

Before we hear from Dr. Kussman, I would like to recognize my colleague from Tennessee, Mr. Wamp, for any opening remarks he might have.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

Dr. Kussman and Dr. Casscells, you are at the forefront of a very important issue; that is, the improving status of our VA health care delivery system at a critical time in history, where our veterans have problems that we haven't encountered in other wars, and, certainly, the asymmetrical nature of this war and constant rotation of our veterans.

They come back with afflictions, and we are very keen on this, but, also, the overall bureaucracy of the VA is a beast that has to be tamed.

I know we are on the road to recovery. And I appreciate Dr. Kussman from last year and Dr. Casscells coming this year, and the new secretary calling me and reiterating his commitment to trying to improve the efficiencies at the VA, because it is an absolutely essential agency.

But the bureaucracy is still, in my opinion, an impediment to the delivery system being as efficient and as effective as it can be.

So I look forward to your testimony today and a lot of give-and-take, and then, frankly, the follow-up through the year as we write the bill so that, by statute, we can assist you in any and every way to deliver the health care as effectively as possible.

And I am grateful that you are both physicians and that you are on the job and you are prepared to address this need. I think that is very, very helpful, based on your knowledge.

And Dr. Kussman and I developed a good relationship last year and I feel like we are going in the right direction, but we have still got a ways to go.

So I look forward to your testimony this afternoon.

Thank you, Mr. Chairman.

Mr. FARR. Thank you very much.

Dr. Kussman was confirmed as the Under Secretary for Health, Veterans' Health Administration, in May 2007. He served as brigadier general and retired after 28 years of active duty service in the United States Army, culminating in his assignment as the commander of Europe Regional Medical Command.

He earned his undergraduate and medical degrees from Boston University. He became the Army Surgeon General's chief consultant in internal medicine and serves on the faculty of the Uniformed Services University of Health Sciences.

For the record, we will, without objection, accept your written statement and if you would just like to give us some brief opening remarks, we would really appreciate that.

STATEMENT OF MICHAEL J. KUSSMAN

Dr. KUSSMAN. Yes, sir. Good afternoon, Mr. Vice Chairman and members of the subcommittee.

It is a pleasure for me to sit here with my friend, Trip Casscells, before you today to discuss VA's work with the Department of Defense to support medical transitions for injured or ill veterans and service members.

VA's mission is to care for those who have borne the battle. As medical technology has advanced, more and more of our brave he-

roes survive what would have been fatal wounds in previous conflicts.

But survival is only the immediate goal. Our job is to restore veterans to the greatest level of health, independence and quality of life that is medically possible.

We are achieving this goal through close collaboration with DOD to facilitate a smooth medical transition and continuum that ensures veterans and service members receive the full continuum of care.

And just as an aside, I was probably responsible for using the term "seamless transition," but I really believe that this is not necessarily a transition.

That has a connotation of a handoff from DOD to the VA, but we have gotten together so closely, this is a continuum.

There are a lot of active duty people who are in the VA. There are veterans who are in DOD and it really is an issue related to the continuum of the life cycle of the soldier, sailor, airman, Marine, and veteran.

We recognize from some of our patients this transition is not a one-way road, as mentioned. Many of our facilities, particularly our polytrauma rehabilitation centers, treat active duty service members who maintain their status with DOD, while other facilities treat members of the Reserves or the National Guard between periods of activation.

Regardless of the desired outcome for each individual patient, communication is the critical link in this transition process, communication with our patients, with their families, and among clinicians.

Effective communication encompasses tailoring rehabilitation plans to meet the needs and expectations of our patients and their families. Dialogue between clinicians, whether in different disciplines or different departments, brings together capable medical minds to ensure all patients receive high quality care that they deserve.

My written statement focuses on four areas of cooperation and coordination between DOD and the VA regarding medical transition for veterans and service members. Those are mental health, traumatic brain injury, the electronic health record, and outreach.

In each of these areas, VA and DOD have established processes to improve care coordination, quality, no matter which department is providing services.

Our facilities are active parts of their communities and participate in so many initiatives that seldom receive the praise they deserve.

I would like to use the few minutes I have now to provide some examples of recent initiatives where VA outreach and programs have improved the lives of veterans, service members, and their families.

Near the beginning of the month, in Chicago, one of our facilities held a welcome home event for more than 100 OEF/OIF veterans.

VA staff in southern Oregon recently attended two pre-mobilization events to establish contacts with Oregon National Guardsmen and their families, in anticipation of their deployment to Iraq.

Through these meetings, VA staff educates service members before they deploy about the health care that they will earn in service to their country.

One major initiative that facilitates a service member's transition to veteran status is the yellow ribbon reintegration program, which engages service members and their families in the pre, during and post-deployment phases.

VA has a full-time liaison person with this office. This program is currently active in 54 states and territories and almost 20,000 service members have participated so far.

In Wilmington, North Carolina, just last week, VA staff participated in a yellow ribbon event held for the Marine Corps returnees, in which we assisted approximately 50 Marines and their family members with VA health care registration.

At another event in Kansas, members of the Army National Guard participated in a similar event.

Mr. Chairman, these are just a few examples of the countless events and measures taken every day by both VA and DOD staff to assist veterans and service members in need.

Thank you again for this opportunity to speak about VA's role in collaborating with DOD to support the continuum of care for injured or ill veterans and service members.

I am prepared to answer any of your questions.

Thank you.

[The prepared statement of Michael J. Kussman follows:]

**STATEMENT OF
MICHAEL J. KUSSMAN, MD, MS, MACP
UNDER SECRETARY FOR HEALTH
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES**

MARCH 25, 2009

Good afternoon, Mr. Chairman and members of the Subcommittee. Thank you for the opportunity to discuss the Department of Veterans Affairs' (VA's) work with the Department of Defense (DoD) to support medical transitions for injured or ill Veterans and servicemembers.

VA's mission is to care for those who have borne the battle. As medical technology has advanced, more and more of our brave heroes survive what would have been fatal wounds in previous conflicts. But survival is only the immediate goal – our job is to restore Veterans to the greatest level of health, independence and quality of life that is medically possible. We are achieving this goal through close collaboration with DoD to facilitate a smooth medical transition and continuum that ensures Veterans and servicemembers receive the full continuum of care.

Central to our efforts, VA and DoD continue to utilize the Senior Oversight Committee (SOC) to improve the coordination of services between the two Departments. The SOC continues work to streamline, de-conflict, and expedite our efforts to support wounded, ill, and injured Veterans' and servicemembers' recovery, rehabilitation, and reintegration.

The Joint Executive Council (JEC), established by the National Defense Authorization Act of 2004, explores new ways to: improve health resource sharing; remove barriers to collaboration; support beneficial opportunities for better business practices; and ensure high quality, cost-effective services for VA and DoD beneficiaries. The JEC oversees and establishes priorities for the Health Executive Council (HEC), which is chaired by VA's Under Secretary for Health and DoD's Assistant Secretary for Health Affairs. The HEC serves as a venue for quickly vetting issues to subject matter

experts in both Departments. The HEC's long term core challenges are putting technology in place to allow data sharing capabilities, establishing agreements for sharing personally identifiable information, and assessing the health needs, including PTSD and TBI, of Veterans and servicemembers.

The Joint Incentive Fund (JIF) is a funding mechanism for the two Departments to allow their facilities, especially joint venture facilities, to initiate projects to increase access to care and maximize our resources. The JIF is implemented by the HEC and was established by the National Defense Authorization Act of 2003. Funds placed by either Department into the JIF are not restricted by the same time limitations normally placed on appropriations. Over the past seven years, the JIF has been the most significant conduit for field-based sharing of resources and enhanced services to beneficiaries of both Departments. The Financial Management Work Group reviews and evaluates proposals for JIF projects and makes recommendations to the HEC.

We recognize for some of our patients, this transition is not a one-way road. Many of our facilities, particularly our Polytrauma Rehabilitation Centers, treat active duty servicemembers who maintain their status with DoD, while other facilities treat members of the Reserves or the National Guard between periods of activation. Regardless of the desired outcome for each individual patient, communication is the critical link in this transition process: communication with our patients, with their families and among clinicians. Effective communication encompasses tailoring rehabilitation plans to meet the needs and expectations of our patients and their families. Dialogue between clinicians, whether in different disciplines or different Departments, brings together capable medical minds to ensure all patients receive the high quality care they have earned.

My testimony will focus on four areas of cooperation and coordination between VA and DoD regarding medical transitions for Veterans and servicemembers: mental health, traumatic brain injury, electronic health records and outreach. In each of these areas, VA and DoD have established processes to improve care coordination and quality no matter which Department is providing services.

Mental Health

Mental health care is an essential component of overall health care. Unlike with many physical conditions, though, Veterans and servicemembers carrying these scars of war are not always readily identifiable. Identifying and treating patients with these conditions is paramount, and VA's efforts to facilitate treatment while removing the stigma associated with seeking mental health care are yielding valuable results. VA screens any patient seen in our facilities for depression, post-traumatic stress disorder (PTSD), problem drinking and military sexual trauma. We have incorporated this screening and treatment into primary care settings. We also offer a full continuum of care, including inpatient, residential and outpatient services for Veterans with one or more of the following conditions: serious mental illness, PTSD, alcohol and substance abuse disorders, depression and anxiety. We further offer programs for Veterans at risk of suicide, Veterans who are homeless, and Veterans who have experienced military sexual trauma. We provide urgent care immediately and we conduct an initial evaluation of all patients with potential mental health issues within 24 hours of contact. For non-urgent care, we see 95.3 percent of patients within 14 days of their requested appointment date.

VA provides mental health care in several different environments, including Vet Centers. There are strong, mutual interactions between Vet Centers and our clinical programs. Vet Centers provide a wide range of services that help Veterans cope with and transcend readjustment issues related to their military experiences in war. Services include readjustment counseling for Veterans, marital and family counseling necessary for the successful readjustment of the Veterans, bereavement counseling, military sexual trauma counseling and referral, demobilization outreach/services, substance abuse assessment and referral, employment assistance, referral to VA medical centers, VBA referral, and Veterans community outreach and education. Vet Centers provide a non-traditional therapeutic environment where Veterans and their families can receive counseling for readjustment needs and learn more about VA's services and benefits. By the end of FY 2009, VA will offer 271 Vet Centers with 1,526 employees to address the needs of Veterans. Additionally, VA is deploying a fleet of 50 new Mobile Vet Centers early this year; they will provide outreach to returning Veterans at

demobilization activities across the country and remote areas.

VA has participated in DoD's post-deployment health reassessment (PDHRA) since the onset of Operations Enduring Freedom and Iraqi Freedom (OEF/OIF) and support referrals for additional care. The PDHRA is a DoD health protection program designed to enhance the deployment-related continuum of care. PDHRA's provide education, screening, and a global health assessment to identify and address health concerns, with specific emphasis on mental health, that have emerged over time since deployment. DoD provides VA a list of locations and times where these events will take place – often at a Guard or Reserve unit. VA outreach staff from local medical centers and Vet Centers participates at these events. DoD clinicians conduct screening exams for Veterans and VA staff is available to coordinate referrals for any Veteran interested in seeking care from a VA facility. Vet Center staff members are also present to assist Veterans with enrollment in VA for health care or counseling at a local Vet Center. VA's PDHRA mission is threefold: enroll eligible reserve component servicemembers into VA health care; provide information on VA benefits and services; and provide assistance in scheduling follow-up appointments. VA medical center and Vet Center representatives provide post-event support for all onsite and Call Center PDHRA events. Between FY 2006 and January 31, 2009, VA has supported DoD in completing more than 250,000 PDHRA screens resulting in 96,638 total referrals, of which 52,780 were for VA medical centers and 22,801 were for Vet Centers.

Traumatic Brain Injury

In partnership with DoD and the Defense and Veterans Brain Injury Center, VA has been a national leader in the care and rehabilitation of Veterans with traumatic brain injury (TBI) for more than 15 years, and we are committed to maintaining that status. VA utilizes an automated clinical reminder for TBI Screening and Evaluation to identify patients who are at risk for TBI and to ensure they receive the appropriate clinical services. Since April 2007, all OEF/OIF Veterans who come to VA for health care services are screened for possible TBI. Veterans who screen positive are offered referral for a comprehensive medical evaluation and follow up services as indicated. VA uses the TBI Tracking Application to monitor each individual screened and referred for

comprehensive evaluation and follow-up care. VA distributes reports from the TBI Tracking Application to facilities every month to assist them in developing and refining their clinical processes.

Through January 31, 2009, VA has screened 270,022 OEF/OIF Veterans for possible TBI, which is approximately two-thirds of the more than 400,000 OEF/OIF Veterans who have come to VA for care. From this population, 50,068 screened positive for a possible TBI and were referred for comprehensive evaluations. Of the 33,250 who received follow-up evaluations so far, 15,486 were confirmed with a diagnosis of mild TBI; 12,580 have had a TBI diagnosis ruled out, and a little more than 5,184 require further evaluation. Data show that 99.9 percent of Veterans with a confirmed TBI diagnosis have utilized VA outpatient services and 9.7 percent have utilized VA inpatient services, confirming that VHA is successfully identifying and providing services to this target group. A web-based tracking application is used nationally to capture data (including demographics, contact information, responses to TBI screening questions, a clinical neuro-behavioral symptom inventory, and the patient's ultimate diagnosis) on those Veterans who have screened positive for possible TBI, those referred for follow-up evaluation, those who have completed the TBI evaluation, and actions taken to reach those who have not completed the evaluations.

VA's Polytrauma System of Care (PSC) is a nationwide integrated system of over 100 facilities with specialized rehabilitation programs for polytrauma and TBI. In addition to rehabilitation care, PSC provides case management, family education and support, psychosocial services and community re-integration assistance. PSC is organized into a four-tier system of hub-and-spoke facilities. Four regional Polytrauma Rehabilitation Centers serve as referral centers for acute medical and rehabilitation care for the most severely injured. As Veterans recover and transition closer to home, PSC continues to provide a continuum of integrated care through 22 Polytrauma Network Sites, 81 Polytrauma Support Clinic Teams and 45 Polytrauma Points of Contact located at VA medical centers across the country. VA ensures PSC's provide effective care through accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF), an internationally recognized standard of excellence for rehabilitation programs, and through collection and analysis of patient outcome measures.

The National Defense Authorization Act of FY 2008, requires VA to establish and maintain a TBI Veterans Health Registry. The registry will include information (demographic, service, clinical history, claims data, etc.) about every servicemember who served in OEF/OIF who exhibits symptoms associated with TBI and who applies for services or files a disability claim. The registry will involve a secure web-based portal in compliance with VA data security, HIPAA and Privacy Act. A custom-built web portal will enable authorized VA users to evaluate data and develop policies, assess resource demands, determine the incidence and prevalence of TBI in the OEF/OIF population, and evaluate treatment and outcomes. VA has held several meetings over the last few months, has awarded a support contract, and is on pace to complete the Registry by the end of FY 2009.

On August 19, 2008, VA signed an interagency agreement with the Department of Education National Institute of Disability and Rehabilitation Research to draw upon their expertise in maintaining the TBI Model System, the largest longitudinal TBI database in the country. The VA Polytrauma Rehabilitation Centers will be added to the consortium of 16 TBI Model Systems centers from the private sector. This arrangement provides technical expertise and assistance to VA for construction and maintenance of the TBI database. This agreement further provides VA with access to data and information from the TBI Model System centers, and will allow VA to benchmark our outcomes with those of the other TBI Model Systems centers.

VA continues to lead efforts in advancing the assessment and treatment of TBI. The Office of Research convened a Traumatic Brain Injury State of the Art conference from April 30 to May 2, 2008. Invited participants included over 100 researchers, clinicians, and administrators from VA, Department of Defense, National Institutes of Health, Defense and Veterans Brain Injury Center, and academia. The purpose of the conference was to determine relevant research questions that would generate the knowledge needed to advance the understanding and treatment of TBI. The outcomes of the conference included the development of a list of priority research questions, which were published in a VA request for research proposals. Researchers have responded, and VA is supporting a broad spectrum of TBI research including screening, advanced imaging, diagnosis, treatment and long term outcome.

On November 17-18, 2008, VA hosted a summit with 30 international experts to discuss the assessment, treatment, and potential long-term effects of mild traumatic brain injury (TBI). Guest panelists from institutions in Australia, Canada, United Kingdom, Israel, Spain, and across America met with VA representatives to explore critical issues with regard to TBI. Panelists discussed best practices for assessment, treatment and rehabilitation of patients with mild TBI and overlapping stress-related disorders. Panelists also addressed potential long-term consequences of TBI and related stress disorders, and how to best provide care for such problems. Participants deliberated on a variety of issues in view of the current state of medical knowledge, including: identification and rehabilitation for TBI and post-traumatic stress, community and social reintegration, and family support issues. VA intends to utilize input from the conference to assess its current programs and future strategy for addressing mild TBI and related stress disorders. Based upon this summit, we know VA is a leader in TBI care and is committed to providing the resources for what remains to be learned through a number of strategies, including: establishing the Registry to track Veterans and servicemembers identified with TBI; advancing research related to TBI; improving methods to reintegrate Veterans with TBI into their communities; and determining the best ways to help family members cope and provided needed support.

Electronic Health Records

We recognize that the world of health IT and electronic health records is on the brink of great change. We will continue to contribute and be involved in the continuing development of standards. VA has more than 20 years of experience with electronic health records. Our clinicians were critical in the development and adoption of VA's electronic health record, which is fundamental to our ability to provide safe and high quality health care to our Veterans. VA's electronic health record won the prestigious Harvard Innovations in American Government award in 2006. VA's world-class electronic health record improves patient safety, reduces costs, and can help guide the nation toward broad adoption of electronic health records. Additionally, VA's electronic health records offer the capability to support a robust Personal Health Record for Veterans. VA's Personal Health Record, known as My HealtheVet empowers

Veterans, regardless of age or geography, to invest in their own health care online with 24/7 access to VA prescription refill, review of medical information, self reporting for blood pressure and other vitals. VA recently added wellness reminders. These online functions help reduce duplicate testing; increase capability for preventive care and management of chronic diseases; and increase adherence to evidence- based practice.

Leveraging information technology to improve and modernize the delivery of health care is a top priority of the Secretary of Veterans Affairs. Secretary Shinseki is collaborating with the Secretary of Defense to simplify the transition of military personnel into VA. The two Departments will continue to work toward improving the exchange of medical information to best serve our active duty servicemembers and Veterans who come to us for medical care, in addition to improving the functions of My HealthVet. Today, we are sharing more information than ever before. Although our data exchanges are unprecedented in the scope and amount of data we share, we realize there is more work to be done and believe we are taking the steps necessary to meet our goals and comply with the direction provided by the FY 2008 National Defense Authorization Act (NDAA).

Since 2001, the Federal Health Information Exchange (FHIE) has accomplished the one-way transfer of all clinically pertinent electronic information on more than four million separated individuals. Approximately half of these individuals have come to VA for health care or benefits as Veterans. In addition to FHIE, VA and DoD clinicians are using the Bidirectional Health Information Exchange (BHIE) to view medical data on shared patients, including Veterans, active duty personnel and their dependents from every VA and DoD facility. Today, VA and DoD continue to share bidirectional viewable outpatient pharmacy data, allergy information, inpatient and outpatient laboratory results (including chemistry, hematology, microbiology, surgical pathology, and cytology), inpatient and outpatient radiology reports, ambulatory progress notes, procedures, problem lists, vital signs and history data.

Additionally, to support our most seriously injured Veterans and servicemembers, DoD is transferring digital radiological images and scanned inpatient information for every patient being transferred from Walter Reed and Brooke Army Medical Centers and Bethesda National Naval Medical Center to one of our four Polytrauma

Rehabilitation Centers. Our Polytrauma clinicians find this information invaluable for treating patients and we are continuing to improve the presentation of this information.

In addition to the viewable text and scanned information we receive and share with DoD, VA and DoD are sharing computable allergy and pharmacy information on patients who use both health care systems. The benefit of sharing computable data is each system can use information from the other system to conduct automatic checks for drug interactions and allergies. In VA, we have implemented this capability at seven of our most active locations where patients simultaneously receive care from both VA and DoD facilities. Once a patient's record is enabled with this capability, his or her pharmacy and allergy information is computable enterprise-wide in DoD and VA and available for this automatic clinical decision support.

Finally, our social workers, transition patient advocates, and other military liaison staff continue to use the Veterans Tracking Application or "VTA" successfully in order to improve the coordination of care for patients transitioning from DoD to VA. VTA provides our staff with key patient tracking and patient coordination information on a near real-time basis.

VA and DoD are now sharing digital radiology images bidirectionally at multiple locations where images are key to critical medical sharing programs. These sites include El Paso, Texas between William Beaumont Army Medical Center and El Paso VA Healthcare System; North Chicago, between the Naval Health Clinic Great Lakes and North Chicago VA Medical Center where we will soon stand up our new Federal Health Care Center; and in Washington, D.C., where we provide critical care to our OEF/OIF wounded and are piloting a single Disability Evaluation pilot between the Washington D.C. VA Medical Center, Walter Reed Army Medical Center and National Naval Medical Center.

Despite these accomplishments, we realize our work is not done and continue to expand the types of electronic medical data we share. Additionally, we continue to refine the way in which VA and DoD display data to our clinicians and to implement more robust data standardization that improve the use and computability of health information between VA and the Department of Defense.

Outreach

VHA currently maintains a variety of programs to respond to the specific needs of separating OEF/OIF servicemembers to assist them in transitioning from military service to Veteran status. For severely injured Veterans and servicemembers, VHA has stationed 27 social work or nurse case manager liaisons at 13 military treatment facilities across the country to identify and address the patient's clinical needs as they transfer from a DoD facility to a VA facility. Similarly, VA houses approximately 90 military liaisons in VHA facilities to provide on-site, non-clinical support for Veterans or servicemembers at VA's Polytrauma facilities and other locations.

In October 2007, VA partnered with DoD to establish the Joint VA/DoD Federal Recovery Coordination Program (FRCP). Federal Recovery Coordinators identify and integrate care and services for the seriously wounded, ill, and injured servicemember, Veteran, and their families through recovery, rehabilitation, and community reintegration. The FRCP is intended to serve all seriously injured servicemembers and Veterans, regardless of where they receive their care. The central tenet of this program is close coordination of clinical and non-clinical care management across the lifetime continuum of care.

Every VA medical center has established an OEF/OIF Program. The Program Manager, usually a social worker or nurse, manages programs for OEF/OIF Veterans, coordinates the efforts of clinical case managers and Transition Patient Advocates, links with military treatment facilities to ease transfers of patients and works with the Veterans Benefits Administration (VBA) to track claims. Each VISN has also identified an OEF/OIF Program Manager to coordinate inter-facility issues and practices. OEF/OIF case managers initiate contact with patients and families before they transfer from a military treatment facility (if they have received care there, otherwise, they work with patients and their families as they present for care) and assist an interdisciplinary team assigned to treat the Veteran's medical needs. The OEF/OIF case manager is responsible for planning and coordinating all of the patient's health care needs.

VA and DoD have established a comprehensive, standardized enrollment process at 61 demobilization sites (15 Army, four Navy, three Marines, three Coast Guard and 36 Air Force). Through this process, VA has contacted more than 31,000

members of the Reserve and National Guard components and enrolled more than 29,000 of them for VHA health care. DoD provides VA with dates, numbers of servicemembers demobilizing and locations for demobilizing events. At these events, VHA staff representatives from the local VA medical center, benefits specialists and Vet Center counselors receive approximately 45 minutes during mandatory demobilization briefings for a scripted presentation. During this time, Veterans receive information about recent changes in enrollment and eligibility, including the extended period in which those who served in combat may enroll for VA health care following their separation from active duty. They are also educated about the period of eligibility for dental benefits, which was recently extended from 90 days to 180 days following separation from service, by the National Defense Authorization Act for Fiscal Year 2008.

This enrollment process has been streamlined and Veterans are also shown how to complete the Application for Health Benefits (the 1010EZ), which begins the enrollment process for VA health care. VHA staff members also discuss how to make an appointment for an initial examination for service-related conditions and answer questions about the process. These completed forms are collected at the end of each session. VA staff at the supporting facility match the 1010EZ with a copy of the Veteran's DD214, their discharge papers and separation documents, scan them, and send them to the VA medical center where the Veteran chooses to receive care. The receiving facility staff enters this information into VA's electronic medical records; VA's Health Eligibility Center staff will then complete the enrollment process and send a letter to the Veteran verifying their enrollment.

In response to the growing numbers of Veterans returning from combat in OEF/OIF, the Vet Centers initiated an aggressive outreach campaign to welcome home and educate returning servicemembers at military demobilization and National Guard and Reserve sites. Through its community outreach and brokering efforts, the Vet Center program also provides many Veterans the means of access to other VHA and VBA programs. To augment this effort, the Vet Center program recruited and hired 100 OEF/OIF Veterans to provide the bulk of this outreach to their fellow Veterans. To improve the quality of its outreach services, in June 2005, the Vet Centers began documenting every OEF/OIF Veteran provided with outreach services. The program's

focus on aggressive outreach activities has resulted in the provision of timely Vet Center services to significant numbers of OEF/OIF Veterans and family members.

VA began a Veteran Call Center Initiative in May 2008 to reach out to OEF/OIF Veterans who separated between FY 2002 and July 2008. The Call Center representatives inform Veterans of their benefits, including enhanced health care enrollment opportunities and to see if VA can assist in any way. This effort initially focused on approximately 15,500 Veterans VA believed had injuries or illnesses that might need care management. The Call Center also contacted any combat Veteran who had never used a VA medical facility before. Almost 38 percent of those we spoke with requested information or assistance as a result of our outreach. The Call Center Initiative continues today, focusing on those Veterans who have separated since 2001. As of March 4, 2009, VA has called 632,010 Veterans and spoken with 151,451 of them. We have sent almost 34,000 requested information packages to Veterans.

Another area VA is supporting OEF/OIF transition is through the Yellow Ribbon Reintegration program. VA has assigned a full-time liaison with the Yellow Ribbon Reintegration Program office in DoD to facilitate VA support of the development and implementation of the program. The Yellow Ribbon Reintegration Program is currently active in 54 states and territories, and engages servicemembers and their families during the pre-, during and post-deployment stages, including 30, 60, and 90 days after deployment. At the local level, VA supported 130 Reserve and Guard Yellow Ribbon Events in FY 2008 through the middle of February 2009. A total of 19,768 servicemembers attended these events, and 14,934 family members did, too. VA provides information, assistance and referrals to servicemembers and helps them enroll in VA care. VA has assigned a full-time liaison with the Yellow Ribbon Reintegration office in DoD to support the development and implementation of additional programs and outreach.

Conclusion

Thank you again for this opportunity to speak about VA's role in collaborating with DoD to support the medical transition of injured or ill Veterans and servicemembers. I am prepared to answer any questions you may have.

Mr. FARR. Thank you very much.

Our next witness is Dr. Casscells. He was sworn in as Assistant Secretary of Defense for Health Affairs on April 16, 2007.

Prior to his appointment, Dr. Casscells served as John Edward Tyson distinguished professor of medicine and cardiology at the University of Texas Health Science Center in Houston, Texas.

Dr. Casscells has a bachelor of science from Yale University and graduated from Harvard Medical School.

STATEMENT OF S. WARD CASSCELLS

Dr. CASSCELLS. Thank you, Mr. Chairman.

I will be very brief and just mention the things that we have learned from the VA over the past 2 years.

I, first, want to recognize Mike Kussman's gracious tutelage in so many of these things, because, as he mentioned, he has got a long military career, much longer than mine, and he was on the job there as acting, and been of great help to me.

His mobile is on my speed dial. It gives you an idea how often we talk.

First, the disability evaluation system, we are struggling with that. Our soldiers, sailors, airmen and Marines were frustrated with it and we have basically yielded that to the VA, single exam. VA decides how much people are going to be paid, the servicemembers.

I am very happy with that. Disability evaluations, the time is cut in half, and that pilot has been very successful. We expect to roll out with that next year. It is now in a secondary pilot in 17 centers.

Related to that is vocational rehab. It is particularly important now because some 15 percent of returning warriors are unemployed.

As an Army Reservist myself, who will soon be entering the job market in about a month, I can tell you that it doesn't help us that the world seems to think now that so many of our returning troops are not quite right, that they have got anger problems.

The fact is most of them come back stronger, better, wiser, kinder, gentler, knowing their strengths and knowing their limitations, and with better strengths than they went in.

And if there is one message I would convey to you, it is that we, particularly the VA, could use some help, I think, in the vocational rehab area, because so many of our guys and gals deserve jobs and a job is the best treatment.

It is the best therapy and it is the best way to preserve your sanity and your marriage and everything.

Let me mention, also, in the area of PTSD, post-traumatic stress disorder, most of what we know we learned from the VA and we want to recognize that.

Now, as we have the defense centers of excellence, psychological health and traumatic brain injury, we have shared leadership. DOD and VA co-lead it.

The same is true for electronic health records. We in the military have struggled with that. VA has had a more popular electronic health record. We have learned from that. We have adopted the graphical user interface on that and together, we have got a unified

strategy now, governed by an interagency program office, and I think we are both going to be upgrading our electronic health records.

I do believe we will be leading the country in that area. We are recovering from our stumbles in that area.

The fourth area, sir, is research. We have adopted the VA model of having our research grants go out in a competitive way.

The affiliations with the universities that the VA pioneered have been an important lesson for us and we are doing more and more of that.

Lastly, in the area of facilities, VA has upgraded their facilities. They are among the finest hospitals in the country, many of them.

My hometown of Houston, the Michael DeBakey VA, is as good as any hospital in the world, and now, DOD, we are trying to do likewise.

I will close by saying that yesterday, Secretary Shinseki and Secretary Gates met with the senior leadership on a number of issues, particularly the electronic health records, and Dr. Gates left us with these orders, which I will share with you.

He said, "Surface all the disagreements. Don't drag them out. Don't paper over them." And in a Texas colloquialism, he said, "No wrestling under the blanket."

I think we understood what he meant by that—get it on the table, resolve it, and I think we are on the right road that way.

I am subject to your questions, sir.

[The prepared statement of S. Ward Casscells follows:]

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TESTIMONY
OF THE HONORABLE S. WARD CASSCELLS, MD
ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 25, 2009

MEETING THE HEALTH CARE TRANSITION NEEDS OF
SERVICE MEMBERS

NOT FOR PUBLICATION UNTIL RELEASED BY
THE COMMITTEE ON APPROPRIATIONS

Thank you, Mr. Chairman, for the opportunity to speak to you today on the healthcare needs of service members as they transition to veteran status. The Department of Defense (DoD) is committed to protecting the health of our Service members, providing world-class healthcare to more than 9 million beneficiaries, and seamlessly coordinating the transition of Service members' medical care to the Department of Veterans Affairs (VA) to support continuity of care.

While the two Departments have been working together in earnest for more than two decades, over the past few years, we have taken truly great strides in coordinating and developing common health care and support services along the entire continuum of care. Both agencies have been making concerted efforts to work closely to maintain and foster a more effective, aligned federal healthcare partnership. We have jointly confronted the clinical and technical challenges of dealing with severe and complex war-related wounds, both physical and psychological, and with managing the increased demands on our systems for long term rehabilitative care for our wounded, ill, and injured combat veterans. We owe all of our service members and veterans so much for their past and present sacrifices to our nation, and we are committed to working together to ensure that they get the very best that our health systems can offer, and to keeping their associated bureaucratic burdens to a minimum.

Joint Executive Council

Established by the National Defense Authorization Act of Fiscal Year (FY) 2003, the VA/DoD Joint Executive Council (JEC) oversees and guides the joint health and benefits activities of the Departments. Under the JEC, dozens of highly dedicated professionals from both Departments have been working closely with one another across departmental lines in about 20 working groups to improve access, quality and efficiency in such areas as Information Management, Information Technology (IT), Mental Health, Clinical Practice, Deployment Health and Benefits Delivery at Discharge (BDD). These elements are the keys to maintaining and improving upon the firm foundation already in place for delivery of seamless, coordinated health care services and benefits. Indeed, the Joint Strategic Plan (JSP), which is our joint road map, contains seamless transition as one of its major goals. The JEC continues to push the Departments hard in the direction of increasing the numbers of service members in all Military Departments to enroll in VA health care programs and to file for VA benefits prior to separation from active duty status.

Senior Oversight Committee

In May 2007, a Wounded, Ill and Injured (WII) Senior Oversight Committee (SOC) was created by the two Departments, co-chaired by their Deputy Secretaries, and included the most senior staff of the Departments. The WII SOC was established to ensure senior level line and civilian oversight and interagency coordination of the various commissions and review groups looking at wounded warrior issues. In the past year, both

the WII SOC and the JEC have provided oversight and guidance to more than 500 new initiatives to improve inter-Departmental cooperation and reduce bureaucratic barriers impeding a seamless transition. The WII SOC efforts have focused on ensuring a smooth transition for severely injured service members returning from Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF).

VA/DoD Disability Evaluation System

In order to update and simplify the disability determination and compensation system, VA and DoD initiated a Disability Evaluation System (DES) Pilot program in late 2007 for disability cases originating at the three major military treatment facilities (MTFs) in the National Capitol Region. The Pilot tests a new VA and DoD disability system designed around the service member to eliminate the duplicative, time-consuming, and often confusing elements of the two current disability processes of the Departments. Specifically, the Pilot features one medical examination and a single-sourced disability rating with the goal of reducing by half the time it currently takes to transition a service member to veteran status and provide them with their VA benefits and compensation. Between November 26, 2007 and the end of FY 2008, 723 service members participated in the Pilot. Of those, 119 completed the process in an average of 203 days – a 62 percent reduction in the amount of time previously required to complete the current DES and VA claim process. The Pilot was originally scheduled to run for one year; however, at the conclusion of FY 2008, senior leadership decided to expand the

Pilot to 17 additional sites. The expansion allows the Departments to test the viability of a new process under a broader number of local conditions.

Continuity of Health Care and Benefits

To provide comprehensive assistance to recovering service members and their families throughout recovery, rehabilitation, and reintegration, the WII SOC established the Federal Recovery Coordination Program (FRCP). The FRCP is operated as a joint VA/DoD program with VA serving as administrative home. VA also provides staffing for program personnel. The Executive Director of the program reports to the Secretary of VA and the WII SOC.

The FRCP is designed to assist recovering service members, veterans, and their families in accessing care, services, and benefits provided by the various programs in VA and DoD, other Federal agencies, states, and the private sector. Satisfaction surveys were also developed. Ten FRCs have been placed at MTFs where most newly evacuated wounded, ill or injured service members are taken. The program also placed FRCs at selected VA facilities to assist with assessing and enrolling those wounded, ill or injured veterans who passed through the system prior to the program's implementation.

A comprehensive, web-based National Resource Directory was jointly developed by DoD, VA and the Department of Labor to provide recovering service members, veterans, families, care coordinators, care providers and care partners with a single online reference for the full array of programs and benefits available. The directory was activated in November 2008 and contains checklists for common processes and a section

for frequently asked questions. It also provides information on services and catalogues resources available through national, state and local governmental agencies, veterans' benefit/service/advocacy organizations, professional provider associations, community/faith-based/non-profit organizations, academic institutions, employers, and business and industry's philanthropic activities. It provides information designed to help meet the medical or non-medical needs and personal goals of recovering service members and veterans regardless of location. Users are able to search for information by user type, geographic location, military affiliation, and specific service or resource.

The Polytrauma Liaison Officer/Noncommissioned Officer Program

In addition to the FRCP, the Departments have instituted the Polytrauma Liaison Officer/Noncommissioned Officer Program. This program was originally established in March 2005 as the Army Liaison/VA Polytrauma Rehabilitation Center Collaboration, a "boots on the ground" program specifically focused on providing non-clinical transition assistance for the most severely injured and ill service members being transferred directly from a MTF to one of the four VA Polytrauma Rehabilitation Centers (PRCs) in Richmond, VA; Minneapolis, MN; Tampa, FL; and Palo Alto, CA. However, in FY 2008, the program was expanded and now includes an Army and Marine Corps liaison at each PRC and a Navy liaison at the Palo Alto and Tampa locations. Each of the Military Departments has a formal chain-of-command in place to provide guidance and resolve issues for the program. The Army program operates under the auspices of the Army Office of the Surgeon General through the Regional Medical Commands down to the

Warrior Transition Units. The Navy and Marine Corps programs are overseen by the personnel community; the Navy Safe Harbor Command and the Wounded Warrior Regiment, respectively. Each Military Department has a dedicated program manager to oversee the liaison program and interface with the Veterans Health Administration (VHA) program manager to address issues related to the program.

DoD conducted a recent assessment of the program in accordance with Section 1665 of the NDAA for FY 2008. The Department reported that the primary objective of this program is to provide a uniformed advocate to support and assist injured service members and their families, particularly with resolving non-clinical, military related issues. Using this objective as a benchmark for effectiveness, it is the nearly unanimous consensus of everyone interviewed that the military liaisons provide great value to the comfort of the service members and their families. In executing their duties, the military liaisons unanimously cited that they do “whatever it takes.” It is also widely noted that their advocacy in solving problems, providing a uniformed presence and perpetuation of military culture while being cared for in an unfamiliar VA environment, enables these service members to focus completely on recovery and rehabilitation.

High Quality Health Care

Over the past year, the Health Executive Council (HEC), under the JEC, has focused on joint efforts to improve access, quality, and effectiveness of health care for beneficiaries by fostering a greater understanding of issues directly related to forward

deployment as it relates to decreasing injury and illness, improving patient safety in both health care systems, and instituting evidenced-based clinical practice guidelines.

Over the past year, hundreds of mandates and recommendations to improve the psychological health of service members and veterans, as well as substantive Congressional funding to assure adequate numbers and training of mental health providers, have resulted in newly established structures to meet current wartime challenges. The Defense Centers of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury was stood up in November 2007 to help meet these challenges, and includes an embedded VA mental health leader.

Deployment Health

The VA/DoD Deployment Health Work Group (DHWG) was established to ensure coordination between the two Departments in order to effectively maintain, protect, and preserve the health of Armed Forces personnel, veterans, and their families during and after combat operations and other deployments. In FY 2008, the focus was predominantly on service members returning from OEF and OIF, while still continuing to coordinate initiatives related to veterans of all eras, going back to the 1940s. Through the Work Group, VA and DoD share information and resources in the areas of deployment health surveillance, assessment, follow-up medical care, health risk communication, and research.

This past year, the DHWG worked on two medical surveillance initiatives; one on a new National Veterans' Registry, and the other on exposure to depleted uranium (DU).

VA and DoD are working to develop a national listing of all living veterans, which will be called the VA National Veterans' Registry. Staff from several VA and DoD offices have started planning the registry. Veterans will not need to be enrolled in VA health care to be included in the registry. This database will be useful for policy development and planning, as well as for outreach and research.

In the early 1990s, we began joint medical surveillance for Depleted Uranium (DU) in the most highly exposed group of veterans of the 1991 Gulf War, which has since expanded to include all Gulf War and OIF veterans. More than 2,500 OIF veterans have now participated in the program. VA and DoD recently developed programs to respond to new requirements related to heavy metals. In December 2007, DoD implemented a policy for collection and chemical analysis of all metal fragments that are surgically removed from injured service members. DoD is establishing the DoD Embedded Metal Fragment Registry in order to identify and track service members who have retained fragments, the total number of which is unknown. Potential cases will be identified using two DoD databases, the Theater Medical Data Store and the Joint Theater Trauma Registry. Once DoD identifies cases, their names will be shared with VA.

VA and DoD jointly funded an Institute of Medicine (IOM) study of potential long-term health effects of DU, which resulted in the publication of two reports in July 2008. IOM concluded there was "inadequate/ insufficient evidence to determine whether an association exists between exposure to uranium and all the health outcomes examined." Regarding these 20 health outcomes, IOM also stated, "Exposure to uranium is not associated with a large or frequent effect. The committee's evaluation of the

literature supports the conclusion that a large or frequent effect is unlikely, but it is not possible to state conclusively that a particular health outcome can not occur.” VA scientists will evaluate this report and make a recommendation to the Secretary of VA regarding whether there are diseases which are related to DU exposure, for which a presumption of Service connection is warranted.

DoD requested an IOM study to assist in responding to Section 716 of the NDAA for FY 2007, which required DoD to conduct a comprehensive study of the health of soldiers with potential exposure to DU, in consultation with VA and the Department of Health and Human Services. In evaluating the feasibility and validity of the type of study mandated in Section 716, IOM concluded, “it would be difficult to design a study to assess health outcomes of DU exposure in military and veteran populations comprehensively. Detecting a small increased risk for a given health outcome of DU exposure in military and veteran populations is not feasible in an epidemiological study.” DoD will send a report to Congress that summarizes the IOM report, and describes DoD’s plan to continue the biomonitoring program for service members in OIF and to coordinate the appropriate long-term care with VA.

Post-Deployment Medical Care.

The HEC, through the DHWG, is monitoring VA and DoD initiatives on the assessment, diagnosis, and treatment of TBI on an ongoing basis, in response to the recognition of TBI as an emerging problem in OEF/OIF. In October 2007, DoD directed the three Military Departments to identify, document, and report TBI cases into a central

database, established by the Defense and Veterans Brain Injury Center (DVBIC), on an ongoing basis. In the past, only TBI patients diagnosed at DVBIC-designated MTFs could be counted consistently. The new system requires reporting from all DoD medical centers nationwide. In May 2008, DoD mandated a program to collect baseline neurocognitive data on all service members before they deploy. The testing takes 15-20 minutes to complete, and includes domains sensitive to the effects of mild TBI. The Army started testing in August 2007; by January 2008, more than 48,000 soldiers had been tested.

VA and DoD began collaborating with the Centers for Disease Control and Prevention (CDC) to “conduct a longitudinal study on the effects of TBI incurred by members of the Armed Forces serving in OIF or OEF and their families” in accordance with Section 721 of the NDAA for FY 2007. DoD will evaluate the long-term physical and mental health effects of TBI and related health care needs over a 15 year period via annual telephone interviews. A total of 1,200 service members diagnosed with TBI will be recruited into the study starting in 2009.

Deployment Health Risk Communication

The DHWG continued its efforts to improve coordination of risk communication and outreach to service members, veterans, and health care providers for deployment related exposures and substantial emerging health concerns. A subcommittee to the work group was established to develop, coordinate, and disseminate risk communication products. In 2008, the subcommittee developed two pocket cards for both VA and DoD

clinicians; one on malaria and one on mefloquine, a drug used to prevent malaria infection. Additionally, the DHWG was instrumental in two communication efforts related to the notification of veterans who were involved in chemical and biological testing programs and related to potential environmental exposures in OIF.

The DHWG provides ongoing coordination of notification efforts on chemical and biological agent testing programs that took place from 1942 to 1975. DoD has compiled three databases: mustard/lewisite, Project Shipboard Hazard and Defense (SHAD), and Chemical/Biological Follow-on Database. The mustard/lewisite database includes a list of service members involved in testing of mustard agent and lewisite, another blister agent, from 1943-1946. VA used the findings of a 1993 IOM report to develop a list of medical conditions for which there is a presumption of Service connection for veterans who had fullbody exposure to these agents. The Project SHAD database includes a list of participants involved in testing U.S. warship vulnerability to biological warfare (BW) and chemical warfare (CW) agents during 1962-1973. VBA identified current addresses for 4,438 of these veterans, and sent them notification letters about their participation in Project SHAD and the availability of VA medical care and benefits. The Chemical/Biological Follow-on Database includes names of approximately 10,000 veterans involved in several tests of CW and BW agents from 1942-1975 in Edgewood, MD; Fort Detrick, MD Dugway Proving Grounds; and several other locations, which included more than 400 chemicals. Of the 6,700 participants identified by DoD in Edgewood, MD, the largest of the cohorts, VBA identified 2,987 current addresses for

these veterans and sent them notification letters. DoD is investigating other possible test locations, and continues to update the database and forward names of veterans to VA.

The DHWG recently facilitated VA and DoD outreach efforts related to two potential exposure incidents that occurred in Al Tuwaitha and Qarmat Ali, Iraq. In 2003, there was concern about potential radiation exposure at a damaged nuclear research center in Al Tuwaitha. An Army health physics team has since estimated soldier doses to be less than the safety standards set by the U.S. Nuclear Regulatory Commission. However, the news media raised concerns in November 2007 about service members who visited Al Tuwaitha. In response, an Army health physicist held three town hall meetings at Fort Campbell, Kentucky to hear first-hand from the soldiers and allay their concerns. In 2008, VA sent an announcement to VA health care providers on potential exposures to service members at Al Tuwaitha.

In 2003, military personnel, mostly from the Indiana National Guard, and contractors were potentially exposed to soil contaminated with sodium dichromate while conducting repair work at a water treatment plant in Qarmat Ali, Iraq. The Army performed environmental and medical surveys resulting in a fact sheet that was updated in 2008 to state that it is “unlikely that any current symptoms or health problems could be related to this past exposure or that future problems from this exposure are expected.” The Army National Guard held multiple town hall meetings in Indiana in 2008 and sent letters to Guard members to notify them of the potential exposures at Qarmat Ali. VA participated in the DoD town hall meetings to assist in enrolling veterans in VA health

care. VAMCs in Indiana have offered to provide medical evaluations to concerned veterans.

Deployment Health Related Research

During the past year, the DHWG developed its annual research inventory, reviewed the progress of the Millennium Cohort Study (MCS), and participated in planning a research conference on the treatment of Post Traumatic Stress Disorder (PTSD). The DHWG has developed an inventory of more than 600 VA and DoD research projects related to the health of deployed service members and veterans. Collaborative efforts between the centralized research office in VA and many DoD research offices resulted in the institutionalization of a reporting system and a process to collect, organize, and archive data on relevant projects on an annual basis. The majority of the projects focus on injuries and mental health. Other research areas include infectious diseases, environmental and occupational exposures, vision and hearing, and pain management. The results of this collaborative effort have been published in a user-friendly format on a DoD research web site, DeployMed ResearchLINK, which also includes a continually updated bibliography of all 2002-2008 medical articles related to the health of service members returning from OEF/OIF. Publication of the projects and articles on this web site provides global access to current information on deployment health research to health care providers, researchers, service members, veterans, their families, Congress, and the general public.

The DHWG monitors the progress of the MCS on an ongoing basis. In February 2008, the DHWG invited the MCS Project Director to provide a detailed update. The Project Director reviewed the objectives of the MCS, which are “to evaluate chronic diagnosed health problems, including hypertension, diabetes, and heart disease, among military members, in relation to exposures of military concerns; and to evaluate long-term subjective health, including chronic multi-symptoms illnesses, among military members, especially in relation to exposures of military concern.” The MCS Project Director also reported that several postdeployment health outcomes are being evaluated in the MCS, including PTSD, depression, alcohol abuse, TBI, smoking, and respiratory health. Approximately 150,000 personnel will be enrolled and followed until 2022, with a health evaluation conducted every three years to determine the course of diseases over time. Several articles related to the MCS were published in 2008, including papers that focused on PTSD and alcohol-related problems before and after combat deployments, as well as several papers on adverse events related to the anthrax and smallpox vaccines.

In January 2008, VA invited scientists from DoD and the National Institutes of Health (NIH) to participate in a two day research symposium on PTSD treatment. DHWG members participated in the planning and follow-up of this symposium, the goal of which was to identify state-of-the-art approaches for PTSD research. The meeting addressed an IOM report that was published in October 2007, entitled, *Treatment of Posttraumatic Stress Disorder: An Assessment of the Evidence*. The IOM concluded that the “evidence was sufficient to conclude the efficacy of exposure therapies in the treatment of PTSD.” IOM also concluded the evidence was “inadequate to determine the

efficacy” of several other types of psychotherapy and several types of drug therapy. VA published a report on the symposium on the VA Office of Research and Development web site. The report provides guidelines to improve future PTSD research, which will be useful to researchers and VA, DoD, and NIH research administrators.

Patient Safety

In FY 2008, VA and DoD continued to collaborate on improving patient safety practices. Both Departments have nationally recognized patient safety programs and aggressively worked with other Federal agencies such as the Agency for Healthcare Research and Quality (AHRQ), the Food and Drug Administration (FDA), the CDC and the Institute for Healthcare Improvement to prevent harm to patients as they receive health care. Examples of VA and DoD coordinated efforts to improve patient safety include: VA and DoD sharing of relevant patient safety alerts and advisories as part of its routine operations, and VA and DoD development of plans for sharing protected patient safety data to be used following the establishment of a formal VA/DoD data sharing agreement. VA and DoD completed the Usability Testing white paper which was subsequently accepted by the JEC. Both systems are independently exploring usability testing while continuing to share lessons learned. VA and DoD have continued their joint work with AHRQ on the Patient Safety Work Group to develop common clinical definitions and reporting formats (Common Formats) for use by patient safety organizations (PSOs) in support of the Patient Safety Act of 2005. In this effort, for example, DoD worked collaboratively with VA and other health agencies in developing

Commons Formats for pressure ulcers, modeled on the on the pressure ulcer data collection tool developed by the DoD Patient Safety Center. AHRQ released the Common Formats for public review and use by PSOs and health care providers in August 2008.

Evidence-Based Clinical Practice Guidelines

In FY 2008, VA and DoD made significant progress in the development, updating, and adoption of Evidence-Based Clinical Practice Guidelines (CPGs). A collaborative work group under the auspices of the HEC continued its focus on identifying areas where the Departments could reduce variation in care, optimize patient outcomes, and improve the overall health of our populations. During FY 2008, the work group completed the Uncomplicated Pregnancy CPG, and nearly completed the CPG for Mild TBI (mTBI) in a record nine months. At the close of FY 2008, the work group was fast-tracking mTBI CPG for public review and comment and final edits. The work group also continued its work on the CPGs for Substance Abuse, Stroke Rehabilitation, Major Depressive Disorder, Bipolar Disorder and Asthma. Toolkits to support evidence-based culture and practice completed during FY 2008 were Cardiovascular Disease and Obesity materials. Work continues on the Amputation and Low Back Pain toolkits.

The work group aggressively pursued new opportunities to expand the use of jointly developed CPGs. During this timeframe, lines of communication were initiated to collaborate with other organizations in CPG development. Current Evidence-Based CPGs were promoted through educational material exhibits at 12 national and local

conferences for both military and civilian audiences. Evidence-Based Practice staff served as guest speakers at six national conferences. Conference topics included the advance of Evidence-Based delivery of health care as well as the utilization of CPGs to promote population health and disease management. Marketing efforts culminated in a 67 percent increase in CPG web views on the Quality Management Office web site from last year. Also noted was a 38 percent increase in the number of toolkit items shipped to DoD sites in support of CPG implementation and utilization from FY 2007.

IM/IT- Care for Separated Service members

For separated Service members, since 2001, DoD has supported the monthly transfer of electronic health information from DoD to a jointly developed data repository known as the Federal Health Information Exchange (FHIE). VA providers and benefits specialists access this data daily for use in the delivery of healthcare and resolution of claims. The transferred data includes: inpatient and outpatient laboratory results and radiology reports; outpatient pharmacy data from MTFs, retail network pharmacies, and DoD mail-order pharmacy; allergy information; discharge summaries; admission, disposition, and transfer information; consultation reports; standard ambulatory data record information such as diagnostic codes, primary care physician, treating physician; patient demographic information; Pre- and Post-Deployment Health Assessment (PPDHA) and Post-Deployment Health Reassessment (PDHRA) forms.

As of January 2009, DoD had transferred health information for over 4.7 million patients to the FHIE data repository. Of these 4.7 million patients, approximately 3.2

million patients have presented to VA for care, treatment, or claim determination. The amount of data available to VA continues to grow as health information on recently separated Service members is extracted and transferred to VA. Transfer of data to VA is executed in a manner that is compliant with Health Insurance Portability and Accountability Act (HIPAA) privacy regulations. DoD is also transferring data for VA patients being treated in DoD facilities under local sharing agreements. As of January 2009, over 3.6 million cumulative patient messages such as laboratory, radiology, pharmacy, and consults have been transmitted on VA patients treated in DoD facilities.

IM/IT - Care for Shared Patients

For shared patients being treated by both DoD and VA, the Departments continue to use the Bidirectional Health Information Exchange (BHIE) which enables real-time bidirectional sharing of allergy information; outpatient pharmacy data; demographic data; inpatient and outpatient laboratory results and radiology reports; ambulatory encounters/clinical notes; procedures; problem lists; vital sign data; patient histories; questionnaires, and Theater clinical data including inpatient notes, outpatient encounters, and ancillary clinical data, such as pharmacy data, allergies, laboratory results, and radiology reports. Access to BHIE data is available through AHLTA, DoD's EHR, and through VistA, VA's EHR, for patients treated by both Departments. As of January 2009, there were over 4.7 million correlated patients, including over 117,980 Theater patients, available through BHIE.

To increase the availability of clinical information on a shared patient population, VA and DoD leveraged the BHIE functionality to allow bidirectional access to inpatient documentation from DoD's inpatient documentation system. This capability is now operational at some of DoD's largest MTFs, accounting for approximately 51 percent of DoD total inpatient beds.

In addition to sharing viewable text data, VA and DoD are leveraging the BHIE infrastructure to support the exchange of digital radiology images to support continuity of care. The Departments will continue to monitor and evaluate this capability as a component to a broader image sharing capability.

For our most seriously wounded, ill, and injured Service members transferring to VA PRCs for care, the Departments continued to send radiology images and scanned medical records electronically from three major DoD trauma centers at Walter Reed AMC, Brooke AMC, and Bethesda National Naval Medical Center, VA PRCs located in Tampa, Richmond, Minneapolis, and Palo Alto. As of January 2009, scanned medical records for over 215 patients and digital images for over 155 patients have been sent.

Computable Data for Shared Patients

In September 2006, the Departments established interoperability between AHLTA's Clinical Data Repository (CDR) and VA's Health Data Repository (HDR). The DoD/VA Clinical Data Repository/Health Data Repository (CHDR) interface enables the first exchange of interoperable and computable outpatient pharmacy and medication allergy data between the Departments in a live patient care environment on

patients who receive care from both healthcare systems. The exchange of computable outpatient pharmacy and medication allergy data enables drug-drug interaction checking and drug allergy checking using data from both departments. This enhances patient safety and quality of care. DoD's outpatient pharmacy data exchange includes information from MTF pharmacies, retail pharmacies, and mail order pharmacies. Clinicians at several sites are actively using CHDR and continue to exchange outpatient pharmacy and medication allergy data on more than 27,150 patients who receive healthcare from both DoD and VA (active dual consumers). As of January 2009, over 3.9 million cumulative medications and over 119,950 cumulative drug allergies have been exchanged. This functionality is available to all DoD facilities. In September 2008, DoD implemented a process to automatically identify patients being treated in both Departments and began setting the active dual consumer "flag" on approximately 50 patients per day. This capability is being implemented in a phased approach to enable the Departments to monitor the impact on system performance and perform capacity planning.

Joint Inpatient Feasibility Study

The DoD/VA Joint Inpatient Electronic Health Record (EHR) Study was a multi-phased project, funded by the Joint Incentive Fund. The first phase, completed in January 2008, documented and assessed DoD and VA inpatient clinical processes, workflows, and requirements; identified areas of commonality and the areas of

uniqueness between the Departments; and determined the benefits and the impacts on each Department's timelines and costs for deploying a common inpatient EHR solution.

The second phase, completed in August 2008, provided a set of prioritized recommendations (options) for potential technical solutions. The analysis was accomplished through collaborative efforts between DoD and VA clinicians, technologists, and resource managers. The *DoD/VA Joint Inpatient EHR Study Analysis of Technical Solutions Final Report* was delivered to the Government in July 2008. The report described four alternative inpatient EHR data sharing strategies and the findings and conclusions of the study team. The option recommended in the report is for the Departments to jointly pursue the use of a common services strategy to support DoD/VA inpatient EHR data interoperability. Going forward, the DoD/VA Interagency Clinical Informatics Board will be engaged to review and prioritize common services for clinical care.

Medical Records Work Group

As DoD has been rolling out its EHR, AHLTA, and while utilization continues to increase within the Military Health System (MHS), the Departments' reliance on paper records to capture and document treatment will also continue. This finding and several other significant findings were reported in early 2007 by a specially chartered Interagency Task Force on Medical Records. The Task Force also found that a common term and standard definition were essential to decreasing if not eliminating the confusion that existed at the time with regard to what constitutes the medical record used by the

VBA to make benefits determinations. As a result, the Medical Records Work Group (MRWG) was chartered in FY 2008 for the purpose of addressing emerging issues associated with the hybrid records system currently in place during this period of evolution toward a fully electronic and interoperable record. During FY 2008, the MRWG presented for approval an Executive Decision Memorandum (EDM), which was signed by the VA Under Secretary for Benefits and the Principal Deputy Under Secretary of Defense for Personnel and Readiness. This joint decision memorandum clearly defined the Service Treatment Record (STR) as the "chronological documentation of medical and dental care received by a military member during the course of his/her military service." The MRWG also drafted a DoD Directive that was in coordination at the close of FY 2008. With expansions of the DES Pilot program and VA's BDD and Quick Start programs, as well as the issues regarding the Guard and Reservists, the MRWG's strategic goal was refocused this year to emphasize the simultaneous need for information contained in the STR by numerous offices within the Departments. The Departments collaborated in a Lean Six Sigma exercise whose overarching objective is to develop a media-neutral, 21st century solution for managing the STR life cycle. This solution will serve as a bridge between maintaining and transferring a completely paper based record and managing the record in its current hybrid state containing both paper based and electronic information until the Departments implement a complete EHR.

Conclusion

DOD/VA MEDICAL FACILITIES

Mr. FARR. Well, thank you very much.

I will just lead off with a couple of questions and then we will go around the room.

You have several medical facilities that are considered joint ventures together. I am very interested in pursuing that in my own district.

I wonder how many of these there are and whether this is sort of the way you are going to move together in the future.

Dr. CASSCELLS. Sir, we have got 11 under development and more being studied. The big one has been in the Great Lakes area north of Chicago, where we have a big Navy facility and a lot of vets, and that has been a multiyear effort.

Currently, now, the plan is that VA will own the asset. Some pending legislation will, I think, allow the Secretary of the Navy to transfer those facilities to the VA.

And some other legislation is pending, as I understand it, to declare that facility a DOD hospital. So even though it is a VA asset, it can treat active duty service members.

This is called the Captain James A. Lovell Federal Health Care Center, after the astronaut, former Navy flyer.

Mr. FARR. So the facility can be accessed by qualified VA.

Dr. CASSCELLS. Right.

Mr. FARR. And by retirees.

Dr. CASSCELLS. Yes, sir.

Mr. FARR. Military retirees, and by active duty.

Dr. CASSCELLS. Yes, sir. The VA, of course, is currently a TRICARE network partner, but this particular hospital needs legislation to allow the active duty service members to go there directly without using the TRICARE network.

Mr. FARR. Because in these joint facilities, you have different billing. The active duty you bill through the military.

Dr. CASSCELLS. Yes, sir.

Mr. FARR. And then if they are retirees, they are through TRICARE billing.

Dr. CASSCELLS. Yes, sir.

Mr. FARR. And if they are VA—

Dr. KUSSMAN. I am sorry to interrupt sir, but it depends, because if you are a retiree like myself, I can go to the north Chicago facility as a veteran, not as a TRICARE person.

But the regular veteran, who is not a retiree—

Mr. FARR. Then they see your income is higher, then you would have to—

Dr. KUSSMAN. I am classified—for 28 years, I have been evaluated. I won't get into all the gory details, but that—

Mr. FARR. You have a service-related disability.

Dr. KUSSMAN. That is what VA says.

Mr. FARR. It is very interesting to hear this. I am keenly interested in this jointness and then when you get into how it is managed and paid for, it isn't as joint.

Dr. KUSSMAN. Well, there have been some challenges, I think, as Dr. Casscells was mentioning. This is a unique—it is not a sharing effort. It is a true joint effort.

And we have been challenged occasionally by the policies that exist. For instance, funding the facility, we—and I know that the Appropriations Committee, your committee, is keenly aware that we have Title 38 money, we have Title 10 money, and how do you get that money mixed together.

Early on, I think some of us thought that, “Gee, it would be nice to have a Title 28 and do that,” but that wasn’t legal. So we have been looking at getting maybe some legislation that would allow an innovative way of putting the money in and then using it.

One of the proposals that has been enjoined in the Senate is that we both put money in every year to do that, but that is no year money and that leads to some issues, as well.

So I think that is one of the things that we are looking at is trying to develop a way of funding it in a different way.

Mr. FARR. Does this create problems in trying to get an electronic record that is interoperable?

Dr. KUSSMAN. No. I don’t think that the challenge—

Mr. FARR. In terms of the record information used for billing.

Dr. KUSSMAN. No. I think there are challenges for us not only in Chicago, but to work the two systems to make sure that they are close and user-friendly.

Dr. Casscells and I testified, I think, in front of the SFAC last October and we brought in, as a demonstration, Ross Fletcher, who is the chief of staff at the Washington VA, and had a live demonstration of how we can actually download a great deal of medical information and medical interoperability from DOD to the VA to help the providers.

But we still have a ways to go on this.

Mr. FARR. Thank you. My time is up.

Mr. Wamp.

MENTAL HEALTH

Mr. WAMP. Well, let me say, I have one question for each of the two of you. I appreciate what Dr. Casscells said, and I have seen that.

I have got a nephew who is redeploying this week to Iraq for the second time, another nephew who is active duty. The first one is Guard, the second one is active Marine, deploying this week from California. And they both are the better for it.

But when we are talking about the suicide rate, which was kind of the first point we started on with this year’s hearings, kind of the canary in the mine, obviously, the incredible operational tempo that these troops are on and their families and the family pressures that this places on the families.

It is not roadside bombs—as much as it is just the stress on the families. So while I know that they are the better for their service, the mental health capabilities here have got to be looked at, because of the stress on the families. So many marriages are breaking up, and they are so stressed out.

So I do think it is important, too, that VA learn from DOD and DOD learn from VA, and I think that is real helpful, because I see strengths and weaknesses that, clearly, like a good marriage—you can help each other, almost cover each other’s weak spots, the VA still needs some of that military reform, in my opinion, instead of

a government agency bureaucracy and, things like medical records, which the VA actually leads the entire health care system on, DOD can certainly learn from those models, as well.

So that is just a little commentary.

But I still am a little confused, Dr. Kussman, as to how all of this screening works and who gets screened for what. Can you kind of break through—I think there are 272,000 OIF and OEF veterans.

Does everybody get screened for PTSD and TBI? Is it a comprehensive thing that everybody is included?

Dr. KUSSMAN. Everybody that comes to us, whether they are OIF/OEF or anybody else, get screened for TBI, PTSD, military sexual trauma, and substance abuse.

That is done on a yearly basis, because we have been doing that for a long time. The TBI is relatively new, but the PTSD, military sexual trauma and substance abuse has been going on for years.

That is part of our core assessment of patients. It is done with the electronic health record. A drop-down menu comes and forces the provider to ask those questions and if they are positive, the person gets referred as appropriate for the evaluation.

Mr. WAMP. Which is about a 35 or 40 percent referral of those that are assessed and then of those referrals, most of them go to VA medical centers and then a smaller number goes to the vet centers.

But where do the rest of them go? Does everyone get referred somewhere? It looks like 21,000 fall in the category of not being referred to a VA medical center or a clinic.

Dr. KUSSMAN. I would have to go back and look at the specific numbers. You are talking about TBI?

Mr. WAMP. Just the referrals from 250,000 post-deployment health assessments.

Dr. KUSSMAN. I believe that was in the—but regardless of what the screening is for, if it is PTSD, for instance, we have two ways that we can provide services for PTSD, depending on the patient's choice.

They can go to a vet center or they can use the more traditional mainstream mental health services.

That depends on how many people are positive and whether they want help. We can't force people to go get assistance if they don't want to.

DISABILITY EVALUATION SYSTEM PILOT PROGRAM

Mr. WAMP. Dr. Casscells, when you were talking about the DES, you mentioned it, but not in real specific detail, and I think the number is a 62 percent reduction in the amount of time that you are able to cut out under this pilot program.

I think the number was 329 days that a veteran had to wait outside of the pilot program for them to be completely processed and, under this, you are able to reduce that time by 62 percent.

Where do we go from here in terms of the pilot program and are the other veterans having to wait that long still outside of these pilot programs?

Dr. CASSCELLS. Sir, the veterans who are severely injured are on a separate fast track. They are getting their paycheck within 100 days or so.

But the veterans who are not severely injured are either in this pilot, which has now been extended to 17 centers, or they are in the traditional MEB, PEB, two exams, two paychecks system which has caused so much confusion, so much delay, and so much resentment.

The pilot is almost certainly going to be ratified or whatever you call it, substantiated by the 17 new centers.

Mr. WAMP. And they are all up and running, all 17, or you are working on setting them up?

Dr. CASSCELLS. I think they are all up and running and it looks like the rollout will be about a year from now, that all the people leaving service for medical reasons will go through this system, and it has been very popular.

You can imagine, they get their check faster, it is a bigger check. They still have the safety—they still have the appeals processes in there for fairness.

Mr. WAMP. What about hiring on setting all these up and filling the staff positions? I understand that not all of them were filled, at least by the end of last fiscal year, and I just wonder what the status is now on filling all the positions.

Dr. CASSCELLS. Sir, it is taking a while to train people in the VA way of doing things, but I think we are fully staffed on that. Let me take that for the record and get back to you.

[The information follows:]

Our focus with the Disability Evaluation System (DES) Pilot has been to ensure we have the necessary tools in place to take care of the Service member and their family. Besides equipment and facilities, the Military Departments and Department of Veterans Affairs identified, through site assessments, the requirement for additional human resources to meet the needs of our Service members. In the case of the Military Departments, they have either hired additional staff or reassigned personnel to meet the needs of our Service members at the 15 DES Pilot locations. The Military Departments report that they are on track with regards to the other five expansion locations. Similarly, the Veterans Affairs has identified their requirements for each Pilot location. The VA is preparing a separate response that will be forwarded in the near future.

Mr. FARR. We will have a second round.

The order of recognition, by order of people showing up, is Mr. Young, Mr. Bishop, Mr. Crenshaw, Mr. Israel and Mr. Carter.

Next is Mr. Young.

DOD/VA DATA SHARING

Mr. YOUNG. Mr. Chairman, thank you very much.

Dr. Casscells, Dr. Kussman, welcome to the subcommittee.

I am curious about where we are on arranging for medical records to be available for the VA from, for example, Bethesda or Walter Reed and vice versa.

I know we have had a couple of pilot programs where they could be transferred electronically. I am also very personally aware of some difficult situations that developed because medical records were not available or were not accurate.

Are we working on this? Are we trying to get a handle on this transfer of records and making these records available to VA and military?

Dr. KUSSMAN. Sir, we have been directed and committed to interoperability by September of 2009.

I wouldn't sit here and say that we are going to have total interoperability by then, because there are issues technically and otherwise.

But as I mentioned in our testimony, and we would be happy to give a demonstration, that we have pretty much interoperability for medical delivery that is available throughout the VA system of records at Bethesda and wherever else that they are, and they can be downloaded.

Right now, they are not computable in the sense that we can't add to the DOD record, but we can download the record to see what was going on all the way far back as Landstuhl, to the Walter Reeds and Bethesdas, on down the line.

Mr. YOUNG. Doctor, can the hospital at Bethesda reverse that and get information from the VA system by downloading, also?

Dr. CASSCELLS. They go two ways.

Dr. KUSSMAN. I believe that that is—quite frankly, sir, one of the challenges is making sure our people know how to do it, that the technical capability exists for the information to flow back and forth.

The bidirectional health program has the lab, the diagnoses, and all those things are available to go back and forth. Sometimes our challenge is to make sure that every physician and nurse knows how to do that.

MEDICAL BRAC IN THE NATIONAL CAPITAL REGION

Mr. YOUNG. Dr. Casscells, I think this question would probably be for the Defense Department, and it has to do with BRAC and it has to do with BRAC's recommendation, with the president's approval and the Congress' approval, to merge Walter Reed Hospital with the Navy Hospital at Bethesda.

Knowing many of the doctors personally, working with them as they treat their patients, I can tell you that quite a few of the doctors are not really happy or they are frustrated about the way this merger is actually working out.

Some have already left the service. Others are threatening to leave the service.

Are we getting to the point that maybe the frustrations are going to be behind us, maybe the merger will be at the point where doctors can function like they should rather than having to worry about who is in charge of what, if anybody?

Dr. CASSCELLS. Mr. Young, thanks, that is a very legitimate concern.

Doctors cite three basic reasons for talking about leaving early. One is that they don't like the electronic health records—this is from DOD—it is clunky. Now, most of them will grudgingly admit it seems to be improving.

The second reason is that, for Walter Reed doctors, they are concerned that they may be—they are not sure if they are going to go to Bethesda or to Belvoir, and that is upsetting for the families, be-

cause that is a very long commute if you get sent to the one you don't want.

And then there is only going to be one radiology chairman, only one emergency department chief, and so forth. So as those announcements are made, there is a little bit of sour grapes involved.

But the other big reason, sir, people leave is because they don't have enough patients. So they want to go out and practice orthopedic surgery or neurosurgery or something.

If they are not doing enough neurosurgery or pediatric surgery, whatever, they are not going to be able to work in the private sector when they retire.

So one of the great things about the BRAC decision and the Congress' ratification of it is that it will create, in Bethesda, a center where there are enough patients, enough volume, that people can actually maintain expertise.

So I think when we get through these growing pains, we will have there a center which will be one where everyone wants to go in military medicine. It is going to be joint. It is going to have high volume. It is going to have the best teachers. It is right next door to NIH.

Of course, you know it well, you spend a lot of time up there, and it is next to the Uniformed Services University.

So location is a big part of it. Volume is a big part of it. And I think we are going to get this passed. I think we will meet the BRAC deadlines.

I toured Belvoir today with Admiral Mateczun and General Schoemaker. We will make that BRAC deadline. Belvoir is going to be, also, a wonderful community hospital. It has very patient-empowering, hospitable features.

I am not saying it well, but the kinds of modern amenities that patients expect, without which they will go to Fairfax INOVA or Suburban Hospital or Sibley.

So we have got to compete with the private sector and what you all have done with BRAC is the right thing. We are going to get it done.

Mr. YOUNG. Well, I want to say hooray for the fact that they don't have enough work to do right now. That means the kids aren't getting hurt in as large numbers as they were.

But I can tell you that for a long time, both hospitals were crowded. I have been to Bethesda many times when patients were in the hallways because there were no rooms left and they were overworked.

So when we go by to visit with wounded Marines at Bethesda, for example, and we hear there are only three or four there, our heart flutters because we are happy that they are just not getting hurt.

Now, as Afghanistan begins to become the primary consideration militarily, I am afraid it is going to start happening again, because what we are seeing in Afghanistan—we just had some pretty interesting briefings. It is not a pretty picture for our military.

But anyway, my concern is—and as far as the long commute, I can tell you, I know about that, because we live 10 miles south of Fort Belvoir. During the heavy days of the casualties coming in, my wife was at the hospitals, at Walter Reed and Bethesda, every day

to help with soldiers and their families, to do things for them that the government doesn't do.

So I know about that long commute and I asked, if I keep track of the mileage, maybe I can deduct it from my income tax, but she never would do that.

Well, I understand that you have a large job and a large responsibility, both of you and both of your systems, and I think you will find that this subcommittee wants to provide whatever we can provide, and what we do is appropriate money, to provide what you need to do the job for these soldiers that are giving so much to the country and their families.

And so thank you for listening to my concerns. Thank you for being here, and God bless you for the good work that your systems do.

Thank you, Mr. Chairman.

Mr. FARR. Thank you, Mr. Young. Thank you for all your personal experience with these hospitals and attending and going out there and seeing the soldiers, airmen and Marines.

Mr. Bishop.

JOINT DOD/VA FACILITIES

Mr. BISHOP. Thank you, Mr. Chairman.

Welcome, gentlemen. Dr. Casscells and Dr. Kussman, let me thank both of you for your distinguished careers.

And let me go back to a subject that Mr. Farr, I think, raised a little earlier: the issue of joint facilities between DOD and VA.

Could you walk me through what will be necessary? For example, last year, the committee passed legislation that authorized the building of the Martin Army Community Hospital at Fort Benning, and there is a great deal of interest in having that facility serve as a joint DOD/VA facility.

It is now, I think, moving forward with the construction. But at some point, if we were to be able to start moving toward jointness, what would be necessary for us to prepare? What kind of reports would we need? What kinds of assessments or appropriations, if any, would be necessary to make any planning adjustments in the architecture to accommodate our veterans population, in addition to the DOD military and, of course, dependent family needs?

Is that something that you think is a holistic approach to the warrior and the wounded warrior?

Dr. KUSSMAN. Sir, as you know, I was a former commander of the Martin Army Community Hospital. So I have got a lot of interest in what happens at Fort Benning.

We are dialoging very aggressively right now with the Army, looking at what partnering can take place at Fort Benning.

One of the things, though, that, from my experience, and I haven't been personally involved in the negotiations, but Fort Benning is a huge post and although it is in Columbus, Georgia, it is a long way from downtown.

So our intent is to try to have a veterans' clinic collocated with the hospital, but it is not so easy to get to. We have a clinic downtown, as you know, in Columbus, community-based outpatient clinic. And where would be the best access for veterans who—it is a

long ride and trying to get through the gates and all those other things can potentially be—

Mr. BISHOP. I can assure you that the city would make whatever necessary accommodations for transportation. The security access would be the only challenge.

Dr. KUSSMAN. But it is not as big a challenge as some other places, because 185 goes—I think it is 185 that goes right onto the base. There is no gate there, because you are going 60 miles an hour. It would be kind of hard—

Mr. BISHOP. Well, there is a gate now.

Dr. KUSSMAN. Oh, there is?

Mr. BISHOP. Yes, sir.

Dr. KUSSMAN. That shows how much I know what is going on. But the fact is, sir, that I think the issue of partnering and sharing is an ongoing discussion. I think we are all committed to maximizing the efforts all over to what we can do and, obviously, if Martin Army Community Hospital, just say, the new one, was going to be involved with potentially admitting veterans rather than just the traditional things, it would have to be looked at from a business case plan B, adapted to the sizing, because it would have to be much larger than it would be for taking care of—I don't want to say just—family members and retirees and active duty people.

So there is dialogue going on about that.

Mr. BISHOP. I asked that question to try to determine whether we need to try to put some funds in to deal with that kind of planning issue or whether you have a line item that is sufficient to deal with those planning concerns.

Dr. KUSSMAN. I would have to get back to you for the record to see what has been taking place. I don't really know what the Army's thoughts were about that, so it would be a little hard for me to say what they would be interested in doing.

Mr. BISHOP. I thought I would ask that since we have the counterpart at the table.

Dr. CASSCELLS. Sorry, Mr. Bishop. Which part of that question was mine?

Mr. BISHOP. The possibility of the cooperation between the two. My follow-up question was going to ask who would pay for the planning for the jointness, if it were to be deemed feasible—VA, DOD or the Army?

Dr. CASSCELLS. Well, certainly, if it was in BRAC, we, the defense health program, would pay for it.

New Army construction is typically paid for by the line, the big Army, but we have on occasion helped them out with that.

Mr. BISHOP. The Army part is already appropriated. It is a done deal as far as the military part goes.

What we are talking about is a conversion to jointness so that by the time the hospital is completed, or shortly thereafter, it could serve as a joint VA/DOD facility.

Dr. CASSCELLS. I would think we would share those costs.

Mr. FARR. We will both pursue that on a second round.

Mr. Crenshaw.

DISABILITY EVALUATION SYSTEM PILOT PROGRAM

Mr. CRENSHAW. Thank you, Mr. Chairman.

Thank you all for being here.

I want to go back to the DES pilot project that we talked a little bit about. One of the things that I read is that GAO had said that there were some gaps in both DOD and VA and their ability to evaluate how that is going.

I know you extended the pilot project. We have touched on it and it is doing well.

But what did they say were some of those gaps and do you feel like you have got the mechanisms in place to really evaluate all the good and the bad that that program is doing?

Dr. CASSCELLS. Sir, I think the first pilot was just too small to give definitive numbers, the number of people who were satisfied with their appeals, for example. Well, there weren't many appeals.

Whether the appeals process was adequate, well, you need more experience with the program. So I think when these next 17 report in, we should have the information that we need to roll it out nationwide.

I am confident about that. But GAO, they have got a way of coming in and asking questions we haven't asked. So we are standing by for their input on that.

Mr. CRENSHAW. So mostly it was a smaller number. So it is hard right now to decide what is the good and what is the bad, and that is why you have expanded to have more—then you will have a more comprehensive analysis.

Dr. KUSSMAN. Sir, it is even broader than that. We started it here and I think, by all indications, it was quite successful, albeit small numbers, but it was easy.

We have got a lot of resources here and we could do all the things we need to do.

What we are learning, as we move it out to more of the hinterlands, away from the facilities where we have a large VA, with all the comprehensive things, of how we make sure that infrastructure exists.

Fort Drum, other places, the medical community there isn't very robust and our nearest VA is 90 miles away. So we are trying to learn how to do that and we are aggressively trying to develop some networks, say, in Watertown, New York, to be better able to provide the subspecialty consultations that are needed.

We don't have a problem with the primary evaluation, but if people need an orthopedic part of it or a neurologic part of it, how do we get those services to that; and, as we move it out, we are moving now toward the Bennings, the Braggs and the Hoods in the next thing. Those are huge numbers.

So this is a challenge that we are committed to. What we have done, by telescoping the days from 500 to 300, I can't remember exactly the numbers, has really been mostly the fact that when somebody gets their DD-214, when they are finally going to get out, there is nothing more for them to do.

They don't have to come to the VA. They have already had their evaluation and, generally, usually, they will get their check within 30 days, because that whole thing has been done.

So we have stopped that second part of it. I think the challenge we have is, together, working on the MEB/PEB process that we all know needs to be streamlined and things, and that is the next step in trying to expedite the process. But it is clearly much better.

Mr. CRENSHAW. No question. It is one of the questions that we get asked most, why it takes so long, the duplicity. So it is a great program.

You mentioned just the initial physical, for instance. What do you do if there is not a VA facility near someone, just that entry level physical?

Dr. KUSSMAN. Well, to do the single exam, we will provide, either through contract or directly—

Mr. CRENSHAW. Even if it is far away from an existing clinic.

Dr. KUSSMAN. Yes.

Mr. CRENSHAW. I got you.

Dr. KUSSMAN. The real challenge is not the actual basic exam. It is the consults.

Mr. CRENSHAW. It is all the specialties, I got you.

Dr. KUSSMAN [continuing]. If you are in a rural area. Killeen, Texas isn't exactly a metropolitan area for services. The Temple VA is not too far away, but it is a distance, whereas here in town, it was three or four miles.

ELECTRONIC HEALTH RECORDS

Mr. CRENSHAW. I got you.

Let me ask one question to you, sir, about electronic records, because I know we touched on that, as well, and the VA has been a leader. You have been doing this for 20 years and now everybody knows it is a good way to save money, ensure patient safety, et cetera.

But in your testimony, I think you said twice that we are on the brink of change. So what does that mean? You have worked so hard for 20 years to be a leader. You won a Harvard award.

And you want to leverage that to continue to provide care and, also, help other folks as they move toward electronic records. But what does it mean we are on the brink of change?

Dr. KUSSMAN. Let me try to clarify that. I think our intent is to maximize as much of a common electronic record between DOD and the VA.

DOD is on the cusp of making changes and moving forward and improving their electronic record, and we are on the cusp of re-engineering and rebasing our, I think, world class record MUMPS-based to JAVA-based and make it Web-based.

So together, I think that is what has to be—the decision that was made yesterday at the joint executive committee was we need to maximize common applications and common services.

So as we move forward and on the precipice of these changes, we maximize the integration of those changes so there is less and less difference between the two systems.

Mr. CRENSHAW. Can you, A, figure out how much you have saved through this 20-year process that you have become very good at, and, number two, is this brink of change, is this going to cost some more money?

But can you quantify those savings? Probably, as other people move toward this, it would be a great—

Dr. KUSSMAN. I don't have that, but I can tell you that it has been thought that in the civilian community, for instance, that only 1.5 percent of practicing people have an integrated electronic record.

If you throw the VA hospitals in there, you make it three percent for the whole country. So we have that much of an impact.

One in seven lab tests and one in seven admissions to hospitals are done because somebody can't find the record or can't find a test.

So it is a huge amount of money if you looked at a \$1 trillion industry. I don't know exactly what it is. But it does cost a lot of money to migrate this system from where we are right now to what we believe is the future to make sure that we are integrated where the country goes.

The country will move, as we have with the president's leadership, toward a Web-based, JAVA-based electronic health record, and we want to be part of that. The MUMPS is very good right now, but we are limited to where we can move forward.

No one has done this before. So we are in the process of getting the best minds to figure out how to move it and then everything new that we have developed with it is done as much as possible in conjunction with DOD.

So we don't have to have interaction. It is the same.

Mr. CRENSHAW. Got you. Thank you.

Thank you, Mr. Chairman.

Mr. FARR. Mr. Israel, we have some votes pending. Why don't we take your questions and responses and then we will vote, and hopefully everybody comes right back.

WARRIOR TRANSITION UNITS

Mr. ISRAEL. Thank you, Mr. Chairman.

I would like to ask Dr. Casscells to focus with me on the warrior transition units.

Several weeks ago, a group of personnel from the Fighting 69th met in this room with Chairman Edwards and me and shared their experiences in the warrior transition unit, particularly at Fort Bragg, and what they told us was bone-chilling.

They talked about an acute shortage of mental health professionals. They talked about being handed bags of medicine, all sorts of different medications, and being told to self-administer.

And when they would say, "Can I see a psychiatrist," they were told there aren't enough psychiatrists. That problem has since been solved with respect to being handed bags of medicine, but it did happen to them and they complained about it.

They talked about being given medication, no psychiatrist, no mental health counseling, but then kind of living in isolation. They would go to a room at the Airborne Inn, they could go out at night, drink, come back, take their medicine, and get no supervision at all.

They talked about the complete disarray in case management, not being able to see the same doctor, not being able to see the same professional.

So my questions to you are: do we have enough war transition units? Are they fully staffed? Do we need to stand up more? Are the personnel in the warrior transition units trained properly? What is the metric for success?

I know these are a bunch of questions. But who is taking a look at how these units are operating and making determinations on whether improvements are necessary?

Dr. CASSCELLS. Sir, this went to the highest levels of the Army a year ago. General Casey and General Chiarelli asked us for help, and General Granger, my deputy for TRICARE, went to Fort Bragg, I went to Fort Bragg. We talked to the families there.

And there is no doubt that as these warrior transition units were started, there was a tendency for commanders to put service members in there who just had a minor injury that really could get better in the barracks. And they just were afraid of another Walter Reed publicity episode.

So people were just put in these warrior transition units and there weren't enough staff. So it is hard. Army staffing is a laborious process, with a lot of regulations. So we fell behind in the staffing.

We are about caught up in the staffing. The weak spot is still mental health counselors. And many of them are not physicians, which is fine. The problem is a lot of those patients are taking medications, perhaps too many.

General Schoomaker, the Army surgeon general, and I are looking at how we can do a better job of making sure that if people are on an antidepressant or something like that, that it is actually working. If not, they need to get off it. You can't just give people antidepressants without counseling.

So this balance is one that General Schoomaker is working hard to achieve. I think we are getting there.

I heard the same things at Fort Bragg, not enough counselors.

Mr. ISRAEL. Is it just Fort Bragg? I am sorry for interrupting, but my time is going to—

Dr. CASSCELLS. No, sir. There are a lot of places where—

Mr. ISRAEL. The problem is not isolated to Fort Bragg. Isn't this a systemwide—

Dr. CASSCELLS. Yes, sir.

Mr. ISRAEL [continuing]. Problem over the 36 WTUs?

Dr. CASSCELLS. Sir, it is particularly true where you have a big Army post and a small nearby town, because the small nearby town doesn't have enough doctors.

I could help out with TRICARE contracted doctors in the town, but if there aren't enough of them, what we really need is more caregivers at the installation, and the installation is in a remote location. It is hard to attract civilian employees to work at that fort.

So we are looking at a variety of approaches to this. At Fort Drum, they have been able to do this pretty well, contracting with people down at Watertown.

In Bethesda, they are now pioneering a new approach to get at this other issue you mentioned, sir. People want to see the same doctor. They want to have a relationship with someone they trust, someone who can tell if they have lost weight or gained weight, if

their color is off, eyes are red-rimmed, looked like they had been crying.

Doctors knowing you for some time can pick up on those things. So it is a very legitimate point and it is difficult, because so many providers are deploying or they are getting caught up in meetings about Army transformation or other administrative meetings. There are too darn many meetings.

So what they are doing at Bethesda is a terrific thing at the Navy Hospital. It is called Medical Home, where they get a small group of doctors and say this is like a partnership, like an obstetrics practice. So on a given day, you may not see your doctor, but you are going to see one of the two or three partners that you have gotten to know and they are trusted. So it brings it down in size.

This Medical Home situation, where people can call in and get an appointment right away and they may not see Dr. Kussman, but they could see Dr. Casscells and Casscells knows Kussman's practice style and, in fact, I might have seen that patient once before, that is a source of solace to those soldiers or sailors.

We are working on it.

Mr. ISRAEL. It needs more work and I am anxious to partner with you.

Thank you, Mr. Chairman.

Mr. FARR. We have 5 minutes left in voting and when we come back, Mr. Carter will be the first questioner.

[Recess.]

Mr. FARR. Well, Mr. Carter isn't back yet.

Mr. WAMP, you have another commitment. Do you want to—we have another vote right after this.

Mr. WAMP. Just to keep it moving, though, so that you don't have to wait, this is the chairman being courteous while I ask you a question.

CONTINUUM OF CARE

Dr. Kussman, in your testimony, you make reference to at least 11 commissions, plans, committees, programs or work groups, including the senior oversight committee, joint executive council, health executive council, federal recovery coordination program, yellow ribbon reintegration program, wounded and injured oversight committee, polytrauma liaison officer, deployment health working group, patient safety work group, medical records work group, joint strategic planning.

We talk about the bureaucracy and I do commend you for whittling away and trying to coordinate and being efficient, but how do you coordinate all the different groups, agencies, task forces, to make sure that our health care is delivered in the most efficient and less bureaucratic way?

Dr. KUSSMAN. Sir, thank you for that question, because that is the goal.

We should be helping the service member and his or her family and soon to be veteran in that process of moving along that continuum and not creating more aggravation for them, particularly when they are sick. Our job is to make that smooth and easy.

We have developed over the years a great deal of infrastructure, and you mentioned some of the things. We could start with the fed-

eral recovery coordinators. That was an entity that grew out of the Dole-Shalala group to assure that particularly seriously injured people had somebody that they could go to who would be coordinating their movement, not just from DOD to the VA or back, but in the civilian community, as well, because there are people tapping into a multiplicity of services and sometimes they do fall through the cracks, because we don't have visibility all the time of what happened, particularly in the civilian world.

So the federal recovery coordinator, for lack of a better description, has been the air traffic control person. They are not actually providing the care, but they are assuring that the families and the service member have someplace to go to get questions answered and then are leveraging the large number of people, both in DOD and the VA.

We have VA people in 17 military facilities. We have military people in VA facilities. We have care coordinators. We have OIF/OEF coordinators, transition coordinators.

All these people are meant to assist people as they move along the continuum from the Walter Reeds and Bethesdas to our polytrauma centers and onward or people who don't need a polytrauma center, but need assistance as they move from Bethesda to wherever they are going to live.

In the beginning, we weren't too good at that, but I believe now that I hear very few complaints anymore about whether we have been able to assist or not.

Paul Hunter, who is here, is my coordinator related to all DOD/VA actions and the continuum of care for particularly OIF/OEF, but for everybody, and we believe we put the infrastructure, that it is done on a case-by-case basis.

Mr. WAMP. I know the purpose of this hearing is the interoperability in the DOD/VA partnership, but while I have got you here, Dr. Kussman, last year, I think you sat in on a meeting that we had on collections from third-party payments and all.

How is that going? Are we making progress on collecting money that is owed to VA that we are not leaving on the table?

Dr. KUSSMAN. I am amazed that every year we get better. I get scared sometimes that one of these years, we are going to project how much we are going to get and then we will run into the wall, because it is part of our overall budget considerations.

We have shown significant increases every year and we continue to do that.

As you know, we had a pilot on a CPAC, a combined center in VISN-6, in Asheville. It was expanded. It has been very successful and, with the secretary's guidance, we are going to move up that schedule from 2013 to 2011 to have six more around the country that have shown up to 18 percent increase in third-party collections for non-service-connected.

Mr. WAMP. You said in Asheville, not in Nashville.

Dr. KUSSMAN. Asheville.

Mr. WAMP. I am just making sure we are staying together there.

Dr. KUSSMAN. North Carolina.

Mr. WAMP. To most members of Congress, the VA is not all of what we talk about here. To them, it is a CBOC or a super CBOC

or maybe they are fortunate enough to have a hospital in their district or close to their district.

So do you believe, in the wake of CARES and all the reforms and everything else, that we are delivering health care as smart and efficiently as possible?

We are seeing more CBOCs and more super CBOCs being built and we are seeing more care contracted, but not privatized, but just where it is necessary to contract it, increase the contracting so that veterans have more options and access immediately to the care that they need, and these seem to be trends that almost fill the gaps between some sweeping reforms where you would actually close hospitals.

I had hoped, when CARES came along, being from the south, where people are moving and we have lakes and retirees and low cost of living, we get a lot of veterans, but we don't get the new infrastructure. We don't get the facilities to compensate for it.

And I had hoped that CARES might realign a bunch of that, where all of a sudden you would see the hospitals built where the veterans are moving. But what we are seeing is the current facilities expanded. So instead of a CBOC, you get a super CBOC.

And that is good, we are grateful, but we still have gaps. But I am seeing that the super CBOC kind of fills the gaps. We serve a tremendous number of veterans down in the Chattanooga area, but you have got to drive 2 hours to get inpatient care.

Yet, contracting can fill some of those gaps, because then they can see the local provider that they might have to traditionally go to Murfreesboro to see, and that is 2 hours away.

So is that a trend you think is filling some of the gaps in the delivery system?

Dr. KUSSMAN. Yes, sir. CARES was a process. We could, arguably, say it didn't succeed.

Mr. WAMP. That is what I would say.

Dr. KUSSMAN. I don't want to get into that whole thing. So we have been looking at a way of changing our approach from facility centric to veteran centric; that the veterans live wherever they do and our job is to provide services in the maximum way possible as close to where they live.

So the way we have done that, partly, is primary care with the CBOCs that are up in the—almost 900 all together and we have a continuum of care from highly rural areas that use telemedicine and outreach clinics and multiple vans to the traditional CBOC, which is mostly primary care, so mental health and those things, to large independent CBOCs, to what we have now described as health care clinics, HCCs, that are large, robust, ambulatory care, same-day surgery centers that provide 90 to 95 percent of why people go to a hospital.

Any hospital you talk about in this country, when you look at why people pull up to the door, 90 to 95 percent of the people coming are doing some kind of ambulatory care thing. They might even have their hernia repaired or their appendix taken out or a colonoscopy, but they don't stay over. They leave.

Relatively small numbers of people actually get admitted to the hospital. So we are trying to push the services out and not be hospital centric, but veteran centric, to do that.

Building hospitals is an exorbitant cost these days, as you know, anywhere from 500 to \$1 billion for small hospitals. And we, effectively, with 153 hospitals on the edge of 57 years old, there is no way we are going to be able to replace these facilities and you can only retrofit facilities to a certain point.

So the question then is how can we maximize the services close to where—like in Chattanooga, so they don't have to drive 90 percent of the time to Murfreesboro, and then partner for acute hospitalization with the local community, but still retaining the right for complex surgery, neurosurgery, thoracic surgery, to move these into our system, because if we don't do that, we won't be able to sustain ourselves in the complex care.

Mr. WAMP. If I can have another minute.

My wife, 3 years ago, went full-blown severe sepsis/ARDS in hospital. So trust me, I would hope people can stay out of hospitals, because sometimes that is—

Dr. KUSSMAN. They are dangerous places to go.

Mr. WAMP. They are dangerous places and we actually have had a problem in Murfreesboro with colonoscopies, where you are inpatient and there is release, it is easy.

TELEMEDICINE

I was going to ask one other question, though, because I noticed where Chairman Mullen went to Fort Campbell last month and talked about some of the innovations, and this may play to both DOD and VA, of virtual care, where maybe you can get some of these treatments online.

How is that working and is that a demonstration that has some validity?

Dr. KUSSMAN. We have probably led the country in telemedicine, tele-psychiatry, tele-dermatology, and we have—I don't know what the latest number is, probably around 40,000 or 50,000 people who are getting their care that way with the technology that allows you to communicate with your primary care nurse or your primary care person without leaving home.

Mr. WAMP. Some veterans may be more inclined to be interviewed in that capacity than to come in, right?

Dr. KUSSMAN. So we are moving, as we can, emphasizing rural health, but also patients who can't get out to do things, because we can check the blood pressure, we can check the glucose, we can check their weight, and somebody who has a problem with, say, congestive heart failure, the fluid kind of backs up because the pump isn't working so well, they will gain weight and if they are monitored on a daily or every other day basis, the nurse says, "Mike Kussman, what is your weight," and I say, "I have gained two pounds," maybe we ought to take another Lasix, because if you don't do that, the next week, they are seven or eight pounds and then they are in the emergency room and end up being admitted.

So you can cut off some of this stuff with technology and the patients are much happier, obviously.

INTEROPERABILITY

Mr. FARR. I have two questions. One, sort of the purpose of this hearing and this interoperability, the other is money is sort of the

interoperability of the rest of government now, spending billions of dollars on electronic files.

Are you engaged in this? Are there people that have done this and know the pitfalls?

Dr. KUSSMAN. Are people coming to us?

Mr. FARR. We have put billions of dollars in the stimulus package to convert paper files to electronic files and now there is going to be a lot of vendors out there selling systems and it is going to be a madhouse.

The concept, obviously, is that when you are finished with all this, you will have some interoperability. You won't be owned by one system. But it seems to me that if I were engaged in getting the rest of the country, the civilian community to convert to electronic files, I would come to the VA first.

Dr. KUSSMAN. I think we are partnering with HHS. As you know, Rob Kolodner used to be in charge of that initiative. Dr. Blumenthal, I think, is the new designee to do that. We are working daily with them.

But our hope is that we can lead the country together, DOD and the VA, as a forcing mechanism, because we also have a lot of patients that Trip takes care of that are in TRICARE.

And if we start working with our TRICARE partners to make sure that they have electronic records, and we buy a lot of fee-based care, and if we do it, you can suddenly have a mass that might be able to lead the country.

Mr. FARR. Lead the rest, yes.

Dr. KUSSMAN. So we are very conscious of that responsibility.

Mr. FARR. We have land owned by DOD that Veterans are going to build a building. And my question about that building is that you are exploring this new model to fund medical facilities under the health care facilities——

Dr. KUSSMAN. HCC, sir.

Mr. FARR. HCC. That is essentially a private development, build to suit, and then leased back to you.

Dr. KUSSMAN. Lease to build or build to lease is one way of doing it. We could also build our own building. But getting major construction is always difficult and leasing sometimes is easy.

Mr. FARR. Are you going to include these facilities in this year's budget?

Dr. KUSSMAN. I think that we have already identified some with HCC down in south Texas, because there was a strong movement to have us build a hospital, because we were very sensitive to the needs of the community, having to drive 5 hours to San Antonio for anything more than basic——

Mr. FARR. But you don't know if there is any in the budget this year.

Dr. KUSSMAN. I don't think we are——

Mr. FARR. I will come back on that.

Dr. KUSSMAN. The budget hasn't been, as you know, completed.

[Recess.]

Mr. FARR. We will come back to some of these other issues, but Mr. Carter has been patient all day.

DOD/VA DATA SHARING—INTEROPERABILITY

Mr. CARTER. Well, thank you, Mr. Chairman.

Mr. Secretary, we were just visiting on what my question was going to be about. We are very excited at Fort Hood that we are going to have a new hospital in 2010, along with Camp Pendleton, and they already have authorization for building at Raleigh and Lejeune. So you are going to be in the hospital building business.

Where I live, we are a fast-growing hospital district and they have built two large hospitals in my hometown in the last 4 years.

In visiting Seton Hospital, they were talking about the miles and miles of wiring that they have put in Seton Hospital in anticipation of electronic recordkeeping.

So this has been an ongoing issue, we have talked about it today, and we talk about it just about every time we get you guys in here.

Do you have any ideas about what kind of plans they have for the integration of new technology, putting together the interoperability between the VA and the DOD on this recordkeeping at all the new hospital facilities?

Is that going to be part of the anticipated planning that you see on the hospital?

Dr. CASSCELLS. Yes, sir. We are very fortunate that we have got really a technical breakthrough, which should finally reduce the cost of achieving interoperability.

It got so bad that Secretary Peake was having us fax and scan every piece of paper to the VA and just recently, the technical people, DOD and VA, have come up with a joint solution using what they call services oriented architecture.

This is open source architecture, which enables you to be modular in the way you build your connectivity, in the way you build your electronic health record and yet you don't give up any security, but you add flexibility and you markedly shrink the time.

In the military, the acquisition process takes many years. By the time you pick a product and start to contract to get it, the product, when it is delivered, is out of date. So now, with moving to this services oriented architecture, it is like design-build in the construction community. You have got a chance to change the design at the last minute.

This is going to rapidly—this is going to decrease markedly the time from picking the product to the delivery and installation of the product.

It also lets you uninstall a piece without the whole thing coming down. So you can do your maintenance and so forth. So this thing called services oriented architecture, SOA, is huge.

AHLTA—UPCOMING CHANGES

The other thing it does is decrease the cost estimate. A year ago, when there was so much unhappiness about our electronic health records, we went back with a clean sheet of paper, even talked about pulling out the DOD's record system, called AHLTA, which was slow and hard to learn and would often crash.

So we looked at the cost of pulling that out and putting in Vista, knowing full well that they want to upgrade theirs. What we had

put in, by the time we put it in, would already be version 1.0 and they would be on to 2.0.

Even if we did that—and we had a certain number of doctors who said just give us the VA system. If the VA upgrades it, okay, but we would rather have the VA system.

We looked at the cost of that. Estimates ranged from \$10 billion to \$15 billion to pull out AHLTA and put in Vista.

So now, we will get back to you when this budget comes out. We will have estimates that are a quarter of that. And instead of the 2015 delivery date, we will be talking about 2012. This is technology coming to the rescue.

So I am finally confident that we are going to have fully interoperable records and not only that, but we will have records as good as anybody out there has got.

Mr. CARTER. That is exciting, because just having the opportunity to go through the construction phase and looking at these hospitals and what is being done today, it is really space age, it is really something, and that is exactly what we want.

We want to have the best we can do with smart technology. So I am pleased to hear that.

MENTAL HEALTH PROFESSIONALS

A question had been asked here earlier and I wanted to just mention something to you. I have mentioned it to the folks at Fort Hood.

I had a bunch of people from Texas, the mental health and mental retardation state agency, come to my office in Cedarville and say that they had an abundance of mental health workers that were on staff that they needed help with, meaning to work for them, and wanted to know if the Army wanted to contract at Fort Hood with them to provide mental health, both psychiatrists and certified mental health workers.

It has just been in the talking phase more than anything else and we may match them, but it may be that you find that a lot of places, that the MHMR departments in states might have accessibility to contract for some of the shortfall that you have for mental health professionals.

I just bring that to your attention because you have talked about it today and that has always stuck in my mind that they said we have an abundance of psychiatrists and certified professionals that we can use to contract with the Army.

So I just wanted to put that on the table for you and see what you thought about that.

Dr. CASSCELLS. Loree Sutton, on our staff, has looked at that, as you know, sir, and she gave it a thumbs-up. The Texas reintegration project is what they call it.

Mr. CARTER. Right.

Dr. CASSCELLS. Yes, sir. And so she is still wrestling with our personnel and readiness people as to whether that could be a one-time MOU or whether it actually might be a template for a wider rollout.

Sir, I would have to take that for the record and get back to you. [The information follows:]

Thank you for your inquiry regarding the Texas State Integration Program. We are always interested in learning more about new and innovative ways to assist Service members, Veterans, and their families. Community efforts to assist with the reintegration of recently deployed Service members and their families are particularly needed, and we welcome civilian, local, and state initiatives in this regard. As to this specific program, although we have been able to gain some information, we are not yet familiar enough with this particular program to give a definitive response. As a result, we have been in contact with them, and hope to set up a meeting where we can learn more about the program, and better determine whether it would be of benefit.

Mr. CARTER. I just mention it really as a suggestion that would be helpful. You might find the same thing exists in Tennessee and other states, California and so forth. But there are ways we can contract with firms that have the professionals available since we are having such an abundance of need right now that it might help and I just bring it up for that purpose and that purpose only.

Thank you, Mr. Chairman.

DOD/VA HEALTH CARE COLLABORATION IN MONTEREY

Mr. FARR. I would like to get back to my question for both of you. Let me give you a little of the scenario.

Fort Ord used to be one of the largest training bases in the United States. It had probably 32,000 folks there.

The base was downsized, remaining as a residence for active duty soldiers assigned to language studies at the Defense Language Institute in Monterey and to students at the Naval post-graduate school.

What happened at Fort Ord, you had a 400-bed licensed hospital that closed and up to that time, everybody in the military community, the active duty personnel, the families of the active duty personnel, the retirees in the community, and the veterans all used that hospital, because there was plenty of space and it was space available, but there was plenty of it.

But the hospital closed, and I think you are going to find this in a lot of communities. They didn't have a hospital anymore.

You opened a clinic at the Defense Language Institute, a drop-in clinic for the soldiers, but a lot of them didn't know, particularly at the Naval post-graduate school, that they could go over to the Presidio in Monterey, not too far away, but several miles, and get their clinical care there.

The TRICARE families ended up in mass confusion about trying to find TRICARE doctors and we found none in the community that would serve pediatric care, because the reimbursement rates weren't large enough.

So they contracted with a firm in Salinas, which is about 30 miles away. Then in the meantime, we have rebuilt all of that, with the RCI project. So you have this wonderful military community who is very happy, with the exception that there is a lot of confusion in how you get access to TRICARE.

And the Monterey Bay area being very expensive, it is very difficult to find doctors who can come in. Our senior doctors are leaving their practices. So you can imagine how difficult it is for a young doctor, and they are not coming in and picking up these services.

They have told us, however, that if we have facilities where the cost of the overhead, cost of the rent, is not so high as it is in the private sector, they would be glad to partner up.

So what we have tried to do, in the meantime, Veterans opened a clinic. It has been so successful it is cracking at its seams. We have now a piece of property that the local active duty community, Army and Navy, both agree is ideal, because it is right in the community, in the RCI community, and VA is willing to build a facility there.

The question is whether you are going to build it as an HCCF, and what I hear from Palo Alto is that there are seven potential HCCF sites scheduled for construction in 2010.

Your last answer to me was that you didn't know.

Dr. KUSSMAN. Well, it was planned, but the budget hasn't been confirmed. So I don't know. But a lot of them are in leasing, so they wouldn't be in the construction budget.

There are things that we would like to do that we are looking at, but I don't know where they got 17 from.

Mr. FARR. Seven.

Dr. KUSSMAN. Seven from. I would have to go back and ask.

Mr. FARR. Could we find that out?

Dr. KUSSMAN. Sure.

Mr. FARR. And I would like to find it is just one of them.

Dr. Casscells, I don't know if you know, but the Monterey Bay area has about 6,000 men and women in uniform and about, between veterans and retirees, another 28,000 people.

So it really makes sense now to try to make this combined facility that VA is going to build to have you as a partner in that facility. But that decision is in the feasibility studies out there and it is going to show that you are going to have about a \$10 million savings, just TRICARE alone.

But you haven't made the decision whether to partner with the VA yet on this and I am waiting to see that decision to be made. Hopefully, it can be made as soon as possible, because we would like to—we will have all the numbers for you and it will show that it is financially a smart thing to do.

Dr. CASSCELLS. Sir, as you know, from your visit with Major General Horoho and Ken Cox from my office, the Army is collecting their part of the data for this joint study, what is called the joint market assessment team.

VA generously offered to build a joint clinic. They also paid for the study. The Army surgeon general is completing the study. The team goes out there the 13th of April to do their site inspection and wrap up the report.

So we should know very soon, certainly, during the appropriations cycle, whether anything more is needed. Of course, we would love to hear—get a solution, because on TRICARE, my hands are a little bit tied. I can offer a 10 percent adjustment to get pediatricians in the Monterey Bay area to take TRICARE, but that is Medicare plus 10 percent.

And pediatricians aren't millionaires, but they still don't want it. It is hard to get the—our TRICARE network is very thin in some of these areas. It is thin in areas that are very wealthy. It is also thin in areas that are very rural.

And Congress has given us—

Mr. FARR. Well, I think the lesson learned here that is really some advice to both of you, because veterans are everywhere that there are active duty military. If you are going to close a hospital, you are going to have unintended purposes, which are never measured, but, obviously, felt when the hospital closes.

People have got to consider that. We thank God you did respond, TRICARE, you weren't in command at the time, but TRICARE had to fly in doctors just to be there. It was very expensive, and they didn't anticipate that it was going to happen.

But our Medicare reimbursements are the lowest in the country, for one of the highest cost communities. That is another problem and we are fighting that. But your TRICARE reimbursements then are based on this low, low base, which none of the doctors are even receiving or civilian doctors are not taking Medicare patients.

We have 2,000 senior citizens who get their health care through emergency. It is appalling.

We have excellent veterans' clinics. They are very successful. It just seems to me that now that we are going to build a new facility, that it just makes really good sense, this is right in your footprint, to serve the families of the active duty members who now have to truck over to Salinas.

We can get pediatric care right in that building. We have already got commitments from doctors to come. So I am looking forward to a favorable marriage here.

Dr. CASSCELLS. Sir, could you write in there that the clinic director would be Dr. Casscells? That would be a great favor.

Mr. FARR. Whatever it takes, we will do that. You want that in the bill? [Laughter.]

Be careful what you ask for. Fortunately, the clinic is already going to be, I promised, just before he died, to General Gourley, who put all this together, and we are going to name it after him.

But we can name something after you.

Dr. CASSCELLS. I might have to go work there.

Mr. FARR. We can arrange that, too.

I think it is about time we wrap up.

CONGRESSIONAL SUPPORT

There is a tradition that Mr. Edwards has that I love and it sort of just is a parting shot.

We are sitting here trying to prioritize a lot of issues. In your opinion, what is the one thing that—each of your opinions—what is the one thing that this committee, as appropriators, can do to fix what you think is the most serious problem right now?

Dr. CASSCELLS. Sir, on the defense side, I would say stay the course that Mr. Edwards has charted. What he has done in supporting the construction of military hospitals, most of which were built before I was in medical school, in asking that these hospitals be built and that they be first class.

You not only boost the morale of the doctors and nurses, but you boost the morale of the patients if they feel they are—a new hospital, a hospital that is safe and high tech, shows our respect for them.

And the hospitals that your funds have enabled us to have, we now have hospitals that are lead—they are green, they save 28 percent on energy, reduce maintenance. The hospitals have safety features that our current hospitals don't have and they promote patient privacy and patient empowerment.

The new generation of hospitals is nothing like what we have currently in the military.

So I would just ask that you stay the course, because these hospitals will pace themselves. If we have an Army hospital, for example, that is one-third full, it loses money. The patients go down the street to a private hospital.

We pay twice. We are paying to keep the hospital open and then TRICARE, me, paying for the downtown care.

So what you are helping us do, this committee, in shoring up military hospitals will be cost-effective in the long run and we appreciate it enormously.

So my message would be, please, just stay the course.

Mr. FARR. You just made my speech for a joint clinic. It is a lot cheaper than a hospital to serve a lot of people.

Dr. Kussman.

Dr. KUSSMAN. Thank you, sir, for the question.

First of all, I very much appreciate what the chairman and all of you have done in support of what we have done and what we have needed and you have always been willing to listen and help us move forward.

My biggest—well, one of my biggest—I was just running through a list of things, but as you know, our appropriation is in four parts, the services, used to be admin facilities, and then IT.

And one of the challenges is when this is separated, and I understand why it was done and I am not arguing about that, it is just that it locks us in sometimes and it is very difficult to reprogram money.

So when I want to do that, I have to go through the process of asking permission to do it. This is particularly poignant in IT, because I think a lot of people presume that medical IT in support of the delivery of health care is in medical services, because it is part of medical services.

But the way the budget is structured, it isn't. It is in IT. So we can buy a new piece of equipment, but the IT tail that goes with it has to be funded out of something else.

Mr. FARR. Competing with something else.

Dr. KUSSMAN. Yes. I mean, there are a lot of things we need in IT, security and things like that. So the unique necessity of medical IT becomes a challenge when we are competing, and that is why, the last 2 years I reprogrammed money out of medical services into IT to support medical IT projects.

But I think that this is an unintended consequence of an IT, separate IT budget, because nothing we do now in medical services doesn't have an IT tail.

So I hope I articulated that in a coherent manner. So the challenge for us is being sure that when you give us money in medical services, we can actually use it, as well, because a lot of times, it gets frustrating—

Mr. FARR. Did we create these different accounting accounts?

Dr. KUSSMAN. Yes.

Mr. FARR. The Congress did.

Dr. KUSSMAN. Yes.

Mr. FARR. So you are suggesting it needs to be modernized to essentially IT is really part of everything and not just a separate standalone.

Dr. KUSSMAN. It is not just buying Blackberries and servers and things. It is integral to everything I do medically.

Mr. FARR. Well, I know when we were in the California state legislature, I am sure Mr. Wamp knows the same thing, the problem was that when IT came out, there were so many vendors up there and everybody wanted it. It was going crazy. People were buying things that didn't work.

Dr. KUSSMAN. And that is why I think—

Mr. FARR. So we tried to professionalize it and bring it all under one roof.

Dr. KUSSMAN. Right. And as you know, we moved to a centralized OI&T in the VA I think that that is very important to maintain standards and quality and make sure that people don't waste their money on things.

And even if it was in medical services for medical IT, I think that it is okay for them to have oversight to make sure we don't buy something stupid.

But the challenge is to continue to expand medical services when there is not enough money in the IT budget sometimes to meet all the requirements. So things start competing with each other and sometimes—and I am not complaining about the money. It is just the way that things are done now.

And I believe that when this was done, the presumption was that there was a lot of medical IT that would be paid for in medical services, because I believe it is part of medical services, but I can't do it anymore.

So that is one of the things that I would think that might be helpful.

Mr. FARR. Well, we will take a look at that. I would suggest that your team, working with HHS on the electronic filing, I mean, your IT has got to be the—

Dr. KUSSMAN. It is more than just the electronic record. It is wireless. It is things that—we buy a new MRI. There is an IT support tail to that and that doesn't come out of medical services. It comes out of the IT budget.

It is part and parcel of the delivery of care, but it has been separated from the delivery of care.

Mr. FARR. I don't know IT that much, but it seems to me if you are buying equipment that is sophisticated as it is and you are trying to create an electronic records system, that equipment is going to be informing a lot of your data itself.

You are going to have reinterpretation of data coming out of—I mean, I have seen these charts and scans and the way they put things together, and it is remarkable information that is even understandable for a patient like me, and that is—

Dr. KUSSMAN. I am a dinosaur, too.

Mr. FARR [continuing]. And that is generated by the machine that scanned me. Isn't this all integrated and doesn't this have to

be something in this discussion, if we are all going to try to get the entire country on some kind of interoperable system?

To me, interoperable means it is all like one. Isn't that included in that? Don't you, in your recordkeeping, account for things like that?

Dr. KUSSMAN. Supporting our electronic health record, money comes out of IT.

Mr. FARR. Okay.

Dr. KUSSMAN. When we expand new services, in medical services, there is frequently an IT tail. When I open a new CBOC or a new HCC, there is IT support for that.

We can put all the equipment in and prepare ourselves to deliver services, but I can't use medical services money to support the IT part of it. It has got to come out of the IT funding.

It is very complicated.

Mr. FARR. Has that been brought to the congressional attention before?

Dr. KUSSMAN. I don't know if I stuck my neck way out, but I think we have had some dialogue about this in the past and it is the way we do business right now.

And my plea would be we look at that and see if there is a better way of doing it.

Mr. FARR. Has somebody got a better way to do it, anybody, because we are doing report language and we can set up a system to get us some answers.

Dr. KUSSMAN. Maybe.

Mr. FARR. All right. We will work on that.

Dr. KUSSMAN. Thank you.

PUBLIC ASSISTANCE TO WOUNDED WARRIORS/MILITARY FAMILIES

Mr. WAMP. My staff should have put this in my notes and they didn't, so they will next time.

General Casey and General Chiarelli have been working with me to identify impediments to outside groups, private entities, from helping our veterans and even helping the families of our active duty men and women, because there are impediments in the law to them being able to help, and I will give you an example.

We had a van offered to our outpatient clinic a couple years ago, after we had the wreck, people lost their lives, and a new van was offered, but there was an impediment to being able to accept that van.

So anything that you can do, Dr. Casscells, on your way out? Dr. Kussman? We are asking for you to share with us any impediments to the private sector, that really wants to help our veterans and to help our military families, from being able to help. There are impediments and we need to eliminate those as we pass this bill from year to year so that everybody that wants to help is not prohibited by a dumb law.

If there is a reason for it, we will back off. But if it is just some illogical problem, we want to get rid of it. So help us, just send us any ways you think that people are prohibited from helping our veterans and our military families.

Thank you, Mr. Chairman.

NETWORK OF CARE WEBSITE

Mr. FARR. You just reminded me, I would like to also refer you to a Web site, www.networkofcare.org. It has been brought to my attention by our local doctors.

This organization is putting together on the Web all of the information, county-by-county, in the United States and it is contracted for by the local governments to put together, for example, if you were dealing with PTSD, all of the PTSD services that are available in that county and all of the funding that comes from it, both private sector and public sector, the support community out there to handle it, and pertinent legislation at the state and federal level that would relate to it. And they even have ability for case management, where a personal file can be done.

The concept here was that as you have soldiers going back home who know the DOD health care delivery system and they have to go to a place to get it or a VA clinic that they might be assigned to, but that may be miles, miles and miles away, that you could actually give them a portfolio when they leave and say, "By the way, in your own community, here is what is available."

I think it is an incredible disclosure tool, because often in cases, as you know, that community of care is sometimes the best and families have no idea that there are support groups out there.

I have had parents come in to me with children with diabetes and not even knowing that we have this huge network of families with diabetic kids who have learned how to handle that.

And I want to provide that kind of same service for the soldiers.

Dr. KUSSMAN. We are aware of this and there is dialogue going on about how to best utilize this across the continuum of care. Certainly, if nothing else, it makes people aware of where they could go locally for services. It doesn't mean necessarily we would pay for it there, but that is a separate issue.

At least they know that they have someplace and they may have their own insurance or something else from work. The National Guard and Reserve, when they get out, they would know where to go quickly.

Mr. FARR. Well, if you are having a shortage of health care providers in areas, professional licensed people that could be counselors for PTSD, it seems to me that you have now got access to a civilian licensed community that might be in your backyard.

Dr. CASSCELLS. Sir, I will make sure this is in our national resource directory and we have several similar Web sites, afterdeployment.org, health.mil, militaryonesource.com, and we will make sure that networkofcare.org is featured on those with a link, establish a link.

Mr. FARR. I hope that is helpful to you.

Well, thank you very much, folks, for your professional and public service and career, and thank you for coming today.

The meeting is adjourned.

WEDNESDAY, APRIL 22, 2009.

BASE POSTURE AND SUPPLEMENTAL REQUEST

WITNESSES

WAYNE ARMY, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT

KEITH E. EASTIN, ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS AND ENVIRONMENT

B.J. PENN, ASSISTANT SECRETARY OF THE NAVY, INSTALLATIONS AND ENVIRONMENT

KATHLEEN I. FERGUSON, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS) FOR KEVIN W. BILLINGS, ACTING ASSISTANT SECRETARY OF THE AIR FORCE, INSTALLATIONS, ENVIRONMENT AND LOGISTICS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Good morning. I would like to call the subcommittee to order. And I want to welcome each of the secretaries here. Secretary Army, Secretary Easton, Secretary Penn, Secretary Ferguson, thank you all for being here.

Zach, we found out Mr. Billings' airplane lost pressure at 37,000 feet last night, so he is somewhere between St. Louis and Washington, DC.

Mr. ARMY. And we are all upset. We forgot that——

Mr. EDWARDS. That is right. That is a new one.

Mr. ARMY. I lost pressure in my car on the way to work.

Mr. EDWARDS. Absolutely. I will tell you.

Please, Secretary Ferguson, please tell Secretary Billings we understand, and just glad that no one was hurt. We understand it was military aircraft, that no one was hurt.

Ms. FERGUSON. No one was hurt. It landed safely. The aircraft is being repaired now. And he is on another airplane on his way back right now.

Mr. EDWARDS. That is good to hear.

Well, again, I want to welcome all of you to our hearing on the Department of Defense's ongoing implementation of the 2005 Base Realignment and Closure round. BRAC 2005 became law on November 9, 2005.

The department has until September 15, 2011, to complete all of the required actions, as you well know.

The cost of this round—at least the cost that is being funded through the BRAC account—is \$32 billion, according to the current information that we have. And I believe that is up from the initial estimate of BRAC somewhere in the \$19 billion range.

I have two major concerns I would like to address at today's hearing. The first concern is whether the department can, in fact, complete all of the required closures and realignments by the legal

deadline. This BRAC round has been variously described as the biggest, most complex and most costly round ever implemented.

Clearly, this BRAC round was much more than about saving money. It was about executing a transformation of the military. A number of very difficult actions will be pushing right up against the deadline.

The second concern I have, related to the first, is whether the deadline can be met wisely and effectively. What I mean is this. Can we meet the deadline without cutting corners on facilities that our troops and families need? Can we do it without paying exorbitant premiums to contractors to speed up construction? Are we going to satisfy the mere legal requirements while leaving a tail of expenditures to be funded through the regular MILCON appropriation or other accounts?

A number of GAO reports on BRAC have been released in the past 2 years. The basic theme of all of these reports could be described as costs underestimated, savings over-estimated.

Not only were the savings underestimated, but some of the savings could best be described as theoretical. But as we all know, however, the costs are very real.

We have reason to believe that some of this cost is coming at the expense of other pressing military infrastructure needs. The department is committed to a number of major initiatives with high military construction costs, such as growing the force and realignment of the Marines from Okinawa to Guam. Unlike BRAC, however, these actions are not mandated by law.

Our worry and our concern is that, under current economic and fiscal conditions, BRAC could end up crowding out other needed investments for the next 2½ years. We also must not forget that we still have a large unfunded obligation to clean up and dispose of military properties that were closed during the previous four BRAC rounds, going back to 1988.

Is that correct? Was the first BRAC round in 1988?

According to the 2007 Defense Environmental Programs Report, the total cost to complete cleanup at these sites is nearly \$3.5 billion. And I have not seen that number going down in recent years.

I am very pleased that our witnesses are here today. Since you bear the burden of implementing BRAC, I am interested in hearing your frank assessments of the challenges you face and how the services are meeting these challenges.

Before I introduce our witnesses, let me turn to our ranking member, Mr. Wamp, for any opening remarks that he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, thank you for being punctual and efficient yourself. And welcome back here after our Easter work period. I just traveled 4,000 miles in 17 days all across the state of Tennessee in my Volkswagen, so I have got a whole new perspective of life. [Laughter.]

I want to thank our witnesses for coming, and those that tried to get here.

As you know, Mr. Chairman, you were very cooperative as we raised this issue over the last 2 years on whether the money for

BRAC to close out by 2011 was in place. And we did the very best we could to provide the resources. I think your two objectives of the hearing today are entirely appropriate.

I would even add a third. And that is to make sure that the monies that we have dedicated have been spent efficiently to-date, so that as we continue to work towards some new timelines—obviously, I read the report showing that we do not expect most of these sites to meet their target goals in terms of finishing out the BRAC realignment on schedule—but to make sure that as we put additional resources into BRAC, that the money is being spent as efficiently and as effectively as possible.

I do think you are right on target about the long-term obligation of the cleanup efforts, because I think many times, from my experience in Tennessee, that is just punted down the field. And frankly, the ongoing cost of maintaining these facilities continues to climb. And the cleanup is few and far between, so to speak.

So, I think this is an important hearing. Even though it might not be the highest profile hearing that we have this spring, it is an important hearing on an important objective. And I do think the whole BRAC process, Mr. Chairman, is one that the government can point to for true reform.

There are very few processes that government can actually say, this works. Because everybody talks about government reform, but there is very little reform of the government. The government just grows. At every level it grows, but particularly in Washington.

And actually, BRAC, as a model, if we do it right and make sure it is efficient and accountable, is a good process for an objective look at how to reform a host of other programs. And that is why BRAC is important, because this is sort of a benchmark as to whether or not the government can ever reform itself, or clean itself up, or make itself more efficient. And there are a host of federal agencies that could learn from the BRAC model, as long as we have a good story to tell.

And I thank you very much, and look forward to the testimony.

Mr. EDWARDS. Mr. Wamp, thank you for your comments. And I think your points are well taken in terms of our need to focus on the efficient use and wise use of the BRAC dollars, and help us apply that to future BRAC rounds and lessons learned.

For the sake of time, I am going to forego the long introduction. With the exception of Secretary Ferguson, each of you has been before this committee multiple times.

Again, I thank you.

I would note for the record that Assistant Secretary Penn is also the Acting Secretary of the Navy. And we welcome you back.

I would like, on a personal note, to thank Secretary Eastin for your long and distinguished service to our country, to our military and the United States Army. I know that Monday is, I believe, your last day in your present position. And I have no doubt you will continue to find other ways to serve our country.

But I would be remiss if I did not personally take the time to thank you, Secretary Eastin, for your incredible work on behalf of our country and our Army soldiers and their families. You have made a real difference, and I have seen that first hand on multiple occasions with your hard work.

Mr. WAMP. Hear, hear.

Mr. EDWARDS. Secretary Army, we are honored to have you here. And as deputy undersecretary, let me begin with you, and then we will follow with people on down—

STATEMENT OF WAYNE ARMY

Mr. ARMY. I would be happy to.

Chairman Edwards, Mr. Wamp and distinguished members of the subcommittee, I appreciate the opportunity to appear before you today to address the Department's implementation of the BRAC Commission's decisions.

As previously discussed with this committee, BRAC 2005 effort is the largest round undertaken by the Department. And we continue to monitor BRAC implementation to ensure we are meeting our legal obligation.

Further, the Administration, as before, will request sufficient funding to enable the Department to continue its efforts to meet the requirements of the BRAC process and be completed by September 15, 2011.

Implementation of this round is an exceedingly complex undertaking, as you have mentioned, not merely as a function of its magnitude, but to the largest extent, as a function of the original goal established for this round. The BRAC 2005 would focus on the re-configuration of operational capacity to maximize warfighting capability and efficiency.

Focusing on operational capacity required that we appropriately assess the increased military capabilities we are achieving through these recommendations. We accomplished that requirement and, through BRAC, are significantly enhancing this capability.

For example, in the largest operational Army BRAC movement, the Army plans to build three brigade combat team complexes, a combat aviation brigade complex and a division headquarters at Fort Bliss, Texas, to accommodate the 15,000 soldiers and their families who are being relocated there.

The closure of Naval Air Station Brunswick is another example. This action will allow the single-siting of the East Coast Maritime Patrol community at NAS Jacksonville, while reducing operating costs. Construction is moving ahead as planned.

Besides these individual actions, the key component of this BRAC round was a goal to rationalize medical infrastructure to address the transformation we have seen in health care, and to adapt our facilities to address the continuing change in warrior care.

We were able to realign two of our major military medical markets, San Antonio and the National Capital Region. These address a critical need to realign and consolidate key clinical and clinical research capabilities while addressing serious facility modernization requirements.

In San Antonio, the Department is consolidating inpatient service into a recapitalized Brooke Army Medical Center while replacing the aging Wilford Hall with a state-of-the-art ambulatory outpatient center.

In the National Capital Region, we are closing the aged and degrading Walter Reed and transferring its services to both an expanded Bethesda and the new community hospital at Fort Belvoir.

In addition, the medical center at Andrews will be transformed into a clinic. This allows DoD to forego the cost of renovating Walter Reed, and instead focus its resources to realign the active duty beneficiaries to the remaining hospitals in line with changing demographics.

Because these transformations required facility closures as well as restructuring, we could not have been—these could not have been accomplished efficiently without the authority provided by BRAC.

BRAC 2005 also calls for the transfer of installation management functions to create 12 joint bases from 26 separate bases. The Department is using this opportunity to create conditions for more consistent and effective delivery of installation support at these sites, capitalizing on the fact that these bases either share a common boundary or are in close proximity.

Consequently, the installation management functions and the delivery of installations support functions can be consolidated to ensure best business practices, while warfighting capabilities are preserved or enhanced.

A Memorandum of Agreement for each Joint Base, signed by the affected service vice chief, is defining the relationships between the components and will govern the supporting components delivery of support at approved output levels—something we have never done before.

A governance framework, called the Joint Management Oversight Structure, allows for approval of variations to policy guidance, deviations to approved output levels, and dispute resolution.

The supporting component—in other words, the lead component—will establish a joint base commander, who will be responsible for installation support to the supported component or components and the tenants. The deputy joint base commander will be from the supported or follower command. To-date, five of the 12 MOAs have been signed, and the 12 joint bases are being established in two phases, with full operational capability for phase one in October 2009, and phase two in October 2010.

At FOC, both the total obligational authority and the real property will transfer from the supported component or components to the supporting component. And if you want, we can talk about that at greater length in the hearing.

As I said, and as you mentioned, these are complex recommendations, and we recognize the unique challenges associated with their implementation, particularly for those recommendations where synchronization is required to manage interdependencies with other initiatives.

To provide necessary oversight and to apprise senior leadership whenever issues require attention, we institutionalized an implementation execution oversight program. We do come up with good titles, I thought—

[Laughter.]

The recent GAO report acknowledged that this is a positive step in oversight. This level of review allows our managers to explain actions underway, to mitigate the impacts of problem issues.

The recently published GAO report also acknowledges that the Department has made steady progress thus far in implementing

BRAC 2005. There has been a great deal of concern, as you mentioned, about the increased costs of BRAC 2005.

It is important to note that almost 70 percent of the BRAC 2005 program supports military construction requirements, compared to 33 percent experienced in previous rounds. This is because in this round, the Department decided to use new construction versus renovated space, with existing space diverted to other needs, to accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations or building additional facilities, and to accept inflation factors exceeding previous planning factors.

Finally, it is our policy that every practical consideration shall be given to implementing DoD actions that seriously affect the economy of a community in a manner that minimizes the local impact. To that end, the Department provides economic adjustment assistance through its Office of Economic Adjustment, or OEA, to help communities who have decreases—and in this case, in this round, increases—to help them help themselves use the combined resources of federal, state and local governments and the private sector.

Regarding prior BRAC disposal and redevelopment, the department has used the full range of transfer and conveyance authorities to dispose of real property made available. Property disposal is complete at 205 out of 250 prior BRAC locations where property became available for disposal. And local redevelopment efforts, in turn, have resulted in the creation of 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

As of December 2008, our last data, we have disposed of over 367,000 acres of the 422,000 or so acres at these legacy locations, leaving only a little over 55,000 acres left to go. When we exclude leases in furtherance of conveyance, which will be transferred in many cases when cleanup is complete, only 34,000 acres or so remain.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's BRAC efforts.

[The prepared statement of Wayne Army follows:]

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HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT

OF

MR. WAYNE ARNY
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES
OF THE
HOUSE APPROPRIATIONS COMMITTEE

April 22, 2009

Chairman Edwards, Mr. Wamp, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to address the Department's implementation of Base Realignment and Closure (BRAC) decisions.

Base Realignment and Closure 2005

As previously discussed with this Committee, the BRAC 2005 effort is the largest round 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 the Congress. The 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 required that the Department begin implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date. The Department continues to monitor BRAC implementation to ensure we are meeting our legal obligation.

Results of Base Realignment and Closure 2005

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 war fighting capability and efficiency. Focusing on operational capacity required that we appropriately assess the increased military capabilities we are achieving through these recommendations.

We accomplished that requirement and, through BRAC, are significantly enhancing each capability. The following examples highlight what we are achieving. Fort Bliss Texas is the largest Operational Army Base Realignment and Closure (BRAC) movement. Approximately 15,054 soldiers and their family members will move to Fort Bliss and the surrounding communities and construction of BRAC operational facilities is moving ahead as planned in preparation for the arrival of the 1st Armor Division at Fort Bliss. The Army plans to build three Brigade Combat Team (BCT) Complexes; a Combat Aviation Brigade (CAB) complex; and a Division Headquarters. Additionally the Army has programmed 12 ranges and three specialized facilities to handle increased training requirements. In September 2008, soldiers of the 1st Brigade 1st Armor Division took occupancy of the first BCT Complex. Soldiers of the 4th Brigade 1st Armor Division are now in temporary facilities and eagerly await completion of the second BCT complex scheduled for September 2009. The Army has programmed the construction of several quality of life BRAC facilities to support this growth including Dental/Health Clinics, Hospital, Child Development Center, Commissary, Physical Fitness Center, and Youth Centers.

The closure of NAS Brunswick is another example. This action will reduce operating costs while allowing the single-siting of the East Coast Maritime Patrol community at NAS Jacksonville. This has been a collaborative effort between NAS Jacksonville and NAS Brunswick to make seamless the relocation of five aircraft squadrons along with the realignment

of the maintenance functions and various mission support groups. With approximately 2,000 personnel and their dependents making the move south, NAS Jacksonville personnel support groups have participated in information fairs held and hosted by NAS Brunswick.

In preparation for the arrival of the first Brunswick aircraft, the new BRAC hangar construction project is on track toward its late April 2009 completion target. This project will be the Navy's largest type II hangar and will be ready for a May 2009 move-in. It will be the home for the first returning Brunswick VP squadron which is currently deployed. The type II hangar will provide maintenance spaces for all five Brunswick squadrons and will also be able to support the future transition to the P-8 Poseidon MMA aircraft.

BRAC 2005 and Medical Infrastructure:

A key component of this BRAC round was rationalizing Medical infrastructure. This rationalization was needed to address the transformation in healthcare that has occurred since these facilities were constructed and to adapt our facilities to address the continuing changes in warrior care. At one end of the scale, BRAC enabled the Department to close seven small and inefficient inpatient operations, converting them to ambulatory surgery centers. BRAC also enabled DoD to realign medical operations from McChord Air Force Base to Ft Lewis and transform the Medical Center at Keesler, Air Force Base into a community hospital. On the larger end of the scale, BRAC enabled DoD to realign two of its major military medical markets: San Antonio and the National Capital Region. The strategic realignments in San Antonio and the National Capital Region address a critical need to realign and consolidate key clinical and clinical research capabilities while addressing serious facility modernization requirements.

These transformations, requiring facility closures as well as restructuring, could not have been accomplished holistically or efficiently without the authority provided by the BRAC process.

In San Antonio, DoD is consolidating in-patient services into a recapitalized Brooke Army Medical Center while facilitating DoD's goal of replacing the aging Wilford Hall medical center with state-of-the art ambulatory outpatient center. The BRAC analysis correctly determined that the San Antonio healthcare requirements would be best served with a single medical center and a large ambulatory care center (at Wilford Hall) that allows for focused facilities that will provide the best possible care for the foreseeable future.

We are working similarly in the National Capital Region. BRAC will allow DoD to close Walter Reed and transfer its services to both an expanded Bethesda and the new community hospital at Ft. Belvoir. In addition, the medical center at Andrews Air Force Base will be transformed into a clinic by the closure of the inpatient wards. This allows DoD to forgo the cost of renovating the aging Walter Reed facility and instead focus its resources to re-align the active duty beneficiaries to the remaining hospitals in line with their demographics. The BRAC recommendation correctly recognized that renovation of the Walter Reed Army Medical Center was not the optimum application of our resources due to its age (and doing so would significantly degrade the availability of the healthcare needs across the NCR). As such, through BRAC we were able to address long-standing health needs regarding the need to better match facility locations and capabilities, medical advances, and changing wounded warrior needs.

After BRAC, the National Capital Region will host two premier facilities that will provide the best possible care while being a center of research and training of health care professionals. For the National Capital Region, the FY 09 costs (including the \$263M included in the FY 2009 supplemental request) are \$2.0B. As is the case with San Antonio, costs rose due

to construction inflation, wounded warrior lessons learned, and unforeseen costs as the construction process has unfolded.

Unique to the National Capital Region is the effort to enhance and accelerate construction at Bethesda and Ft. Belvoir as result of lessons learned and the Department's commitment to implement the recommendations of the Independent Review Group (IRG) on Rehabilitative Care and Administrative Processes at Walter Reed Army Medical Center and National Naval Medical Center (Co-Chaired by former Secretary of the Army Secretary Togo West and former Secretary of the Army and Congressman Jack Marsh). The IRG's April 2007 report recommended a variety of measures to improve medical care and recommended that DoD accelerate BRAC projects in the National Capital Region (NCR). In order to implement the report's recommendations and incorporate other war-related lessons learned, the Department committed to create Warrior Transition Unit facilities at the Bethesda Campus to enhance wounded warrior care, especially the outpatient convalescent phase. The Department also committed to enhance the inpatient facilities at both Belvoir and Bethesda. These enhancements together with a commitment to accelerate construction to ensure that the new facilities will be operational as soon as possible, required the investment of an additional \$679M. The FY 2008 supplemental appropriated \$416M. These enhancements and other cost increases (construction inflation and scope increases) would bring the total of the investment to \$2.0B as of the FY 09 President Budget (including the \$263M in the FY 2009 supplemental appropriations request).

BRAC 2005 and Joint Basing

2005 Defense Base Closure and Realignment Commission Report Recommendation #146 calls for the transfer of installation management functions from 14 designated installations, to 12 other installations – setting the stage for creation of 12 joint bases. Full implementation of the recommendation is required by law to be completed by September 15, 2011. The Department is using this opportunity to create the conditions for more consistent and effective delivery of installation support. Joint bases will be created at the following installations:

- Joint Base Andrews- Naval Air Facility Washington: installation management functions move from Naval Air Facility Washington, MD, to Andrews AFB, MD;
- Joint Base Little Creek-Story: installation management functions move from Fort Story, VA, to Commander Naval Mid-Atlantic Region at Naval Station Norfolk, VA;
- Joint Base Myer-Henderson Hall, VA: installation management functions move from Henderson Hall, VA, to Fort Myer, VA;
- Joint Region Marianas, Guam: installation management functions move from Andersen AFB, Guam, to Commander, US Naval Forces, Marianas Islands, Guam;
- Joint Base McGuire-Dix-Lakehurst: installation management functions move from Naval Air Engineering Station Lakehurst, NJ, and Fort Dix, NJ, to McGuire AFB, NJ;
- Joint Base Anacostia-Bolling: installation management functions move from Bolling AFB, DC, to Naval District Washington at the Washington Navy Yard, DC;
- Joint Base Charleston: installation management functions move from Naval Weapons Station Charleston, SC, to Charleston AFB, SC;
- Joint Base Pearl Harbor-Hickam: installation management functions move from Hickam AFB, HI, to Naval Station Pearl Harbor, HI;

- Joint Base Elmendorf-Richardson: installation management functions move from Fort Richardson, AK, to Elmendorf AFB, AK;
- Joint Base Lewis-McChord: installation management functions move from McChord Air Force Base (AFB), WA to Fort Lewis, WA;
- Joint Base Langley-Eustis: installation management functions move from Fort Eustis, VA, to Langley AFB, VA.
- Joint Base Lackland-Sam Houston-Randolph: installation management functions move from Fort Sam Houston, TX, and Randolph AFB, TX, to Lackland AFB, TX.

Joint basing calls for installations that share a common boundary or are in close proximity to consolidate installation management functions and the delivery of installations support functions, while considering best business practices and ensuring war fighting capabilities are preserved or enhanced. Unlike previous BRAC actions where the customer base was eliminated due to excess or surplus capacity, with Joint Basing the customer base remains largely unchanged. Therefore, most military, civilian and contractor workforce will still be required to perform the day-to-day installation management functions. Installation support functions are as defined in the Joint Basing Implementation Guidance (JBIG), signed by DEPSECDEF on Jan 22, 2008. Civilian personnel performing those functions will transfer from the Supported Component(s) to the Supporting Component.

Within DoD, installations use military, civilians, and contractors to perform common installation management and support functions. All installations execute these functions using relatively similar processes. DoD developed Common Output Level Standards (COLS) to provide common output or performance level standards for installation support functions. COLS

are joint definitions, standards, and performance metrics to support each identified installation support function that will be consolidated at each joint base.

A Memorandum of Agreement (MOA) for each Joint Base, signed by affected Service Vice Chiefs of Staff, will define relationships between Components and commit the Supporting Component to delivery of support at approved output levels. A governance framework, called the Joint Management Oversight Structure, allows for approval of variations to policy guidance, deviations to approved output levels, and dispute resolution. The Supporting Component (lead Service) will establish a Joint Base Commander (JBC), who will be responsible for installation support to Supported Component(s) and tenants. The 12 Joint Bases will be established in two phases, with Full Operational Capability (FOC) for Phase I in October 2009; Phase II in October 2010. At FOC, both the total obligation authority (TOA) and real property transfer from supported Component(s) to the supporting Component.

Oversight

The Department recognizes the unique challenges associated with implementing the more complex recommendations and the synchronization efforts required to manage the interdependencies among many recommendations. To apprise senior leadership of problems requiring intervention as early as possible, the Department institutionalized an implementation execution update briefing program in November, which this report acknowledges as a positive step in oversight. These update briefings, representing 86 percent of the investment value of all recommendations, provided an excellent forum for business plan managers to explain their actions underway to mitigate the impacts of problem issues. The business managers have and will continue to brief the status of implementation actions associated with recommendations

which exceed \$100M on a continuing basis through statutory completion of all recommendations (September 15, 2011). The business managers are also required to brief other plans for which they have concerns.

General Accountability Office (GAO) and BRAC 2005

A recently published GAO report acknowledges that the Department has made steady progress thus far in implementing BRAC 2005. Even though the BRAC 2005 round is costing more and savings less than originally estimated in 2005, implementation of these recommendations are expected to enhance defense operations and management as the Department reshapes and realigns forces to meet future national security needs. The report accurately characterizes the Department's viewpoint that this BRAC round is transforming DoD by aligning the infrastructure with the defense strategy, fostering jointness across the Department, and reducing excess infrastructure and producing savings. The Department appreciates the fact that this report acknowledges that the Department has made steady progress thus far in implementing these recommendations.

The Department considers the updating of savings estimates on a regular basis to be essential. While sufficient guidance already exists in the financial management regulation, additional emphasis on this effort is being provided during all program execution update discussions and in all future business plan update approval documentation.

BRAC Budget Request:

The BRAC program is substantial, and as of the FY09 Presidents Budget it represents a \$33.2 billion requirement over 2006-2011 and \$4B in annual savings after full implementation

(after FY 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. The \$10.7 billion increase over the COBRA estimate, which was fully funded in the President's FY 2009 budget request, results primarily from inflation, changes in military construction, environmental restoration and program management costs not included in COBRA, additional Operation and Maintenance to support fact of life cost increases, and construction for additional facilities to enhance capabilities and/or address deficiencies. The savings decrease is primarily a result of revised personnel eliminations.

Almost 70% of the BRAC 2005 program supports MILCON requirements compared to 33 percent experienced in the previous rounds. The COBRA model used in the analysis estimated costs based on standard factors to array the relative merit of options - it was never intended to be budget quality nor used for implementation planning. In the BRAC 2005 round, DoD has now made decisions to:

- Use new construction vs. renovated space (existing space diverted to other needs)
- Accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations, or building additional facilities
- Accept inflation factors exceeding previous planning factors (delayed implementation compounds the inflation increase)

Assisting Communities

It is DoD policy that every practical consideration shall be given to implementing DoD actions that seriously affect the economy of a community in a manner that minimizes the local impact. To that end, the Department provides economic adjustment assistance through its Office of Economic Adjustment (OEA) to help communities help themselves, using the combined resources of the Federal, State, and local governments and the private sector to support local initiatives.

OEA, through the Defense Economic Adjustment Program, continues to work with states, territories, and more than 147 communities across the country impacted by the Department's continuing closure, downsizing, and mission-growth actions.

Mission-Growth Communities: Over two dozen locations are looking at unprecedented increases in military, civilian and contractor personnel as a result of BRAC 2005, Global Defense Posture Realignment, Army Modularity, and "Grow the Force" activity. For most locations, OEA is providing overall planning support for personnel, procurement, and construction activity to prepare local adjustment strategies, including growth management plans, to support local mission growth. The challenge for many of these locations is to respond to a myriad of hard (road, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) infrastructure 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, particularly at this time of economic uncertainty, is how to apply scarce Federal, State, and local public resources with those of the private sector to carry out adjustments in local facilities and public services, workforce training programs, and local

economic development activities. Needs for public investment, such as road improvements, water and sewer infrastructure, and school construction have emerged and OEA is working with each affected state and region to document these needs and bring them to the attention of other Federal Agencies for their consideration and assistance. To date, OEA has found that, but for \$1.7 billion in Federal or other support, over 50 critical projects that are otherwise ready to move forward, will not commence. Additionally, communities identified over 300 other mission growth related projects totaling \$7 billion that were in various planning phases with incomplete funding strategies.

While OEA is presently bringing these needs to the attention of the U.S. Departments of Transportation, Commerce, Education, and Agriculture as the cognizant agencies where assistance might be made available, they are also seeking to update the information to account for the current economic strains and those other growth efforts that may have information available.

Plans are also underway for a conference to take place in the Fall of 2009 as part of a broader meeting for all BRAC-affected states and communities to further address community needs.

BRAC Closure and Downsizing Communities: OEA, on behalf of the Department, has recognized Local Redevelopment Authorities (LRAs) for 116 locations to: provide leadership and speak on behalf of the impacted area with one voice; identify the impacts of closure across local businesses, workers, and communities; plan redevelopment and other economic development activities to lessen these impacts; and, direct implementation of the redevelopment plan to respond to these actions. Approximately 96 redevelopment plans have been completed to

date. When completed, they are submitted as part of a statutorily-mandated homeless application to the U.S. Department of Housing and Urban Development (HUD), who, in turn, must review each application for compliance with statute prior to Military Department property disposal and the redevelopment effort going forward.

The redevelopment plan is also significant at the Federal level because: 1) the Military Departments dispose of buildings and property in accordance with a record of decision or other decision document and, in preparing this decision document, give substantial deference to the LRA's redevelopment plan; and 2) other Federal agencies are to afford priority consideration to requests for Federal assistance that are part of the plan under Executive Order 12788, as amended, "Defense Economic Adjustment Programs."

As with the growth-impacted communities, OEA is presently working with affected closure and downsizing communities to identify specific needs for "public" investment and expects to have a working estimate of those needs by this summer. In the past, these needs have included demolition, road alignments, infrastructure development, etc. With disposal for these locations yet to occur, communities will need some additional support from the U.S. Departments of Commerce (Economic Development Administration (EDA)), Labor ((Employment Training Administration (ETA)), and Agriculture (Rural Development Administration) through FY2014.

Federal Assistance: The ability to support state and local economic adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce development, and general economic development is beyond the Department's capacities. Accordingly, the Department relies upon the Economic Adjustment

Committee (EAC), through the Defense Economic Adjustment Program (DEAP), as directed by Executive Order 12788. The EAC is comprised of 22 Federal Departments and Executive agencies, and among its functions is to: coordinate interagency and intergovernmental adjustment assistance; serve as a clearinghouse for the exchange of information between Federal, state, and local officials involved in the resolution of economic adjustment concerns resulting from DoD actions; and, afford priority consideration to requests from Defense-affected communities for Federal assistance that are part of a comprehensive base redevelopment or growth management plan.

In response to the previous four rounds of base closure and realignment activity, approximately \$1.9 billion in Federal assistance was provided to assist affected states, communities, workers, and businesses. EDA, ETA, the Federal Aviation Administration, and OEA accounted for this funding. The response to date for BRAC 2005 has consisted of approximately \$212 million, primarily from OEA and the Department of Labor. The BRAC support has concentrated on worker assistance, community economic adjustment planning for growth and downsizing, and coordinating public benefit property conveyances for downsizing communities.

The EAC is chaired by the Secretary of Defense, and the Secretaries of Commerce and Labor are co Vice-Chairs. If affected states and communities are to benefit from these Federal resources, it will be important for the cognizant Federal programs to adequately source their staff and program budgets to respond. To date, we have not had much response to assist either growth- or downsizing-impacted areas. Moreover, the current Federal response to the national economic crisis has placed even greater stress on the cognizant agencies, with the effect of further subordinating needed attention for Defense-impacted communities. Accordingly, the

intergovernmental coordination of adjustment assistance under the EAC will continue to be reviewed to further improve its overall responsiveness to the needs of these states and communities.

Prior BRAC Disposal and Redevelopment

The Department has used the full range of transfer and conveyance authorities to dispose of real property made available in prior BRAC rounds (1988, 1991, 1993, & 1995). Property disposal is complete at 205 of 250 prior BRAC locations where property became available for disposal, and local redevelopment efforts in turn have resulted in the creation of over 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

Conclusion

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's Base Realignment and Closure efforts. I appreciate your continued support of the Department's plans to strengthen America's defense posture and the Department looks forward to working with the Subcommittee as plans continue to be put into action.

Mr. EDWARDS. Thank you, Secretary Arny.
Secretary Eastin.

STATEMENT OF KEITH E. EASTIN

Mr. EASTIN. Thank you, Mr. Chairman, Mr. Wamp and members of the committee.

I will try to be brief.

The Army has 102 specific BRAC actions that are our responsibility, and another 11 that were business plans that we manage. We are now 3½ years into this process. And I think I can count firmly by saying we have 2 years, 4 months and 24 days before September 15, 2011. [Laughter.]

As you mentioned, unfortunately, I will not be around to see the end of—

Mr. EDWARDS. And we regret that.

Mr. EASTIN. We have a very carefully orchestrated plan and group that runs our BRAC program. And all of these projects are, as announced, on schedule.

Since I have been here, I have asked the question: Who are we kidding? We are not going to get all of this done by 2011.

And we ask it, and I ask it, virtually every couple weeks. Do we know of any of BRAC actions that are not going to make the deadline? And the answer is “no.” They will all make September 15, 2011, in the Army.

We all know that something is likely to go on between now and 2 years from now, but we do not see anything specifically. My guess is, one of the AFRCs might slip a little bit, or something like that. But we do not see that right now.

And we are in the process, as you know, of closing 387 National Guard and Reserve Centers, and at the same time, building 125 Armed Forces Reserve Centers that will encompass those activities abroad.

We are—as Wayne has indicated, Fort Bliss is growing vastly. We are basically tripling its size. Fort Belvoir is doubling in size, and adding the National Geospatial Agency out there will bring 8,500 new people to it alone, plus the new Dewitt Army Hospital, which will supplement the Bethesda complex.

All of that is on time, on schedule, and I would like to say under budget. Budgets will now and then change, but—we are on track to complete all of it.

We got into environmental restoration. Of course, the disposition of property from the installations we were closing, we would—it is our goal to move this property within 6 months after a request from an LRA or land, local reuse authority. And we are trying to do our best to take the property disposal aspect of this and then put it into effect.

Standing in the way of that, of course, is that most of these installations, in one way or another, are subject to some contamination, either something fairly benign like a corporation yard, to something where we have unexploded ordnance and have to clean up before we turn it over.

Everything, I am happy to report, is on track. We think the scope has not been degraded in any way, to answer one of your questions.

And as I say, crossing our fingers securely behind our back, September 15, 2011, will come and go with our successful completion of this. Thank you.

[The prepared statement of Keith E. Eastin follows:]

RECORD VERSION

STATEMENT BY

**HONORABLE KEITH E. EASTIN
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)**

BEFORE THE

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

FIRST SESSION, 111TH CONGRESS

**ON THE
ARMY BASE REALIGNMENT AND CLOSURE PROGRAM**

April 22, 2009

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UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS**



THE HONORABLE
KEITH E. EASTIN
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)

Keith Eastin was sworn in as the Assistant Secretary of The Army for Installations and Environment on August 2, 2005. He has been engaged in the practice of environmental law and consulting for more than thirty years and has managed environmental projects and operations as a corporate officer, a high-level federal governmental official and a director of significant environmental practices of two Big-Four professional services firms. Most recently he served in the Department of State as Senior Consultant to the Iraq Ministry of Environment, as well as serving in a similar relationship with the Amanat Baghdad and its public works functions.

In addition to his work with the Department of State, his federal service includes Principal Deputy Assistant Secretary of the Navy where he supervised its real property and environmental matters and military construction for its installations worldwide. He also served as the Deputy Under Secretary of the U.S. Department of the Interior and its chief environmental counsel. In that role he organized and directed a team that conceived of and drafted the regulations providing for the Assessment of Damages to Natural Resources under Superfund and other acts.

As a consultant with PricewaterhouseCoopers and earlier with Deloitte & Touche, his work included activities at significant hazardous waste and Superfund sites nationwide. He advised clients on environmental disputes and controversies involving governmental agencies and enforcement bodies and was Project Director at a large Nuclear Regulatory Commission-regulated uranium contamination site's cleanup and closure. Mr. Eastin served in a key consulting role in the landmark state/industry cooperative natural resource damage assessment for the PCB contamination of a major Midwest river. Additionally, he has valued the entire non-income producing natural resource inventory of a Northwest state in connection with the development of its Asset Stewardship Plan, assessed damages for the contamination of a major aquifer by a 2.5 million-gallon petroleum spill in Nevada, and later assessed damages from activities associated with the Department of Energy's activities at Oak Ridge National Laboratory.

As a practicing attorney, he was a partner in a large national law firm and managed the firm's environmental group in Washington, was general counsel to two public companies, and worked with the American Arbitration Association where he mediated or arbitrated dozens of environmental and construction disputes.

He holds an AB and MBA from the University of Cincinnati and a JD from the University of Chicago.

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Base Realignment and Closure (BRAC) Program. We appreciate the opportunity to discuss our program with you. We would like to start by thanking you for your unwavering 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 they could not perform their missions so successfully without your steadfast support.

BRAC Program Highlights

All BRAC activity takes place within the context of achieving the Army's goals of winning Overseas Contingency Operations, transforming from a Division-structured, forward-deployed force to one comprised of agile Brigade Combat Teams (BCT) stationed on U.S. soil and Growing the Army in a manner that facilitates the Army's ability to win decisively anytime, anywhere. The Army remains committed to achieving BRAC 2005 Law and is on track do so. With full and timely funding by October 2009, there will be no impacts to movement schedules, training, or readiness. We are making significant progress and, with your support, will complete all actions in compliance with the law.

The Army's first major BRAC 2005 closure was completed on December 31, 2008, when the Kansas Army Ammunition Plant closed. Production functions were successfully relocated to McAlester Army Ammunition Plant, Oklahoma, Milan Army Ammunition Plant, Tennessee, Iowa Army Ammunition Plant, Iowa, and Crane Army Ammunition Activity, Indiana, as directed by the BRAC Recommendation. The Army is working in collaboration with the Local Reuse Authority (LRA) to expedite property transfer.

Fort Bliss, Texas, has the largest Operational Army BRAC movement action in the Army. The installation will essentially triple in size from the Soldiers and their Family members moving to Fort Bliss and the surrounding communities. The Army is well underway in constructing new facilities to support this massive growth. The first BCT complex is now complete, and the second is scheduled for September 2009.

In support of the Reserve and National Guard transformation, the Army is constructing 125 joint Armed Forces Reserve Centers (AFRCs), 27 of which will include units from multiple military services or will be located on other service installations and 57 that are being led by the National Guard. Joint training provides the opportunity to enhance communication capabilities for future joint operations between Army and other service reserve units. This action will also move Reserve Component Soldiers out of antiquated Reserve Centers and Armories into the more efficient joint facilities. The Army has awarded 60 Reserve Component BRAC projects with the AFRCs at Cambridge, Minnesota, Camp Dodge, Iowa, Hastings, Nebraska, Jackson, South Carolina, Kearney, Nebraska, and Fort McCoy, Wisconsin, having been completed. The Army plans to award 72 more in fiscal years 2009 and 2010 for a total investment of \$3.5 billion in Reserve Component construction over the BRAC 2005 program. A total of 12 Reserve Component installations have been closed.

Fort Belvoir, Virginia, which is doubling its size, is proceeding on time with \$4 billion worth of construction to implement Army and other agency BRAC recommendations. Major efforts include the Mark Center, which will accommodate 6,400 Department of Defense workers, the National Geospatial Intelligence Agency Campus East, which will accommodate 8,500 workers; and the new Dewitt Army Community Hospital, a state of the art medical facility that will replace some functions

currently performed at Walter Reed Army Medical Center, which will close in 2011. Fort Belvoir is upgrading the internal infrastructure and road system to accommodate the new population. Department of the Army has also funded \$36 million in off post roads to ease access to the installation and impacts to the local community.

Fort Monroe, Virginia, recently achieved a critical BRAC milestone by finalizing the Programmatic Agreement (PA), completing Section 106 requirements of the National Historic Preservation Act. Fort Monroe is a designated National Historic Landmark, and the PA will ensure protection of Fort's 400 year-old history and culture after Army closure. The community responded enthusiastically to the PA concept, producing 32 consulting parties. Moreover, this unique PA creates management zones aligned with areas of historic significance requiring proper conservation measures. The Governor, Commonwealth of Virginia, and Army are planning a recognition ceremony in April 2009.

BRAC 2005

BRAC 2005 is carefully integrated with the Defense and Army programs of Global Defense Posture Realignment (GDPR), Army Modular Force, and Grow the Army. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to 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. 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 war fighting mission. Under BRAC, the Army will close 13 Active

Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC 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 AFRCs and realigns U.S. 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 into 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 Army civilian employees will relocate as BRAC is implemented by September 15, 2011. The over 1,100 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 year 2006-2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. Our BRAC construction plan is fully coordinated and carefully synchronized with other Army initiatives to support our overall strategy for

re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation. 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.

One-hundred percent of our BRAC construction projects are planned to be awarded by the first quarter of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline. But this effort requires your support with timely passage of the appropriations and full funding for the program.

In fiscal year 2006, the Army awarded 11 BRAC military construction projects to support re-stationing and realignments: three projects to support GDPR; two incremental projects for BCTs; five Armed Forces Reserve Centers, and one infrastructure project, totaling \$792 million.

In fiscal year 2007, the Army awarded 60 projects: 20 projects to support GDPR; 21 Reserve Component projects in 14 states; and 19 other Active Component projects, totaling \$3.3 billion, including planning and design for fiscal year 2008 and 2009 projects. This laid the foundation for follow-on projects, and in earnest, started the implementation of our synchronized construction program.

In fiscal year 2008, the Army awarded 79 projects: 16 projects to support GDPR; 26 Reserve Component projects in 18 states; and 38 other Active Component projects, totaling \$3.4 billion, including planning and design for fiscal year 2009 and 2010 projects.

In fiscal year 2009, the Army expects to award 96 projects. This represents our largest construction year. Fiscal year 2010 is our fifth and final year of BRAC construction. We have moved into a period where our construction timeline flexibility is essentially exhausted. Timely funding is critical and essential to our success. In each of the three previous fiscal years, funds have been delayed or withheld from the BRAC Program. In fiscal year 2007, a nine-month delay in receipt of \$2 billion delayed the award of 50 of the 68 planned major construction projects, in fiscal year 2008 \$560 million was delayed until the fourth quarter, impacting one third of that year's program, and in fiscal year 2009 there is a general reduction of \$170 million. 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. Completion of the final phases of incrementally funded projects and the award of the remaining fiscal year 2010 construction projects are all planned as first quarter, fiscal year 2010 contract awards. Delays past the first quarter will result in increased cost, risk of not meeting the mandated BRAC timeline, and uncertainty for mission commanders. The resulting impact will cascade through our carefully integrated re-stationing, transformation, and growth plans for years to come.

The Army plans to award and begin construction of the balance of our projects, plus planning and design for fiscal year 2010 projects. These projects include the construction of the three four-star headquarters facilities – Forces Command, Training and Doctrine Command, and Army Materiel Command. The Army is awarding many of the complex BRAC 2005 construction projects in increments. These increments include projects at Fort Benning, Georgia, Fort Lee, Virginia, and Aberdeen Proving Ground, Maryland, which are all interdependent in the establishment of the Maneuver Center, the Combat Service Support

Center, and the C4ISR mission, respectively, at these installations. The complexity of integrating these movements and many others in BRAC 2005 is a daunting task. The Army has based all of the intensive planning to include four-star level reviews on the timely award of the fiscal year 2010 program during the first quarter. The BRAC budget request provides funding for furnishings for BRAC projects awarded in fiscal year 2006, 2007, 2008, and 2009 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with BRAC Commission Recommendations.

In fiscal year 2010, 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 includes Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

Prior BRAC

Since Congress established the first Defense Base Closure and Realignment Commission in 1988 and then authorized the subsequent rounds in 1990, the Department of Defense 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 funds to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$2.95 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. We have conveyed 177,990

acres (85 percent of the total acreage disposal requirement of 209,834 acres). Today only 31,844 acres remain to transfer.

SUMMARY

In summary, the Army has a carefully coordinated and synchronized plan for implementing BRAC 2005 mandates while continuing to conduct critical missions in support of Overseas Contingency Operations and homeland defense. 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. It is a balanced program that supports our Soldiers, their Families, Army transformation, readiness, and worldwide commitments. Your support and the support of this committee are critical to the successful implementation of this plan.

Thank you again for the opportunity to appear before you today and for your continued support for America's Army.

Mr. EDWARDS. Okay. Secretary Eastin, thank you very much. Secretary Penn.

STATEMENT OF B.J. PENN

Mr. PENN. Mr. Chairman, Representative Wamp, members of the committee, I am pleased to appear before you today to provide an overview of the Department's BRAC program.

Regarding BRAC 2005, we have moved swiftly from planning to execution since I last briefed you in March of 2007. All 59 led business plans are approved and underway, and our program is on track to fully meet the September 15, 2011, statutory deadline.

In total, the Department awarded 85 of the 118 BRAC construction projects with a combined value of \$1.4 billion. Eighteen projects worth \$256 million are on track to be awarded this year. At the end of the fiscal year 2008, the Department has closed 43 percent of the BRAC 2005 properties slated for closure.

One success story I would like to highlight comes from New Orleans, which still struggles to recover from the aftermath of Hurricane Katrina.

We entered into a 75-year leasing agreement with the Algiers Development District, ADD, in September of 2008. In exchange for leasing 149 acres of Naval Support Activity New Orleans, the headquarters, Marine Forces Reserve, will receive approximately \$150 million in new facilities. Demolition began recently, and we have established temporary quarters for the commissary, so that the military personnel, retirees and their families still have access to the quality of life service during construction. We continue to work with ADD to ensure this partnership's successful outcome.

Our remaining environmental liabilities for BRAC 2005 are substantially less than in prior rounds of BRAC. We have spent \$148 million in cleanup through fiscal year 2008. We attribute this to the relatively few numbers of closures, the absence of major industrial facilities and the extensive environmental work that the Department has accomplished over the past several decades.

Financially, we continue to control costs, keeping cost growth down to a modest 2 to 2½ percent per year.

Our overall execution rate is nearly 90 percent, a significant improvement over the same period last year, and further evidence of the shift from planning to accelerated implementation.

We are also on track to obligate over 90 percent of our fiscal year 2009 funds by the end of September. We appreciate the efforts of this committee, which contributed directly to our success by providing these funds early in the fiscal year.

Although we are on track to meet the statutory deadline, we do face some challenges. Seven major construction projects require complex site approvals and operational certifications from the DOD Explosive Safety Board. And we also have correctional facilities that require certification before occupancy. We are monitoring construction closely, so that the projects complete in time to conduct the necessary certifications.

With respect to Legacy BRAC, the Department has achieved a steady savings rate of approximately \$2.7 billion per year since fiscal year 2002. At the end of fiscal year 2008, we disposed of 93 per-

cent of our real properties slated for closure in the first four rounds of BRAC.

Many factors play into developing a conveyance strategy, including environmental mitigation, indemnity and liability considerations and the financial capacity of recipients to manage or develop the property. We have used a variety of disposal methods, including the Economic Development Conveyance, EDC, that was specifically created for BRAC properties.

We have conveyed 91 percent of Navy real property at no cost. From the remaining 9 percent, we received over \$1.1 billion in revenue through a variety of conveyance mechanisms, nearly all of it since fiscal year 2003. Since then, we have used these funds to accelerate cleanup and finance the entire prior BRAC effort, including caretaker costs from fiscal year 2005 through fiscal year 2008.

Despite our success in using property sales to augment cleanup and disposal and recover value for taxpayers, future revenues are very limited. We resumed our request for appropriated funding last year.

It is also our experience that EDCs do not necessarily spur economic redevelopment any faster than traditional conveyance methods. Some communities that receive no-cost EDCs during a more robust economy have not developed the property, or have yet to realize the benefits of having property on the tax rolls.

Thank you for the opportunity to testify before this committee. And we look forward to answering your questions.

[The prepared statement of B.J. Penn follows:]

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Not for publication until
Released by the
House Appropriations Committee

Statement of
HONORABLE B.J. PENN, ASSISTANT SECRETARY OF
THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
Before the
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND
RELATED AGENCIES
of the
HOUSE APPROPRIATIONS COMMITTEE
22 APRIL 2009

Not for Publication until
Released by the
House Appropriations Committee

Mr. Chairman Edwards, Representative Wamp, and members of the committee, I am pleased to appear before you today to provide an overview of the Department of the Navy's BRAC implementation efforts.

BRAC 2005 IMPLEMENTATION

Since I last briefed you in March 2007, we have moved expeditiously from planning to the execution of the BRAC 05 Program. The Office of the Secretary of Defense has approved all 59 Navy-led business plans. Additionally, 24 other service-led business plans with some form of Navy equity have been approved. The Department's BRAC 05 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline. However, some significant challenges lie ahead.

Accomplishments

In total, the Department awarded 85 of 118 BRAC construction projects with a combined value of \$1.4 billion.¹ Eighteen FY-2009 projects worth \$256 million are on track to award this year. Some noteworthy projects include:

- In July 2008, the Department awarded a \$325 million project to Co-locate Military Department Investigative Agencies at Marine Corps Base, Quantico, VA. When complete it will combine almost 3,000 personnel from the Department of Defense (DoD) and the Services' Investigative Agencies. It also includes the construction of a collocated "School House" for the Joint Counterintelligence Training Academy (JCITA) as well as nearby roadway improvements. Combined together, these actions will significantly enhance counterintelligence synchronization and collaboration across DoD.
- In less than 12 months since business plan approval, nine projects for a combined \$222M were awarded at Naval Air Weapons Station, China Lake, CA, Naval Weapons Station, Indian Head, MD, and Dahlgren, VA, in support of the Department's effort to consolidate and create a Naval Integrated Weapons & Armaments Research, Development, Acquisition, Test, and Evaluation Center. Two projects worth \$39 million are projected to award next month.

¹ Three FY-2008 projects valued at \$14 million remain to be awarded

Helping Communities

Fifteen impacted communities have established a Local Redevelopment Authority (LRA) 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. Of these 15 communities, six reuse plans have been approved by the Department of Housing and Urban Development (HUD). Three communities are still preparing their plans with submissions planned for later this year. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act documentation for disposal of those properties.

Land Conveyances and Lease Terminations

By the end of FY-2008, the Department disposed of 43% of the property that was slated for closure in BRAC 2005.

These disposal actions were completed via lease termination, reversions, and Federal and DoD agency transfers. Of interest is the reversion of Singing Island at Naval Station Pascagoula and the Dredge Spoil Material Area at Naval Station Ingleside, transfer of the tidal area of Naval

Weapons Station Seal Beach Detachment Concord to the Department of the Army, and disposal of 78% of the reserve centers slated for closure.

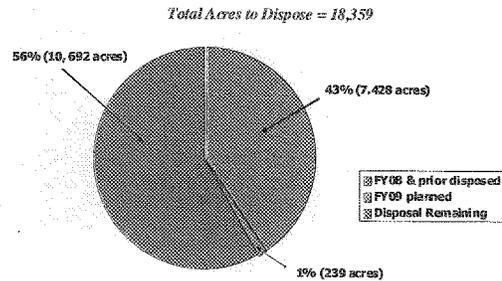
The Department has also closed or realigned 38 of 49 Naval Reserve Centers, Navy Marine Corps Reserve Centers, Navy Recruiting Districts, Navy Regions, and Navy Reserve Readiness Commands. Seven of these were disposed in 2008. The 2009 Plan includes transfer of 144 acres at Naval Air Station Atlanta, Reserve Centers at Orange, TX, and Mobile, AL, and 75 acres from Naval Station Pascagoula to the Air Force.

NSA New Orleans, LA

In September 2008, the Department and the Algiers Development District (ADD) Board entered into a 75-year leasing agreement. We leased 149 acres of Naval Support Activity New Orleans West Bank to the ADD in exchange for

BRAC 05 Disposal Status

(as of 30 Sep 08)



approximately \$150 million in new facilities to support Headquarters, Marine Forces Reserve.

Simultaneously, the Department finished construction, relocated from New Orleans, and formally opened the new Commander, Navy Reserve Force Command Headquarters in Norfolk, VA. In their new \$33 million, 90,000-square foot facility, the 450-man command is in very close proximity to the Department's U.S. Fleet Forces Command as well as the Joint Forces Command. This proximity means better communication between active and reserve forces, including more face-to-face meetings with local commands.

Naval Air Station Brunswick, ME

The Department's largest BRAC 05 operational action will close Naval Air Station Brunswick, Maine, and consolidate the East Coast maritime patrol operations in Jacksonville, Florida. The cornerstone of this relocation is a \$132 million aircraft hangar scheduled for completion and occupation in May 2009. This project represents the Department's largest patrol squadron hangar, and it will serve to maintain all five P-3 squadrons. It is also designed for the future transition to the P-8 Poseidon aircraft. The first relocating P-3 Squadron deployed from Naval Air Station Brunswick occurred in November 2008 and will return directly to their new home in Jacksonville.

Naval Station Ingleside/NAS Corpus Christi, TX

Significant progress was also made to prepare facilities to relocate eight Mine Counter Measure (MCM) ships from Naval Station Ingleside, TX to Naval Base San Diego, CA. The Department re-evaluated its infrastructure footprint in the greater San Diego area and elected to change from new construction to renovation of existing facilities, thereby saving more than \$25 million in construction costs. These ships will start shifting homeport this spring, with completion later in the calendar year.

Joint Basing

Two of four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources—including personnel, budget, and real estate transfer—the Supported component(s) to the lead. Joint Basing has two implementation phases, with Phase I installations scheduled to reach full operational capability in October 2009, and Phase II installations in October 2010. The four Department-led joint bases are Little Creek-Fort Story (Phase I), Joint Region Marianas (Phase I), Anacostia-Bolling (Phase II), and Pearl Harbor-Hickam (Phase II).

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 Department's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC. We have spent \$148 million in cleanup at BRAC 05 locations through FY-2008. The majority of this has been spent at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for FY-2009 and beyond is \$99 million. This estimate is \$8 million higher than last year's estimate due to additional munitions, groundwater, and landfill cleanup and monitoring at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA.

Financial Execution

The execution of our FY-2006—2008 funds is now at nearly 90%. This is a significant improvement over the same period last year and further demonstrates our shift from planning to execution and accelerated implementation. We are also on track to obligate over 90% of our FY-2009 funds by the end of the fiscal year. We appreciate the efforts of Congress to provide these funds early in the fiscal year, which directly contributed to our success.

Challenges

Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead. Seven major construction projects at Naval Air Weapons Station China Lake, CA and Naval Weapons Station Indian Head, MD require complex site approvals and certifications for operation from the Department of Defense Explosive Safety Board. Additionally, Correctional Facilities require certification before occupancy. The Department plans to closely manage construction so that it completes in time to conduct the necessary certifications.

Several complex move actions require close coordination with other services and agencies. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

PRIOR BRAC CLEANUP & 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 of Navy has achieved a steady state savings of approximately \$2.7 billion per year since FY-2002. All that remains is to complete the environmental cleanup

and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup on 15 installations that have been disposed.

Property Disposal

By the end of Fiscal Year 2008, we have disposed of 93% of the real property slated for closure in the first four rounds of BRAC. Throughout that time, we have used a variety of the conveyance mechanisms available for Federal Property disposal, including the Economic

Development Conveyance (EDC) that was created for BRAC properties. Ninety-one percent of the Department of the Navy real property was conveyed at no cost. From the remaining 9%, the Department of Navy has received over \$1.1 billion in revenues via a variety of conveyance mechanisms. Nearly all of this revenue has been generated since FY-2003. Since then, we have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs from FY-2005 through FY-2008.

These funds have enabled us to continue our environmental clean-up efforts at 31 installations. We have used these funds to accelerate cleanup at Naval Shipyard Hunters Point, CA, as well as Naval Air Station Alameda, CA, enabling us to be closer to issuing Findings of Suitability to Transfer or conveyance of the property for integration of environmental cleanup with redevelopment.

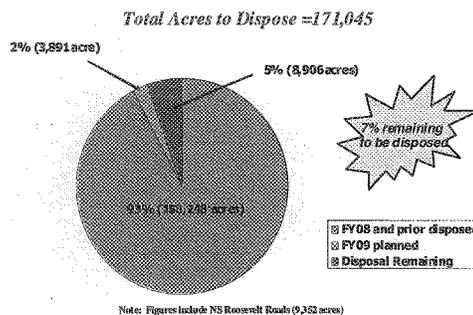
Land Sale Revenue

Despite our success in using property sales to augment funding for environmental cleanup and property disposal, as well as recover value for taxpayers from the disposal of federal property, future revenues are very limited. In FY-2009, we resumed our budget requests for appropriated funding.

Prior BRAC Environmental Cleanup

The Department has spent about \$4.0 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY-2008. We project an increase in the cost-to-complete of

Prior BRAC Disposal Status (as of 30 Sep 08)



about \$172 million since last year. Nearly all of this cost increase is due to additional munitions cleanup at Naval Air Facility Adak, AK, Naval Shipyard Mare Island, CA, and Marine Corps Air Station El Toro, CA. The increase is also associated with additional radioactive contaminations at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

Naval Shipyard Hunter Point, CA

Naval Shipyard Hunters Point represents one of the unique prior BRAC challenges. Maritime use of Hunters Point dates back to the 1850's. Commercial ship maintenance, repair, and dismantling began at the site in 1868. The Department purchased the property in 1939, and began to expand the shipyard through extensive cut and fill efforts to build facilities.

Between 1939 and 1974, Hunters Point was one of the Department's largest industrial shipyards and was home to the Naval Radiological Defense Laboratory (NRDL). The Department used Hunters Point to decontaminate ships that had been used during atomic weapons testing under Operation Crossroads. NRDL conducted radiological research in numerous buildings on the base.

The Department closed Hunters Point in 1974, and then leased most of the property in 1976 to a private ship repair company. When the lease was terminated in 1986, the Department began investigating and cleaning up the environmental contamination caused by more than 100 years of industrial activity. The Environmental Protection Agency placed the shipyard on the National Priorities List in 1989. The Department of Defense listed the shipyard for closure as part of BRAC 1991. The CERCLA program consists of 78 installation restoration sites and 93 radiological sites. The Department has spent more than \$500 million to investigate and clean up contamination at Hunters Point with more than \$80M in each of the past two years.

We have disposed of more than 570,000 cubic yards of contaminated soil through removal and remedial actions, capped a 14-acre landfill, closed five radiological sites, performed soil vapor extraction and bioremediation of volatile organic compounds, and removed all of the waste oil disposal pipelines on the installation. We have also successfully treated tri-chloro-ethylene plumes using several innovative technologies, many of which have been successful after only one round of treatment. We continue to explore new technologies and are collaborating with Stanford University to study cleanup of PCB's in offshore sediments.

The Department has reconfigured its groundwater-monitoring program to more effectively test for contaminants while reducing costs by one-third. Additionally, over the past two years we have removed almost 10 miles of the more than 40 miles of radiological contaminated sewer and storm lines.

The Department has achieved CERCLA Records of Decision (RODs) for Parcel B (59 acres) and Parcel G (40 acres). These parcels are planned to convey through an early transfer to accommodate the next phase of development including the new NFL stadium. With draft RODs currently in review for Parcel C (74 acres) and Parcel D (57 acres) we plan to have additional early transfers in place for 2012 and 2014.

One parcel of 76 acres (Parcel A, a former housing area) was transferred clean to the City of San Francisco in December 2004. There are still six parcels (B, C, D, E, F and G) totaling approximately 1,300 acres left to convey. Great progress has made in readying additional parcels to support City redevelopment efforts.

Naval Air Station South Weymouth, MA

While we have been exploring innovative environmental technologies at Hunters Point, we would also like to highlight the creative approach employed for the cleanup and transfer of Naval Air Station South Weymouth. Utilizing an available authority to transfer BRAC real property via a Fair Market Value Economic Development Conveyance will greatly aid in returning Naval Air Station South Weymouth to productive reuse. Naval Air Station South Weymouth was closed by 1995 BRAC action and the local reuse authority, South Shore Tri-town Development Corporation, received approval for an Economic Development Conveyance covering 680 acres of the property. About 562 acres of the requested area is environmentally suitable for transfer, but about 118 acres need further remediation work.

In FY-2008, a term sheet was signed by the parties in which the Department would receive fair market value for the property in the form of cash and in kind consideration where the local reuse authority will complete the environmental cleanup on approximately 118 acres under a Lease in Furtherance of Conveyance. Upon completion of the clean-up actions, the Department will then execute a deed for those 118 acres. The cash received by the Department is about \$9.9 million, which is the difference between the fair market value of the property (\$43 million) and the environmental remediation costs (\$33.1 million). The ability to receive fair market value consideration for this property has enabled the Department to work with the local community to incorporate environmental clean up efforts as part of the redevelopment activities. Once the Navy completes the economic development conveyance, the agreement we have

reached with the local redevelopment authority, which is supported by the regulatory agencies, will enable the community to begin redevelopment of property that would otherwise not have been conveyed until completion of the environmental cleanup in FY-2012.

CONCLUSION

The Department of the Navy continues to make excellent progress in implementing the BRAC actions. I remain concerned about our ability to meet the September 2011 statutory deadline to complete all BRAC 05 closure and realignment actions, but feel we have a good plan in place to meet this requirement.

To date, land sale revenue of over \$1.1 billion has been invested in the Department of the Navy prior BRAC cleanup, caretaker, and property disposal costs. While this land sale revenue had financed significant portions of the prior BRAC program costs for a number of years, the Navy has resumed requesting appropriated funds. The potential for future land sale revenue is very limited; however, any land sale revenue that is earned will be applied to the BRAC program to augment appropriations. We are very appreciative of the continued additional Congressional support of our program and have been applying those funds to accelerate cleanup of parcels to support redevelopment priorities identified by communities. We continue to work diligently on the complex environmental issues that remain at our installations and look for creative solutions to support community redevelopment opportunities.

Thank you for the opportunity to testify before this committee. I look forward to a productive dialogue with the Congress on BRAC implementation issues.

Mr. EDWARDS. Thank you, Secretary Penn.

Secretary Ferguson, thank you again for being here to fill in for Secretary Billings, who lost the pressure on his plane at 37,000 feet on the way back to Washington last night.

We are glad you are here, and would like to recognize you now for your testimony.

STATEMENT OF KATHLEEN I. FERGUSON

Ms. FERGUSON. Thank you. And he, again, sends his apologies for not being here. He spent the last two days in San Antonio visiting Fort Sam Houston and Lackland Air Force Base for all the BRAC recommendations. So, he is going to come in with a fresh look on the ground. And unfortunately, he was unable to make it this morning.

Mr. EDWARDS. I understand. Thank you.

Ms. FERGUSON. Mr. Chairman, Mr. Wamp, members of the committee, thank you for this opportunity to provide an update on the Air Force's efforts in support of Base Realignment and Closure and our implementation progress to-date.

More than 42 months ago, the recommendations of the BRAC 2005 Commission were approved. Today, we find ourselves a mere 29 months away from reaching the commission-mandated completion date of September 15, 2011. While we still have much more work to do, I am confident in informing the committee that the Air Force BRAC implementation efforts are on track, on time and on budget.

BRAC 2005 resulted in seven Air Force installation closures and 59 realignments affecting 122 installations. To achieve these closures and realignments, the Air Force must execute more than 410 separate implementation actions. This complex effort involves more than just bricks and mortar. It includes military construction, operations and maintenance, environmental reviews, training and the movement of people and things.

Mr. Billings' written statement, which had previously been provided to the committee, outlines in detail two BRAC undertakings in San Antonio which illustrate the complexity of the Air Force BRAC program. I will not go into those today in the interest of time, but these are the largest efforts the Air Force has undertaken in the San Antonio area, with the TRICARE Management Activity for SAMMC and or the MEtC. And I will be happy to talk about those in more detail.

During past testimony, the Air Force has also stressed its strong support of the BRAC 2005 Commission joint basing recommendations. I can tell you the Services and DOD have been working hard to implement one of BRAC's most transformational initiatives, and are working through many complex issues to make joint basing work.

The Air Force wants to personally thank Mr. Wayne Army for his leadership over the last year in guiding all the services in the implementation of the BRAC recommendations. We have made tremendous progress and are now in the process of reviewing and coordinating numerous implementation plan details and formal memorandum of agreement for each joint base.

The Air Force has a long and successful history of working towards common goals in a joint environment, and joint basing is no different.

Mr. Chairman, the last item I would like to address is the BRAC recommendation to bed down the Joint Strike Fighter, integrate a joint training center at Eglin Air Force Base. The last 2½ years has demonstrated the use of BRAC to bed down a weapons system still in development is very difficult.

In the case of the Joint Strike Fighter, the noise profile of the aircraft was unknown at the time of the BRAC decision. And issues identified through the National Environmental Policy Act process required further study, which are now underway. The result of this analysis will help us identify ways to operate the aircraft and mitigate the potential noise impacts on the community as we bed down this important weapon system at Eglin.

At this time, Mr. Chairman, I will finish with a short execution overview.

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F-35, Joint Strike Fighter initial training site at Eglin Air Force Base in Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope Air Force Base, North Carolina, to the Army, the Air Force community as a whole, Active, Guard and Reserve, will benefit from the changes BRAC directed.

The Air Force's total BRAC budget is approximately \$3.8 billion, which the Air Force and DOD have fully funded. Our largest costs are for military construction projects, totaling more than \$2.6 billion.

Operations and maintenance expenditures are just over \$900 million. And there are other BRAC expenses as well, which include information technology, equipment procurement and Air Force Reserve and Air National Guard training, to name a few, at \$142 million. Other BRAC program expenses include \$136 million for military personnel expenses and environmental planning and cleanup.

The Air Force's primary focus in the 2010 program is in budget areas other than Military Construction, because we are now focused on personnel-related issues, relocating assets and functions, outfitting new and renovated facilities and procuring those end-state necessities, continuing environmental actions to realign and integrate the total force.

Thousands of man-hours have been spent on planning, coordinating, meetings, visiting bases and executing the more than 410 actions we must implement to complete BRAC 2005, and we have many more ahead. The good news is, Mr. Chairman, we will be done no later than September 15th, and we will have executed our program within budget.

This concludes my formal remarks, and I thank you and the committee for your time and opportunity to provide you this update. And I look forward to your questions.

[The prepared statement of Kevin W. Billings follows:]

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DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

AND VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: BASE REALIGNMENT AND CLOSURE UPDATE

**STATEMENT OF: THE HONORABLE KEVIN W. BILLINGS
ACTING ASSISTANT SECRETARY OF THE AIR FORCE
(INSTALLATIONS, ENVIRONMENT AND LOGISTICS)**

April 22, 2009

**NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**



BIOGRAPHY



UNITED STATES AIR FORCE

KEVIN W. BILLINGS

Kevin W. Billings, a member of the Senior Executive Service, is Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C. He heads three division departments that deal at the policy level with Air Force facility and logistical issues. The department's responsibilities include installations, military construction, base closure and realignment; environment, energy, safety and occupational health issues; and all logistical matters.

Mr. Billings was born in London, England. He is a graduate of the University of Puget Sound, Tacoma, Wash., and the Executive Development Program at the Wharton School of the University of Pennsylvania. Mr. Billings has held multi-dimensional executive positions in public and private industry in strategic management, international and domestic business development, transformation and change management, corporate relations, and legislative policy development. His experience includes work on Capitol Hill, executive positions with Westinghouse Electric Corporation in the area of Federal Facilities, and an advisory role for the Secretary of the Army for matters relating to business process transformation and industrial safety.



EDUCATION

1977 Bachelor of Arts degree in political science, University of Puget Sound, Tacoma, Wash.
1987 Executive Development Program, University of Pennsylvania Wharton School of Business, Philadelphia

CAREER CHRONOLOGY

1. 1979 - 1981, special assistant, Congressman Jerry Lewis, Washington, D.C.
2. 1981 - 1983, legislative assistant, Congressman Sid Morrison, Washington, D.C.
3. 1983 - 1984, buyer, Westinghouse Hanford Company, Richland, Wash.
4. 1984 - 1989, Vice President, Legislative Affairs, American Nuclear Energy Council, Washington, D.C.
5. 1989 - 1990, Vice President, Washington Operations, the New England Council, Inc., Boston, Mass.
6. 1990 - 1992, Manager, Technology Communications, Westinghouse Hanford Company, Pittsburgh, Pa.
7. 1992 - 1995, Manager, Technology Communications, Government Operations Business Unit, Westinghouse Electric Corporation, Pittsburgh, Pa.
8. 1995 - 1998, Director and General Manager, Government and Environmental Services Company, Westinghouse Electric Corporation, Pittsburgh, Pa.
9. 1998 - 1999, Vice President, ICF Kaiser International, Vienna, Va.
10. 1999 - 2004, private consultant, the Alliance Group, Washington, D.C.
11. 2004 - 2006, Senior Vice President, mCapitol management, Washington, D.C.
12. 2005 - 2006, adviser (unpaid), Secretary of the Army, Washington, D.C.
13. 2006 - 2007, Vice President, Business Development, Enterra Solutions, LLC, Yardley, Pa.

14. 2007 - 2008, Deputy Assistant Secretary of the Air Force for Energy, Environment, Safety and Occupational Health, Headquarters U.S. Air Force, Washington, D.C.
15. 2008 - present, Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U.S. Air Force, Washington, D.C.

AWARDS AND HONORS

2007 Department of the Army Outstanding Civilian Service Award

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

University of Puget Sound Alumni Association Board of Directors

Chairman, International Children's Alliance

Chairman, Public Affairs Advisory Board, U.S. Merchant Marine Academy, Kings Point, N.Y.

(Current as of August 2008)

INTRODUCTION

Mr. Chairman and Members of the Committee, thank you for this opportunity to address issues important to America's Airmen and our United States Air Force. It is an honor and distinct privilege for me to testify here today and represent some of America's finest men and women. I am providing an update on Air Force implementation of the 2005 round of Base Realignment and Closure (BRAC) implementation. We are more than 42 months removed from the approval of 2005 BRAC recommendations, and 29 months away from reaching the required mandated completion date of September 15, 2011. While there is much more work to be done, Air Force BRAC implementation is on track, on time, and within budget.

Air Force program managers are overseeing 227 BRAC military construction (BRAC MILCON) projects on 54 installations in 36 states with a cost of more than 2.5 billion dollars. Upon completion of all implementation actions, the Air Force will be a leaner, more capable, better organized, and a more efficient air, space, and cyberspace force.

BRAC 2005 OVERVIEW

BRAC 2005 resulted in seven Air Force installation closures and 59 realignments at 122 installations. To achieve these closures and realignments, the Air Force must execute more than 410 separate actions. This complex effort involves more than just bricks and mortar. Air Force implementation costs cover a diverse set of requirements: BRAC MILCON, operations and maintenance, environmental reviews, training, and movement of people and things.

Two BRAC undertakings in San Antonio, Texas illustrate the complexity of the Air Force BRAC program: merger of Air Force and Army medical capability and development of a Joint Base that will centralize management functions of Randolph and Lackland Air Forces Bases and the Army's Fort Sam Houston.

SAN ANTONIO MEDICAL MERGER

The Air Force, along with our Sister Services, and the TRICARE Management Activity are making significant progress in changing the way the Department of Defense delivers military

health care in San Antonio, to consolidate all Services' enlisted medical education and training in the Alamo City, and to centralize a significant part of military medical research there.

Because San Antonio includes these and other large and complex BRAC undertakings, the Air Force established an executive oversight structure and a Joint Program Office to oversee BRAC implementation. This office, headed by a member of the Senior Executive Service who reports to the four-star commander of the Air Force's Air Education and Training Command, is integrating all BRAC activities in San Antonio. Its goal is to consider each detail, and ensure construction and mission schedules are tightly choreographed. The Air Force further established an Executive Integration Oversight Board comprised of flag officers and equivalents from each of San Antonio's "BRACed" activities, along with advisors from the Army Corps of Engineers and other agencies with equity in successful BRAC implementation. The management oversight the Air Force put in place in San Antonio is working -- medical consolidation and joint basing are two examples.

Medical consolidation in San Antonio will distill two major military medical centers into one, forming a single, unified San Antonio Military Medical Center with both north and south campuses. In the north, the Fort Sam Houston hospital and clinic will provide in-patient care, Level I trauma and emergency care, and house several centers of excellence including cardiac rehabilitation, burn care, amputee care, and physical and occupational therapy. At the Lackland Air Force Base south campus, a new state-of-the-art ambulatory care center will provide primary care, out-patient surgery, 24/7 urgent care, and house an eye care center of excellence.

When finished, the San Antonio Military Medical Center complex will be the Department of Defense's largest integrated health care delivery platform. It will provide medical care for 170,000 TRICARE enrollees and families, basic military trainees, and other students. At the north campus, BRAC MILCON adds approximately 870,000 square feet of new space and 314,000 square feet of renovated space at a cost of about \$694 million. Construction began in December 2008.

Also in San Antonio, the Air Force is overseeing the realignment of medical basic and specialty enlisted training. Five training centers from across the United States will relocate into a single Medical Education and Training Campus on Fort Sam Houston. Co-locating these training components onto one campus will reduce infrastructure and eliminate duplication of effort. It will also create synergy through all Services training together at one place. This integrated Medical Education and Training Campus will offer more than 120 courses and train more than 47,000 students a year. Average daily student load will be 7,800 Airmen, Soldiers, and Sailors.

By close of Fiscal Year 2009, all construction will be underway for the Medical Education and Training Campus's five instructional buildings, three dormitories, a dining facility, a physical fitness center and other structures that will directly support world-class training for our Joint medics.

The Air Force is also overseeing centralization of medical research in San Antonio. Construction is underway on a \$92 million Battlefield Health and Trauma Research facility scheduled for completion in January 2010. This facility will be a center of excellence for developing life saving medical care for our war-fighters.

JOINT BASING

One of BRAC's most transformational recommendations is Joint Basing. Under this concept, installations in close proximity will share common installation support and management activities. BRAC directed 26 Air Force, Army, Navy, and Marine Corps installations to form 12 Joint Bases. Of the 12 Joint Bases, ten involve Air Force installations. The Air Force is the lead Service at six of these installations.

The Joint Basing initiative consolidates installation management functions to achieve efficiencies and economies of scale while preserving war fighting capabilities and quality of life for Airmen, Soldiers, Sailors, Marines, and their families. The Office of the Secretary of Defense and the Services are working through many complex issues to make Joint Basing work. Such

issues include information technology integration, human resource planning, manpower and fiscal resourcing, and development of new organizational structures.

A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense for Installations & Environment, developed policy to guide this transition. The group is now in the process of reviewing and coordinating numerous implementation plan details and formal Memorandum of Agreement (MOA) for each Joint Base. The Air Force has a long and successful history of working toward common goals in a joint environment. Joint Basing is no different.

In San Antonio, Joint Base San Antonio is complex in both size and scope. It will centralize installation management functions for Randolph Air Force Base, Lackland Air Force Base, and the Army's Fort Sam Houston to provide support to approximately 80,000 people who work and reside at these locations. The Air Force's Air Education and Training Command (AETC) and its BRAC San Antonio Joint Program Office are leading the Joint Base effort there. AETC, in conjunction with the U.S. Army's Installation Management Command West Region, and Fort Sam Houston garrison leadership, are currently finalizing a MOA that will serve as the basis for support to 210 mission partners located at the three installations.

For enduring Joint Base San Antonio management oversight, the Air Force will create the 502nd Air Base Wing led by an Air Force Brigadier General. The new wing will lead Joint Base San Antonio to reach Initial Operating Capability in January next year, with Full Operational Capability about eight months later.

The successful efforts to establish Joint Base San Antonio are the result of local Air Force and Army senior leadership, open and constant communication, and a total team effort. Local senior leaders meet bi-monthly to discuss and resolve issues. A Joint Base Partnership Council, chaired by an AETC two-star meets monthly. Working groups comprised of members from Randolph Air Force Base, Lackland Air Force Base, and Fort Sam Houston, developed the MOA and the concept of operations for the 502nd Air Base Wing. In the end, Joint Base San

Antonio – a single installation virtually combining campuses spanning more than 30 miles from one side of San Antonio to the other – will be a model for the Department of Defense BRAC Joint Basing enterprise.

BRAC 2005 EXECUTION REPORT CARD

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F-35 Joint Strike Fighter Initial Training Site at Eglin Air Force Base, Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope Air Force Base, North Carolina to the Army, the Air Force community as a whole – Active, Guard, Reserve -- will benefit from changes BRAC achieves.

Unlike the last round of BRAC where 82 percent of the implementation actions affected the active Air Force, in BRAC 2005, 78 percent of implementation actions affect the Air National Guard and Air Force Reserve. In fact, the Air Force will spend more than \$485 million on Air National Guard and Air Force Reserve BRAC MILCON projects. In addition, many of the BRAC MILCON projects on active Air Force installations, like the C-130 facilities built or renovated at Elmendorf Air Force Base, or KC-135 facilities built or renovated at Seymour-Johnson Air Force Base, North Carolina and MacDill Air Force Base, Florida will benefit Air Reserve Component forces stationed there.

The Air Force's total BRAC budget is approximately \$3.8 billion, which the Air Force has fully funded.

The Air Force's largest BRAC costs are for military construction projects; more than \$2.6 billion. Operations and Maintenance expenditures closely follow at \$927 million. This includes expenditures for civilian pay and moving expenses, supplies, equipment, travel, etc. There are other BRAC expenses, as well. Other requirements include expenses for information technology, equipment procurement, and Air Force Reserve and Air National Guard training, to name a few, at \$142 million.

Other BRAC programmed amounts include \$129 million for military personnel expenses and environmental planning and cleanup.

The Air Force's primary focus in the Fiscal Year 2010 program is in budget areas other than BRAC MILCON because we are now more focused on personnel-related issues, relocating assets and functions, outfitting new and renovated facilities, procuring end-state necessities, and continuing environmental actions to realign and integrate the total force.

LEGACY BRAC – REAL PROPERTY TRANSFORMATION

The Air Force remains a federal leader in the implementation of the management principles outlined in Presidential Executive Order 13327, Federal Real Property Asset Management. We continue to aggressively manage our real property assets to deliver maximum value for the taxpayer, improve the quality of life for our Airmen and their families, and ensure the protection and sustainment of the environment to provide the highest level of support to Air Force missions. The Air Force is achieving these goals through an enterprise-wide Asset Management transformation that seeks to optimize asset value and to balance performance, risk, and cost over the full asset life cycle. Our approach is fundamentally about enhancing our built and natural asset inventories and linking these inventories to our decision-making processes and the appropriate property acquisition, management and disposal tools.

Even though the BRAC 2005 round did not reduce the Air Force's real property footprint, our current transformation efforts seek to "shrink from within" and to leverage the value of real property assets in order to meet our "20/20 by 2020" goal of offsetting a 20 percent reduction in funds available for installation support activities by achieving efficiencies and reducing by 20 percent the Air Force physical plant that requires funds by the year 2020. For the purpose of this hearing, I will focus on our management of BRAC properties and some of the real property management tools we employ.

Base Realignment and Closure Property Management

To date, the Air Force has successfully conveyed by deed nearly 90 percent of the 87,000 acres of Air Force BRAC 88, 91, 93 and 95, which we refer to as Legacy BRAC, with the remainder under lease for redevelopment and reuse. The highly successful reuse of Air Force Base closure property led to the creation of tens-of-thousands of jobs in the affected communities. To complete the clean up and transfer by deed 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 so that the cleanup efforts complement, rather than impede, the property redevelopment plans and schedules. 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 completed 20 whole-base transfers. Ten of the remaining 12 bases are targeted for transfer by the end of Fiscal Year 2010, while the last two (George and McClellan) will be transferred no later than the end of Fiscal Year 2012.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount 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, for Legacy BRAC and BRAC 2005 cleanup activities. Recent progress at the former McClellan Air Force Base in Sacramento, California once the most environmentally contaminated closure base within DoD, is a sterling example of the effective approach taken by the Air Force and the local community in fostering redevelopment of closure base property. As a result of previously unprecedented collaboration between the local community, the Environmental Protection

Agency, state environmental regulators, the primary developer, and the Air Force on the privatization of cleanup of the base, the former base is quickly becoming the "greenest" business park in California. It is home to what will be the most energy-efficient computer data center in the Nation. The former base is also now home to North America's largest photovoltaic solar panel manufacturing plant, a one-million square foot joint venture facility called Opti-Solar. The plant will create 1,000 green jobs producing 2,000 solar panels per day beginning in 2009.

In summary, the Air Force's real property asset management framework involves an understanding and balancing of our mission needs and risks with market dynamics, the federal budget, the condition and performance of our assets and the need to protect the environment.

SUMMARY

Thousands of man-hours have been spent on planning, coordinating, meeting, scrutinizing, discussing, visiting bases, and executing the more than 410 actions the Air Force must implement to complete BRAC 2005, and thousands more are still ahead. The good news is the Air Force will be done no later than September 15, 2011 and will have executed our program within budget.

The Air Force is fully engaged in executing our requirements and squarely focused on successfully implementing all BRAC 2005 recommendations.

Mr. EDWARDS. Thank you, Secretary Ferguson.

And thank you again, all.

For the record, your complete statements will be submitted and made part of that record.

You each will begin with the 5-minute rule, and we will be able to do multiple rounds here and cover a lot of the subjects. You will begin with me.

You answered my first question. But for the record, each of you—is this correct—each of you has said that your respective service will meet the BRAC time deadline. Is that correct?

Mr. EASTIN. Yes, sir.

Mr. PENN. Yes, sir.

Mr. EDWARDS. Okay. So, that answers the follow-up question I was going to ask.

Do any of you see any need to provide exemptions from BRAC or extend the BRAC deadline?

Mr. EDWARDS. The answer would be “no.” For the record, all have answered “no.”

COST ESTIMATES FOR BRAC

Let me ask this, then. In some ways, it is like fitting a size 12 foot into a size nine shoe. I know we have had challenges between some of the original cost estimates for BRAC.

It seems that initially, we went from around \$19 billion estimate to about \$31 or \$32 billion. It seems like we have locked in on that \$32 billion figure for several years.

Could I ask each of you, has your respective service or Secretary Army, from your oversight position at DOD, have you seen projects, or would it be possible to get a list of projects, that were either pushed outside of the BRAC account or pushed outside of the future year defense plan timeline in order to make the BRAC numbers stay within the estimates of the last year or two?

Mr. ARMY. Let me—

Mr. EDWARDS. Secretary Army.

Mr. ARMY. Let me respond to that. I know of no projects that were pushed out that were necessary for BRAC, that we may have decided that a project was unnecessary for one reason or another, and it is not out in the out years, so it was chopped completely.

The—

Mr. EDWARDS. So, you say not necessary. There might have been projects that perhaps our base commanders wanted or supported, but maybe the Department decided it was not absolutely necessary?

Mr. ARMY. Absolutely.

Mr. EDWARDS [continuing]. As part of the BRAC—

Mr. ARMY. I remember one in particular. There were a couple that flashed through my mind. But one was the lack of communications between Crane and China Lake. We were supposed to build, like, 40 weapons storage bunkers. And we, in Navy—when I was in Navy at the time—sent a tiger team out to every base to scrub the recommendations, and found lots of errors.

In this case, the question was asked of Crane—they thought the question was: How many bunkers do you have? And they said, 40-something. And the real question that was being asked was: How

many do we need to build at China Lake for this function? And it was five, or six or something.

And so, those, if you look back at the record, there were 40-something out of five or six.

So, we scrubbed. We had places where somebody wanted a dog kennel. A dog kennel was not required. Somebody wanted to—not that humans are frail—but somebody wanted to upgrade a police station that did not require being upgraded. So, there were those kinds of changes.

And I assume you will ask questions about COBRA. But our initial estimates were based off of COBRA, which is not as, you know, as confirmed, not a budgeting tool.

And so, in the process of going from COBRA to actual budget plans, I think we have stuck pretty close, because once we got through that first year of planning, when we were actually putting engineers on the ground, what are soil conditions? What exactly is this building going to look like, and where is it going to sit? And we got decent estimates.

And if you recall back then, inflation was going crazy at some of our locations. Once we got a handle on that, then I think our cost adjustments have been just pluses and minuses. And where there have been increases or decreases, we have included them in the budget. But relative to—I think we are at—according to my data, we are at \$33.2, relatively, billion. The changes have been minor in the last couple of years.

LESSONS LEARNED

Mr. EDWARDS. Okay. What I might, Secretary Army, in my second round, is ask you about lessons learned. While you were not in your present position when the BRAC process began, perhaps—I would be interested in following up on Mr. Wamp's opening comments. I would like to find out what lessons you think we have learned.

When you are doing a cost-benefit analysis and then making decisions based on that, obviously, there are serious implications if the original costs were around \$19 billion, then they jump up to \$32 billion. If you had the actual costs rather than the estimated COBRA costs initially, a number of these decisions might have been made differently, based on that additional—

Mr. ARNY. I would love to, because I do not think they would have, and I can explain why.

Mr. EDWARDS. Okay. I would welcome that in the second round.

Mr. Wamp.

Mr. WAMP. Well, we will have a lot of questions. Some we may have to have you take with you and report back to us.

But start on the big picture, because the testimony we just heard was all pretty positive, with a lot of forecasts that respective services were going to meet the September 15, 2011 schedule.

SURVEYS AND INVESTIGATIONS REPORT

But what I was talking about when I opened was the S&I report, surveys and investigations here, that point to issues that may lead to that not happening. Almost half of the 222 business plans have varying degrees of risk of missing their deadline.

Over half of the business plans have completion dates within the final 2 weeks of the deadline, which obviously is very little margin of error in terms of implementing a 2½-year plan to meet those deadlines. And therefore, S&I believes that it will not be as rosy a picture on meeting those deadlines.

And frankly, if this were anything other than the United States military sitting across the table having this versus what I just heard, we would have a field day at ripping you apart. But in this case, because the military has got an unbelievable record around the world of meeting deadlines and doing things right, I just want to know, is there any lack of continuity between what you are saying and what our investigators are telling us in terms of how tight these schedules are?

It is probably yours, Secretary Army?

Mr. ARNY. Yes, I would love to take a look at specific examples, which—you point to one thing that we often miss in this BRAC 2005 process, is that in this process, we had business plans. In prior BRAC rounds, we had no business plans. It was just turned over to the services, and they executed.

So, there was no way for anybody to go in and track progress or by certain deadlines that we have now. And I can tell, having been on the Navy side, the process is painful, because you have got to lay down lots of requirements. And I and my current associates were in different positions and warred often over those business plans.

We would have liked to have started earlier, once BRAC 2005 hit. But we had extensive NEPA requirements to complete.

So, in earlier rounds, we just went in. There was no DoD budget for it. Services just did it. As you heard earlier, we had less MILCON.

And if you recall in the earlier rounds, the military was coming down, tremendous sizes. So we were just eliminating whole units, so that BRAC in many ways from the force movement was a lot easier than this round.

You had rather large movements of people. And it—let me get back to your question. A lot of these are at the—we would have rather had them earlier, but because of our NEPA constraints and our planning constraints, we could not.

We still believe we will make those deadlines. And I am constantly pushing the services and their chief engineers to get this stuff done earlier. And now that they are on a roll, I think a lot of those deadlines will come a little bit earlier.

Mr. WAMP. And for our purpose, the conclusion of this report says, the unanimous view of BRAC program managers said that receiving fiscal year 2010 funds on time is going to be critical, if many project deadlines are going to be met.

Obviously, last year we were working really hard, and the chairman did a great job of getting this bill done. But obviously, the flow of funds is going to be key to any of these goals being met.

You cannot throw a schedule off 1 week, if over half of your business plans call for completion in the final 2 weeks without missing your deadlines. And they do not need to be arbitrary when you are trying to carry out a mission that other people are making plans on.

Mr. ARNY. Well, we do really appreciate the fact that this committee, especially, got this bill out. You are one of only two, if I recall. Right?

Mr. WAMP. Right. I do not know if we are making a habit of it. [Laughter.]

My time is about up, so I will come back to the other questions later. But—

Mr. EDWARDS. Could I ask just—

Mr. WAMP. Sure.

FIXED DEADLINE

Mr. EDWARDS. Just for the record, I would like to hear your answer to Mr. Wamp's question about what are the consequences if this bill is passed after the October 1 deadline? Would there be any?

Mr. ARNY. It really affects this, because we have such a fixed deadline. In fact, it affects all of our military construction. You will not believe internally what hoops we jump through when we do not get the money until October, November, December, January.

As you have seen in some years, it has come very late. And we are borrowing money from other projects and really doing all—expending all sorts of effort. And some things cannot get started.

I think, fortunately, most of our stuff is started, so even with a continuing resolution, we would be okay. But it will hurt us. It will make life very difficult.

Mr. EDWARDS. Would it make it—I do not want to put words in your mouth.

Mr. ARNY. It is not impossible.

Mr. EDWARDS. Could it make it difficult, if not impossible, to finish a number of the key projects by the BRAC deadline, if you do not get your funding—

Mr. ARNY. Depending on how late. Frankly, because of the last—in my experience in this period of time as opposed to when I was doing this in the 1980s, we tend—because of the experience that we have had, we tend to put cushions in there, so that if the bill does not show up on the 1st of October—I mean, there are very few of us at the table who remember the 1976 T, fiscal year 1976 T as a transition year, when we went from one July to one October, so that we could all—it did not, you know.

So, we do put—we do put a cushion in there. So, depending on how late, if it is just a week or two, we might—it might not be a problem. But much later than that, it will be a problem.

Mr. WAMP. Well, just one other quick question.

Mr. EDWARDS. Mr. Wamp, for any additional questions—

Mr. WAMP. Thank you. That was very good.

Just one other quick thing on this round, and that is, the takeaway point from the morning here, obviously, that was one of them, for sure. Getting the money on time is huge. Is there another one, a big takeaway point for this morning for this committee?

From any of you?

Mr. ARNY. I think—

Mr. WAMP. Things we have got to get across?

Mr. ARNY. Stay the course. Yes, just stay the course. And we do not believe we need an extension at all. And that helps us keep it all in a box.

Mr. WAMP. Got to have a deadline.

Mr. ARNY. Yes, sir.

Mr. WAMP. I will wait for the rest. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. FARR.

Mr. FARR. Thank you, Mr. Chairman. Thank you for having this hearing.

FORT ORD

Congress is synonymous with BRAC for me. I arrived with a base closure at Fort Ord, 28,000 acres, probably the largest base ever closed. And I think I have spent every single day in the last 15 years in Congress dealing with that closure.

Where deadlines are concerned on legacy bases, the Army never met any of them. So, it will be interesting to see if DoD meets deadlines in this round.

I have some questions for Secretary Eastin in regards to the cleanup issues at Fort Ord, specifically the ESCA payment that we agreed to and the contract we made for cleanup. That last payment to FORA, which is the approximately \$40 million, when will that be made? And will it be in full?

Mr. EASTIN. It was my understanding that it is complete. If that is not correct, I will get back to you.

Mr. FARR. It is? All right.

Mr. EASTIN. And I am happy to report that one.

Mr. FARR. So, the money is there.

Mr. EASTIN. There. It is out the door.

Mr. FARR. Has the Army finalized its cleanup protocols with BLM on how the BLM land is to be cleaned? When I heard about it last summer there were still about a half a dozen outstanding issues between Army and BLM.

Mr. EASTIN. We are working through a couple other minor issues, but we are still, as you are well aware, constrained by the 800-acre-a-year burn that we are going to have on that land to clean up with the UXO out there.

Mr. FARR. Can you give me a copy of the agreement, the latest one?

Mr. EASTIN. Yes, I will get that to you.

Mr. FARR. Also, have you gotten into the cost of that cleanup? Are any of those funds set aside?

Mr. EASTIN. I really have not done the—we expense something like \$250 million a year on cleanups. And to the extent that this programs, there will be funds for it.

Mr. FARR. Well, that is the question. Is it—

Mr. EASTIN. The 800 acres a year for burning is the limiting factor.

Mr. FARR. Has the Army set aside some money for that cleanup?

Mr. EASTIN. Yes.

Mr. FARR. Can we get that detail?

Mr. EASTIN. I am going to get you those details as well.

[The information follows:]

The Army provided the final installment of \$40 million on the Fort Ord Environmental Services Cooperative Agreement (ESCA) to the Fort Ord Reuse Authority on December 17, 2008.

There is no formal agreement between the Army and the Bureau of Land Management (BLM). BLM's final comments and the Army's response to comment are documented in the Fort Ord Track 3 munitions and explosives of concern Record of Decision that was completed on May 27, 2008.

Funding to continue cleanup of the range areas on Fort Ord will be included in the fiscal year 2010 budget request.

Mr. FARR. Thank you. Thank you for your service.

Mr. EASTIN. My pleasure.

Mr. FARR. With your retirement, we are going to miss you.

Mr. ARNY. Don't congratulate him too much.

Mr. EASTIN. No, I—

[Laughter.]

Mr. ARNY. Keith may be—

Mr. EASTIN. I brought my Fort Ord map here with me. [Laughter.]

And it is duly annotated from last year.

TREASURE ISLAND

Mr. FARR. Mr. Penn, I would like to raise a couple of questions regarding the conveyance of Treasure Island in the San Francisco area.

I understand the City of San Francisco put aside \$700 million and the developers have put up \$500 million for infrastructure improvements at Treasure Island, and the city has offered the Navy a 50–50 profit sharing for revenues from the development.

With this kind of offer, why hasn't the property been transferred?

Mr. PENN. We estimated the property at \$250 million. And that was substantiated by GSA. And the city has only offered us, I think \$17.5 million for it.

Mr. FARR. The purpose of this property is to do economic development, is it not?

Mr. PENN. But they are not going to be doing economic development the way we see it. The houses are already there and just—there will be no business, which is required for the EDC.

Mr. FARR. Who determines that?

Mr. PENN. The courts will. We push back on it. The courts will determine if it will, in fact, meet the requirements for the creation of jobs.

Treasure Island has houses. And the jobs—they want to make it into a—

Mr. FARR. When the service pulls out, it is the responsibility of the local government to create a reuse plan, not the Navy to tell the locals how to use it.

The local government—

Mr. PENN. Given the land for nothing. We have certain requirements, as you well know, sir.

Mr. FARR. Well, you have a—

Mr. PENN. With a no-cost EDC, right.

INFRASTRUCTURE

Mr. FARR. Yes. But that is not what my question is. There is a plan of what, about \$1.2 billion. This has been promised to do in-

frastructure; that will provide jobs, and the city is offering a 50-50 profit sharing revenue. What problem is 50-50? That is pretty good.

Mr. ARNY. If I recall that—excuse me, because I was working for Mr. Penn doing this—that 50-50 is at the tail end after all the other people have been—we are not—the Department is not averse at all to profit-sharing participation. But the profit sharing at T.I., the last time I checked it—I do not know if it was changed—is at the very tail end, after everybody else gets something.

Mr. PENN. After the developer and everyone else has their profit—

Mr. FARR. But you transferred all of Fort Ord without those conditions as—

Mr. ARNY. Because there was an economic development for jobs.

Mr. FARR. Right.

Mr. ARNY. And that means permanent jobs for—

Mr. FARR. Well, I would argue, the permanency of those Fort Ord jobs is questionable.

Mr. ARNY. Well, the plan—

Mr. FARR [continuing]. Anyway.

Mr. ARNY. T.I. has gone through nine separate plans. And we have always been open—the Department and the Navy, when I was working there—to a no-cost EDC. We argued that, do a cost EDC. If it works out to be no cost, it is fine. But to do an EDC, which we are still doing lots of them, it requires permanent jobs. And housing components are not part of that.

Mr. FARR. Yes, but the issue is the economics. Right now you estimate the value of the land at \$250 million. But paying that kind of money precludes building in public benefits. You cannot do it. You cannot do the low-income housing. You cannot do the set-asides for parks—

Mr. ARNY. Oh, yes, sir.

I would argue you can, because we include that in the value. If you are doing public benefit conveyances, those come at no cost. If there are parks as part of the development, we based it on—we based the cost estimate—the appraisal, I am sorry—the appraisal strictly on what the city provided as the use, because we do not control the use of the property. It is the zoning authority that controls the use of the property.

Mr. FARR. Well, I argue it would make a good EDC.

Mr. EDWARDS. Thank you, Sam.

Judge Carter.

Mr. CARTER. Thanks, Mr. Chairman. And thank each of you. It is good to see many of you again.

BRAC COMMUNITIES

There are some GAO studies that show that some of the communities are located near the facilities that are gaining troops, are not on track for the construction of schools, housing and infrastructure required to accommodate arriving soldiers and their families.

Considering that Secretary Gates has indicated that he intends to move many of the quality-of-life programs to the base budget, which have been funded through supplementals, how are the Services assessing whether all those services, other than BRAC head-

quarters and motor pools, will be in place, by September 15th of 2011?

Are the communities going to be ready?

Mr. ARNY. Well, sir, in many cases, it depends on the community. If they have had plenty of notice, we are working—the Office of Economic Adjustment, which works for me—has been providing loans—or not loans, I am sorry, grants—to all the communities surrounding these gaining bases, so that they can go through the planning process, not only for BRAC closure, but for an opening—I am sorry, for where BRAC is increasing the number of people there.

And I know they are wrestling with some of these situations. I do not know of a particular one. If you have got some particular one, I would love to be able to go back and research that for you.

Mr. CARTER. I have heard knowledge that the communities are struggling at Bliss and at Carson, and I have spoken with some of the members of Congress, and they do indicate that some of the school districts are struggling to try to meet these issues.

We have always had an issue about military construction money going to building schools, at least as far as the fort that I represent is concerned. We have had that issue, actual brick-and-mortar schools. I am just curious as to where we thought they were as far as the quality of life for our soldiers. Because that is what it is all about. We want them to come back home to a place where families can live.

Mr. ARNY. I believe that, with some exceptions, that we are in decent shape, but I will get back to you on particulars on that.

[The information follows:]

Working with the Economic Adjustment Committee (EAC), established under Executive Order 12788, as amended, to support the Defense Economic Adjustment Program, senior leaders from Office of Economic Adjustment, Office of the Deputy Under Secretary of Defense (Military Community & Family Policy), Army Headquarters, and U.S. Department of Education completed six site visits to a representative sample of mission-growth locations (Fort Benning, Fort Bliss, Fort Bragg, Fort Carson, Fort Drum, and Fort Riley) to better understand the specific education issues arising from mission growth; improve communication across cognizant Federal sources of assistance; and identify gaps and/or lags in capacities to respond.

Site visit findings and observations were completed and shared with the cognizant Federal agencies, Executive Offices of the President, Congress states, locals and local educational agencies and are posted at www.OEA.gov. The following represents some of the issues discussed:

- School capacity. Some local educational agencies (LEAs) will face challenges providing facilities to accommodate student growth.
- Consistent growth estimates. Communities and stakeholders would benefit from more consistent growth estimates from the Department of Defense.
- Deployment impacts. Some LEAs and the supporting communities face challenges to assist dependents of deployed military personnel.
- Reciprocity, recruitment, and other “soft costs.” Curriculum requirements and assessment levels vary from one state to another, presenting challenges to transferring military dependent students which often impact grade advancement, extra-curricular activities, and graduation. Furthermore, teacher certification requirements vary, impacting spousal employment.
- Improve communications with military parents. Communications and outreach about educational resources could be improved, especially to military parents living off post.
- Special education. Some locations appear to be receiving a higher than expected number of children with special education needs, which can generate unexpected demands for credentialed teachers, and higher than anticipated operating and facility costs.
- Regional planning capacity. Some areas would benefit from additional resources dedicated to building regional responses to education growth challenges.

Mr. CARTER. I think it is important.

Mr. ARNY. I agree.

Mr. CARTER. I realize you have a deadline. You cut yourself 2 weeks' slack. That is fair. Let us hope you make it. But the world has to also function to make life good for these soldiers. And it is to some extent our responsibility to make sure it is moving along.

I am very proud of what the communities around my fort have done in staying ahead of the game on school infrastructure. But it is not that way everywhere.

I think, in the way we view the Army today, that the families fight the wars, that we have got to be sure that we have got those people. If they are not moving in that direction, we need to be building fires under them.

Mr. ARNY. Well, we have—and I go back to my Navy experience, which was more on the ground. When we were doing housing, privatized housing at our bases, in most of our bases where we needed more schools, we could not build the school legally, but we could provide land, which we did, in the local school board.

And on some of our bigger bases like Camp Pendleton, we actually have the schools on the base, provided by the local community.

In one BRAC community in—I mean, not BRAC, but housing in, I believe it was Camp Lejeune, we actually built the school, but that is because the schools on base are DODEA schools, so that a housing privatization project actually built the school. So there are some problems with local laws, too, as well.

Mr. CARTER. I would like to ask another question, if I have time, Mr. Chairman.

Mr. EDWARDS. You do. You have another minute.

BRIGADE COMBAT TEAMS

Mr. CARTER. General Helmick said that he would like to retain at least four BCTs in Europe for the purpose of meeting NATO obligations. However, the Army's plan called for drawing down two BCTs in Europe, and one IBCT in Korea. Secretary Gates made an announcement to cancel the activation of three of the Grow the Army BCTs.

Can you talk about the long-term future attempt for overseas forces and plans to ensure adequate infrastructure will be available for them?

Mr. ARNY. Well, I will let Mr. Eastin talk to the BCTs, but I would like to follow on, too.

Mr. EASTIN. Yes, we have not made a decision on where those BCTs might be drawn from. But one thing that needs to be kept in mind here, we are not talking about drawing down the size of the Army. How it is organized, whether a BCT is there or not there, people, soldiers are still there. So they may be in different units.

But drawing down a formal BCT is not going to draw down the number of soldiers, nor the number of soldiers we program for and their families. So, those—the support for them will be there.

Mr. ARNY. Let me go on to talk about planning. First of all, we are starting up a Quadrennial Defense Review. And that, I am fairly sure, will be one of the major questions asked.

Also, from my shop, we have been looking around at the major combatant commands. And we are going to institute combatant command infrastructure master plans, which we will sit down, for instance, in European Command, with the EUCOM commander, with the Army, Navy and Air Force and Marine Corps, whoever is there, and the undersecretary for policy staff, and we will sit down, and we will create an infrastructure master plan, based off the QDR, because we do not want to make decisions based on policy, to find that people do not have barracks to go to, or the base was closed last year, or we need to open a new base.

So that we have a master plan that is updated periodically in every region of the country. We do not have as formalized a process right now as we need to for the infrastructure. And we want to institute that.

Mr. EDWARDS. Thank you.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

Let me thank all of you for your service. Particularly let me thank Secretary Eastin, who I understand will be ending his service very shortly.

BRAC COMMUNITIES

I want to follow up on the line of questioning that Mr. Carter was asking, particularly about BRAC communities that will be upsizing.

I would like to address these specifically to Secretary Eastin and Mr. Arny.

Secretary Eastin, according to a letter that I got from you on April 7th of this year, you were projecting approximately 3,535 net new school-aged children as a result of the BRAC personnel changes at Fort Benning, which is considerably lower than was anticipated, given the local school systems in the area projecting 6,840 new children.

And in the Fort Benning area, you are talking about eight school systems, four of which are on the Georgia side of the Chattahoochee River, Fort Benning, and three of which are on the Alabama side, for a total of eight school systems.

Fort Sill in Oklahoma is projecting 2,349 new students, Fort Bliss, 18,229, and Fort Bragg, 6,674. These are local school system projections. And I know that Fort Benning's projections are based upon collaboration with the Fort Benning authorities, as well as the local school districts.

But your estimate is considerably lower than that, which causes a great deal of concern, particularly from Mr. Arny's testimony, with regard to the Office of Economic Adjustment, which really has responsibility for making these communities able to accommodate the DOD changes, particularly with school construction.

What can we do? It seems as if the responsibility here is almost a matter of finger-pointing from one agency to another.

In your testimony, Mr. Arny, you indicate that you will be looking toward the Transportation, Commerce, Education and Agriculture Departments for help. But somebody has to bite the bullet. And it seems as if the Department of Defense has a moral responsibility to these communities, to help them accommodate the needs

of our warfighters and their families when it comes to school construction.

And if we expect, for example, in the Fort Benning area, 6,680 or 640 new students, it would be a disservice to them and to their warfighter parents for us not to have those communities ready with schools in place.

I understand you have a conference set for the fall to discuss some of these issues, but we have been talking about it for about 3 or 4 years in this subcommittee. In fact, I think in the authorization conference report, there was actually language authorizing some additional funds to do the planning on that. But you have not requested those additional funds in your budget submission for this year.

So, I am very frustrated. And the communities that are being upsized are very frustrated. We would like some concrete action and some specifics on how we are going to fund the schools. Many of these will be off-base, and we need some help. And these communities are really almost at panic mode, particularly given the current economic environment.

One, we need to get some kind of synchronization on the numbers. And two, we must decide how this is going to be paid for. I know the Office of Economic Adjustment did build schools when Kings Bay was constructed off the coast of Georgia. And they did schools and housing, as you indicate.

But it seems to me that this is a much bigger problem than the Department of Defense is recognizing. It needs to be dealt with sooner rather than later.

Can I get a response on that?

Mr. EASTIN. Let me talk to the number problem, as we remember from last year at this time, talking numbers.

Our formula, which is basically 0.4 child per family, which has been around the department for many, many years, that was used as a basis to start with how many children would be generated by the increase in the size at Benning.

Then the senior mission commander at the time sat down with the local community. And that is where the roughly 3,500 number came from, is taking our standard procedure for figuring out how many children are going to be there, and then fine-tuning it and getting down to the aegis of how many are expected here, how large are these family sizes, how many single soldiers are going to come, this sort of thing.

But it was my understanding that there had been an agreement with the local community.

Mr. BISHOP. Right. The agreement that we got was the 6,839 figure: 2,771 school-aged military, 1,096 government civilians, and 2,972 children of contractors. Those are the figures that both the local base people and the eight local school systems agreed upon.

But, of course, when we sought to verify that we were both using the same figures, you came back with a much lower figure.

My question is, with Fort Bliss and Fort Sill and Fort Bragg, are those figures low-balled also?

Mr. EASTIN. I do not think any of these are low-balled, to be honest with you. What we are trying to do here is to arrive at a number. Because these kids are our kids.

Mr. BISHOP. Exactly.

Mr. EASTIN. And we want to make sure they get educated.

The larger problem is, how do you pay for that?

Mr. BISHOP. That is the question I am asking.

Mr. EASTIN [continuing]. If it is 20,000 out there.

I do note from the New York Times this morning, which I read occasionally, that you are going to get about 10,000 new from a Kia plant. And everybody is happy as a clam about that. But I do not know what the arrangements are for Kia to pay for their kids.

But these are, in large part—

Mr. BISHOP. But—

Mr. EASTIN [continuing]. They live on the economy and pay—

Mr. BISHOP. Yes, it is a little bit distant from Fort Benning.

[Laughter.]

Mr. EASTIN. But no, in all seriousness, schools traditionally have been the responsibility of the local community and supported by the tax base.

IMPACT AID

Mr. BISHOP. We understand that. The Impact Aid program was added to ameliorate that but has been always underfunded. And it does not deal with a problem the size that is created by these BRAC upsizings.

Mr. EDWARDS. I want to stick to the 5-minute rule. But let me add that we all know this is a significant issue, and we have been kicking this around for a couple of years. We have not seen really any change in policy from the Department of Defense.

But it seems to me the problem is, they get Impact Aid, Part A, Part B money after the kids are in school, but no help with construction money up front. And there ought to be some way for us to deal with that, even though Impact Aid is the jurisdiction of the Health and Human Services Committee, there are military kids. If a classroom goes from 20 kids to 40 kids, because of BRAC, then that is affecting military families, many of whom are serving in Iraq—

Mr. BISHOP. Mr. Chairman, may I just add to that? You have three subcommittees of Appropriations that have to address this. You have defense, you have MILCON, and you have the education subcommittees, all of which—well, I should say none of which provides adequate funds to deal with a problem of this magnitude.

Mr. EDWARDS. Maybe we need to get all three. That may be part of the problem. Maybe we need to get all three subcommittees together and talk about that.

Let—I have—

Mr. ARNY. I would like to make just one comment.

Mr. EDWARDS. Okay.

Mr. ARNY. We have tried very hard within the legal limits that we have to help the communities plan and provide for these schools. Seventy-five percent of our folks live off base.

So, when that increases their tax base—and I understand they do not have the construction money up front, so they are coming with a tax, you know, contribution. Even if they are renting, they are going to rent a house where somebody is paying taxes. And in

some cases, like I said, we have actually offered land for nothing, so that people could build schools on the bases.

The only one I know of that we have built was a DODEA school, so I would have to check on the others.

Mr. EDWARDS. Well, let us continue on in a second round. I want to let everybody have a chance to finish the first round. But this, by cutting this off, I do not want to suggest I am not really concerned about this. I think we do have to deal with this issue somehow.

Mr. Salazar.

Mr. SALAZAR. Thank you, Mr. Chairman. I do not have any questions. I just wanted to commend all of you for all your hard work, and especially, Secretary Eastin, on your retirement. I look forward to continuing working with you in the future, especially on the issue of Pinon Canyon. [Laughter.]

That seems to be a sore spot around here.

But I have enjoyed working with you, and God speed and take care.

Mr. EASTIN. Likewise, and thank you.

Mr. SALAZAR. And I yield back.

Mr. EDWARDS. Thank you, Mr. Salazar.

Mr. Berry, thank you for being here. I think Mr. Berry indicated he did not have any questions on this round.

LESSONS LEARNED

To begin the second round, let me go back, Secretary Army, if I could, to the question of lessons learned. You make decisions based on a cost-benefit analysis. It turns out, according to GAO, that the savings benefits have been maybe significantly overestimated, and, obviously, the costs were underestimated. And unless cost-benefit was not used in BRAC—and I assume it was—you know, that could significantly change decisions.

If you underestimate the cost of your decisions by \$11 or \$12 billion, and you overestimate the savings by \$1 billion, you can argue these changes on a policy basis. But I think, you know, administrations, Democratic and Republican alike, have argued BRAC recommendations based on costs and savings.

Could you give me your sense of the lessons learned? And do we have any lessons that can help us accurately estimate both the savings and the costs, those factors, if there are any, with your backgrounds?

Mr. ARMY. I think, and I go back to, from Texas, the congressman, retired, who started this—claims to have help started—

Mr. EDWARDS. Dick Armey.

Mr. ARMY. Yes, Dick Armey.

Mr. EDWARDS. Who did—

Mr. ARMY. Yes.

Mr. EDWARDS [continuing]. Play a key role in initiating BRAC.

Mr. ARMY. Because I remember from before BRAC, when Admiral Zumwalt in the 1960s closed a bunch of bases. And that was the last time we were able to close any bases. And we were going from a 1,000-ship Navy to 600 at the time. And in the last, we have gone down to 300.

What we found is, one of the hidden secrets of BRAC is it makes the initial NEPA decision for you. Prior to BRAC, we could not close a base, because when we decided to close a base, we would go into NEPA, we would get sued—lawsuit after lawsuit after lawsuit. So, we were carrying lots of excess capacity that we did not need.

So, the BRAC process has been very successful in allowing us to make military decisions on capability. And I would emphasize that, that the primary goal is military value.

Now, we do get lots of savings, and there are costs in that process. We believe that part of the problem with the costs being less in the initial years is that we estimated the movements, and the construction would begin earlier, so we have delayed some of the savings.

We still believe—and I do not have the numbers at the tip of my tongue—there will be significant annual savings that will remain, because of the decisions being made.

Mr. EDWARDS. Are you updating that? Is it—

Mr. ARNY. Yes, sir.

Mr. EDWARDS [continuing]. You are always updating those numbers?

Mr. ARNY. We do. We do.

Mr. EDWARDS. When you have those and you are comfortable with those numbers, could you provide that to the committee?

Mr. ARNY. We will.

Mr. EDWARDS. Thank you.

COBRA

Mr. ARNY. As far as the initial estimates, people went—I mean, not very many people understand the COBRA model. They believe it to be the ultimate model when they go to it, and so the COBRA model says \$10. Therefore, it is \$10.

And frankly, I did myself until you start digging into it. But once you start digging into it, the COBRA model is very, very useful comparing apples to apples, because you are making assumptions on building size off of a model, and you are comparing it to another installation doing the same sort of things. So it is very good at helping you make relative decisions between do I do option A, B or C.

But it is not very good at estimating long term the cost of a particular building, because it does not look at—first of all, you freeze inflation, so it does not discuss inflation at all. And by the time we got to executing BRAC, the numbers that were in COBRA were 3 years old. So you already had 3 years of inflation on top of what COBRA was saying.

Mr. EDWARDS. COBRA assumes no inflation?

Mr. ARNY. That is right. It—

Mr. EDWARDS. That should be one lesson learned.

Mr. ARNY. Well, not for comparison. It looks at constant dollars. So you are making a comparison, do I pick this or this, would I say, because then, once you let inflation go, you are going to inflate all of your estimates. Okay?

But once you have made that decision, the problem we have is, then, okay, your costs have gone up here. You have forgotten about

option B and C, because you did not pick those. So the costs would have gone up probably the same percentage on B and C.

Mr. EDWARDS. Unless you had a facility where you already had the present buildings providing the structures for the services. And instead of keeping those services at that installation, you decide to move them somewhere else.

Mr. ARNY. Well, we—

Mr. EDWARDS. And in that case, inflation is a real factor.

Mr. ARNY. Well, but we also—you also compare some of the decisions were made. We were going to renovate. We do look at renovation versus—as compared with new construction. We do compare those.

So, the other thing we did in this BRAC is, after the decisions were made, we also added things on, especially in the Army and especially for medical. We added a bunch of stuff to the BRAC that were not really part of the initial decision. We wrapped in some major force moves, the people coming in and out of Europe, that were not part of BRAC 2005, because the BRAC process is continental—or not continental—the 50 states only and the territories. It is only the United States.

So, the costs went up, and I can give you a comparison of where all they—we know, because of our business plan process, where all those costs came from. Some was inflation, and a lot of it, a huge part of it was adding stuff to the mix that really was not part of BRAC 2005, because it was stuff coming from Europe into the United States, so it was not really part of that whole BRAC 2005.

Mr. EDWARDS. In a way, if we were going back to determine lessons learned, is there a way to differentiate extra costs that were because of other decisions on global repositioning—

Mr. ARNY. Yes.

Mr. EDWARDS [continuing]. Such as costs—

Mr. ARNY. I have got those numbers here.

Mr. EDWARDS. Because otherwise, there is no accountability. You just say, well, there were factors that came into play—so what? We had a \$12 billion more expensive program than we had intended.

And certainly it has an impact on presidential budgets that are presented for 5 years. So, I hope we would not—and I do not think you did—underestimate the importance of trying to build in realistic assumptions.

Mr. ARNY. That was some of the initial escalations right away. And I was involved in it, because I did not—I was not involved in the run-up to BRAC. I got it after the decisions were made. And we were having to escalate tremendously, based on not only just normal inflation over 3 years, but if you recall, we in the Navy were looking at, you know, after Hurricane Katrina and things like that. So, we had some significant—

Mr. EDWARDS. I will conclude with this, because I am over my time—but we ought to assume in future models that there are unpredictable factors. We want to get an honest estimate of what the real costs of a BRAC round would be, or building new installations would be. We ought to build those factors in.

It is kind of like the federal government assuming there will never be another hurricane, there will never be another war, there

will never be another tornado. Therefore, this is what our budget is. Doesn't it look balanced?

Mr. ARNY. We have documented this one better than we have the previous rounds. But I would argue, human nature, when you are dealing with press headlines, we will do that, if we have another round. Say, look, we are looking at COBRA numbers. You have got to understand those are going to be different than real numbers. But sometimes that gets lost in the initial onslaught of data.

Mr. EDWARDS. Right. Right. Thank you.

Mr. Wamp.

Mr. WAMP. Mr. Chairman, I think I have this round and then one more round, just so you will know this side.

My experience is that three groups of people typically do not admit their mistakes or liabilities: men, women and children. [Laughter.]

Mr. EDWARDS. Not necessarily in that order.

Mr. WAMP. Right. And the fourth might be witnesses before hearings over the last 15 years that I have been here.

BRAC MONEY

But with that said, we talked earlier about lessons learned. Are there more efficient ways that BRAC money is spent and less efficient ways? Is there anything to acknowledge what really, really works, where we get the most bang for our buck on these investments in BRAC? Is there anything that really needs to be improved?

Mr. ARNY. Frankly, I am very satisfied with the process, the way it is going. And there are not a lot of savings now, but one element—and we will talk about that—that I think over the long term will be efficiencies that will produce savings—you cannot estimate them now—and that is Joint Basing.

We are—I mean, I grew up in the service, not as a kid, but from the Naval Academy on, and did not realize until I was doing Joint Basing how stuck we are in our own cultures. All right?

The Navy, in which I have the most experience, back in the 1960s, 1970s, 1980s, when I was in the service as a fighter pilot, you never noticed who ran the base. It was just always there.

But each base was being run by its major claimant, its major command. The Naval Air Systems Command ran PAX River where I was stationed. Commander of Naval Air Forces Pacific ran Miramar. Air Land ran—well, there were huge inefficiencies.

So, the services have begun to consolidate management as we get smarter at it, so that you have the commander of Naval Installations Command. And you find huge inequities in how—I mean, I remember one with Congressman Dicks where we were doing fire-fighting differently all over the country.

Now that we are bringing these bases together, I have gotten up in front of these Joint Base groups and said, look, you guys have got to get out of your light blue-dark blue suit mentality. If somebody is driving up the Jersey Turnpike and they look at, they see McGuire-Dix-Lakehurst, they are going to look at it and say, oh, it is all run as one DoD base. Well, it is not.

And so, including them together, bringing them together, we have done some—we have made enormous progress, because we

now have common output levels of service that we are doing in these joint—where the services all agree that we are going to—you know, you are going to have X amount of guard dogs per number of people.

And we have developed joint groups at my level and below, where we iron these things out, and we have, you know, at McGuire-Dix-Lakehurst, there will be an Air Force colonel as the commanding officer, an Army colonel as the vice commander and a Navy captain as the head of installation, the local installation management. So we have brought all three services together, and we are doing it all around.

It is much more difficult than I would have ever imagined, but I think it will produce tremendous results for the country.

Mr. WAMP. She smiled down at the end of the table, because I think the Air Force was the last one to come along with this new vision.

Mr. Penn, you had a question?

Mr. PENN. One of the things we started doing, sir, was we created tiger teams to go out look at specific projects. I think you created that. And we found additional savings there, just by going out and putting the individual eyes on and scrubbing.

Mr. WAMP. I have been at Hickam and Elmendorf, where this was very much discussed, joint basing.

Mr. ARNY. Really?

Mr. WAMP. Yes, especially Hickam.

Let me ask, though, if there is a savings of an asset, and you say, through joint basing we actually do not need this or that, is it disposed of like a BRAC site with the GSA disposal process, I think is what they call it, or dispensation process?

Mr. ARNY. We have the—under BRAC, the GSA authorities are transferred to the Department of Defense, so we can just—we have read the law. If any base, gaining or joint, where there is excess property, it can be disposed of under BRAC, or it can be disposed of regularly.

Mr. WAMP. Yes.

Mr. ARNY. What we have found, though—coming to Hickam, Pearl Harbor-Hickam—is probably the toughest thing to make people realize is, what we were doing was, we were making the installation management of the base joint. The mission was still Air Force or Navy.

Mr. WAMP. Right.

BRAC CLEANUP

Now, I have other questions about how this process works, because is there any differentiation between the cleanup responsibilities of a site that is in BRAC 2005, than any other site that happens to be BRACed along the way—

Mr. ARNY. No, absolutely not.

Mr. WAMP. All the same.

Mr. ARNY. All the same.

Now, what is interesting is, especially since I was doing BRAC cleanup for Mr. Penn before, when we looked at the bases in BRAC 2005, I mean, the total for Navy, total cost to complete on the cleanup, was—I think it was like \$150 million for all the bases, in-

cluding two that dropped off that were industrial, Portsmouth and the sub base, New London.

Now, we might have found some more. When you put shovels in the ground you always do. But the cost was, say, less than \$200 million for all those bases.

I mean, we have bases at Hunters Point, for one, which has more than \$200 million, and we will have probably spent we are done \$1 billion cleaning that base up.

So, what do I attribute it to? Well, in the early rounds, which started in the 1980s, we had not done a lot of cleanup nationwide, as a nation or as a military. And since that time, we have done a heck of a lot of cleanup.

I mean, Albany, Georgia, when we—when that was ready to dispose of, we had just finished cleaning up the gas station. Gas stations are typical on the bases for having problems. And so, Albany is completely clean, all done—or remedy is in place.

So, the answer to your question is “yes.” The cleanup is no—the requirements are no different, whether it is an active base—well, there is some requirement that we do not have to comply with an active base. But for closed bases, no matter what round it is, we have to still comply with state and federal law.

Mr. WAMP. That is it for this round, Mr. Chairman.

Mr. EDWARDS. Can I quickly follow up and ask, have we updated our models of estimating what cleanup costs are, so that we will be more realistic in—

Mr. ARNY. Yes, and—

Mr. EDWARDS [continuing]. Future decisions?

Mr. ARNY. We do not base them on models, interestingly. We base them on signed affidavits, basically, from our RECs, our—what is RECs?

Ms. EDWARDS. Environmental coordinators—

Mr. ARNY. Yes, the environmental coordinators on the bases have to sign.

We go through a lengthy process with EPA. And we sit down and we do discovery, basically. We use overhead photographs in many cases to try and find locations. We test them. We identify sites.

And then the RECs, based on their experience and that of their contractors, estimate the cost. And that cost—cost to complete. What will it take to clean up this process?

We then go and aggregate those and report them annually—I think annually, or semiannually—to Congress.

Now, what is interesting on some of our bases out West, the team was doing that. And they were concerned that each year the cost to complete would increase, if you open a shovel up.

And this—the cleanup contracts were all done competitively. But they went out and recompeted it, and got the costs down. You know—Six Sigma.

So, we are constantly wrestling with, what is the cost to complete on our FUD sites, our active sites and our cleanup sites. The estimates are the best that we can do through human nature.

Now, I will say, for instance, at Hunters Point you have a base that was built in the 1800s. It has been a major construction site ever since. We had radium dials, instruments, if you recall, back

in World War II. We would just throw those in the landfills. Well, they were all radioactive, you know, trigger it off.

Not only that, at the end of World War II, we brought the ships back from the Bikini Atoll tests, and it was a nuclear radiation effects test base. So there, the cost is not bringing in lasers and fancy stuff. We have to dig down 10 feet and pull out sewers, because we found a couple of sewers where there was trace—you could not find anything on the surface—but you would find trace radioactivity. So, rather than investigating every sewer, we are digging them all up.

And there is no place in California to dump, to dispose of low-level radioactive waste, so we are trucking it to Utah. So, the cost there is just truck-miles and steam shovels.

Mr. EDWARDS. That is expensive. Thank you.

Mr. Farr.

Mr. FARR. Mr. Chairman, I just want to say that my base closed 18 years ago. It still is not cleaned up. It still is not though all the land has been transferred. So, not everything is hunky-dory.

I think the Department of Defense is sitting on a lot of land that should have been disposed of already. There are many ways of doing so.

For growth communities it is impossible for them to absorb the kind of impact that new missions bring, especially where education is concerned. You finance schools through general obligation bonds, which take a vote of the people. You do not finance the construction of schools through the property taxes or other methods.

So there is no way you can build new schools relying on the local process. The public will reject raising the taxes on their land just to build schools for all the military kids. I do not think you could pass a referendum like that.

DoD built a school down at Kings Bay, Georgia, when it built the submarine base. There is nothing there. You went and built a school. You build DoD schools. There is no reason you cannot work out this through the OEA process to build the schools at mission growth bases.

Mr. ARNY. Congressman, I agree with you entirely. And—

Mr. FARR. I am trying to solve Mr. Bishop's problem.

Mr. ARNY. Well, I want to check on the Kings Bay, because I am dumbfounded. A friend of mine was the construction manager down there.

Because my experience over the last 8 years is, we are not permitted to build schools in—

Mr. FARR. Well, you—OEA—I understand there is a process through OEA in which you can do that. And—

Mr. ARNY. I will check. And OEA gives me the, you know, the blah-blah-blah every week. And—

Mr. FARR. I mean, I want to follow up on Mr. Wamp's question on cleanup.

I understand that the DoD estimates for backlog cleanup is \$3.5 billion. That includes the 2005 round bases, the legacy bases.

What is it going to be in your budget for this year for the cleanup?

Mr. ARNY. A, I do not have the number at the tip of my tongue. B, I cannot talk about it until it is out. But C, it will be, I suspect, no less, if not more, than what we did last year.

Mr. FARR. And can you break that down by pre-2005 and 2005 bases?

Mr. ARNY. Yes.

Mr. FARR. So that it will committed that way? Or will it just be in one item?

Mr. ARNY. Yes. I am told it will be.

Mr. FARR. Yes what? What—

Mr. ARNY. Yes, it will be—no, it will be broken out.

Mr. FARR. Okay.

TREASURE ISLAND

You know, I want to also tell Mr. Penn, you are sitting on that property on Treasure Island. I am a native San Franciscan, so I am very interested in this property.

It is not moving. The State of California has adopted laws saying you can only sell it to the State of California, and they are willing to sue that all the way up to the Supreme Court, if you want to challenge it.

It seems to me that, as part of the whole stimulus effort we want to create jobs. And I cannot think of a faster way to create jobs than to transfer that base as fast as possible.

We sit around and debate with the City of San Francisco what the fair market value is. And I do not even know if that fair market value was done with the California restrictions factored in, but that has got to have some effect on value.

I would just encourage you to use whatever options you have available to get that land transferred. We are hurting for jobs in California and this is an area with the highest drop in housing prices in the United States, the highest number of foreclosures. You take a look at that Greater Bay Area, and it is really hurting.

Part of my frustration with this BRAC process is its incredible slowness. I mean, you use the COBRA model, you go through the BRAC process. The BRAC Commission recommends that these closures occur, and everything is going to be taken care of. All the community needs will be taken care of. You can redevelop, you can sell, you can create jobs. You can do this, do that.

But it is so slow. So, as I said, after 18 years Fort Ord is still not finished.

BRAC ACRES PENDING DISPOSAL

I want to know from you, what are the total number of disposed BRAC acres, not including the leases in furtherance of conveyances? Just how many acres have we gotten rid of in your total inventory?

Mr. ARNY. We have gotten rid of—I had that in—

Mr. FARR. What is the total number of BRAC acres pending disposal by year?

Mr. ARNY. We can get you those. We disposed of—because I asked for that number—we have 205 of 250 prior BRAC are completely disposed of. We created 140—almost 144,000—

Mr. FARR. But you would—I mean, you probably closed Fort Ord in that. You have not disclosed—

Mr. ARNY. I do not know. I will check on it.

[The information follows:]

The total number of BRAC acres pending disposal by year (including Outgrant LIFOAC acres) are provided on the table below:

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Air Force	66,209	67,301	55,735	42,419	35,661	30,294	21,042	16,281	13,479
Army	176,840	214,332	145,408	249,918	239,654	104,694	96,020	128,986	76,358
Navy	141,344	129,847	96,133	95,785	87,311	12,936	17,885	38,197	32,822
Total	384,393	411,480	297,276	388,122	362,626	147,924	134,947	183,464	122,659

Mr. FARR. Remember, that goes to BLM, and we cannot do that till we clean it up. It is just—

Mr. ARNY. As of December 2008, we have disposed of 367,000 acres out of 422,000, leaving 55,000—

Mr. FARR. And how many are going to be disposed of, of the pending number that you have are going to be disposed of—

Mr. ARNY. I can check on that.

Mr. FARR [continuing]. By years?

Mr. ARNY. Because I think a big chunk of the 34,000 acres—remember, Lease in Furtherance of Conveyance (LIFOACs) are in many cases, like at—

Mr. FARR. You know what they are.

Mr. ARNY. But at El Toro, we have disposed of the whole base. A bunch of it is a LIFOAC. They are developing on top of our LIFOAC, because one of the—like 20 percent of the base is a large LIFOAC, where the pollution is down 200 feet. And there is a long, many year, multi-year pump-and-treat that we are cooperating with. So, that will remain a LIFOAC for decades. But the development will take place on top of it.

Mr. FARR. I think we have done that with the university—

Mr. ARNY. Yes.

So, we can get you those by—

Mr. FARR. And I would also like to know the number of acres conveyed by service and by property disposal type.

Mr. ARNY. We can do that.

Mr. FARR. And to which type of grantee.

And I would like to know the length of time for disposal of BRAC acreage, and by disposal type.

What I am trying to get here is that, I think that if you look at these numbers, you are not moving property as fast as you should be.

Mr. ARNY. Well, in many cases, like at T.I., we rely on the LRA's plan. And they have had nine separate plans over the last 15 years.

But we have—

Mr. FARR. Those arguments cannot go to the San Francisco property. I mean, this is another example where—

Mr. ARNY. No, that is the property I am talking about.

EDC

They have had nine separate plans that changes constantly. Because they wanted to do a no-cost EDC. And we were fine with that.

Mr. FARR. But once they have an adopted plan, that's it. You do not—

Mr. ARNY. That is right.

Mr. FARR [continuing]. Micro-manage the plan.

Mr. ARNY. No. But they—but we said, you know, we go in and appraise it for the value, because a no-cost EDC, an EDC must be for permanent jobs. That is the law.

And they finally, after nine plans, had come around to doing mostly housing on there, which is fine. But that does not qualify for an EDC. Part of it does.

Mr. FARR. Well, I think the planned value is—your estimated—\$1 million—

Mr. ARNY. We have—

Mr. FARR [continuing]. If you are going to sit on that forever—

Mr. PENN. Right. And we offered—we want to go back and do it.

Mr. FARR. Well, they have made some offers.

Mr. PENN. We will pay for it, if we can.

Mr. FARR. They have made some pretty good offers.

Mr. ARNY. Well, and frankly—

Mr. FARR. We are auditing that all—

Mr. ARNY. Frankly, the City of San Francisco has been getting the revenue. They have been renting the houses out on Treasure Island to the public since the base was closed, and they have been getting the revenue. So, it has not been revenue-negative. They have been making rents off those houses since we closed it.

Mr. EDWARDS. Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman. Two questions left, one for Secretary Army and one for Secretary Eastin.

VISION CENTER OF EXCELLENCE

Secretary Army, I believe about 5,000 Iraq and Afghanistan veterans have been diagnosed with direct eye injuries. Part of this realignment with the National Naval Medical Center, I think, is a big investment in what is called the Vision Center of Excellence.

Can you go into more detail about where we are at with the Vision Center, and how is it coming along?

Mr. ARNY. No, sir, I cannot. I will have to get back to you on that.

[The information follows:]

The Department has determined that space at the present National Naval Medical Center can be renovated to house the Vision Center of Excellence and staff, such that it can be collocated with the Walter Reed National Military Medical Center. DoD is examining options on the cost and the fiscal years in which to fund the project. The current estimate is \$4M in MILCON for renovation projects in the first FY and \$0.3M in operations and maintenance in next FY to outfit the facility. DoD is reviewing when the renovation necessary to establish the center can take place to integrate it with the extensive BRAC construction now underway at Bethesda.

Mr. WAMP. Okay. If you will get back to me on that.

And then, Secretary Eastin, this is probably—

Mr. PENN. Sir, what would you like to know on the vision center?

Mr. WAMP. Just an update on where we are in the process, how it is coming along.

Mr. PENN. Sir—

Mr. WAMP. You have got that here?

Mr. PENN. Well, Army is the business plan manager for that. All the plans are being held by TRICARE Management Activity, TMA.

We are putting it in an existing space in building eight, as part of the BRAC movement from Walter Reed to Bethesda.

Total cost is \$3.2 million.

Mr. WAMP. And there is a \$2.6 million HVAC upgrade, I think. So, all of that money is in place and it is moving forward. We are going to get this Vision Center of Excellence up and running.

Mr. PENN. Right.

Mr. ARNY. Let us double check. I am hearing some conflicting data. We will get you—

[The information follows:]

The Department has determined that space at the present National Naval Medical Center can be renovated to house the Vision Center of Excellence and staff, such that it can be collocated with the Walter Reed National Military Medical Center. DoD is examining options on the cost and the fiscal years in which to fund the project. The current estimate is \$4M in MILCON for renovation projects in the first FY and \$0.3M in operations and maintenance in next FY to outfit the facility. DoD is reviewing when the renovation necessary to establish the center can take place to integrate it with the extensive BRAC construction now underway at Bethesda.

Mr. PENN. Yes. But the money is still TMA's.

Mr. WAMP. Okay. If you would get that to us.

And then the second thing sounds parochial, because it is in Tennessee, but it is almost the opposite of what you normally hear. None of us are immune from this.

MILAN ARSENAL

Normally, someone would be lobbying for BRAC to be changed. My question about the Milan Arsenal in west Tennessee is whether BRAC 2005 is being complied with. And here is why. I am going to give you kind of a series of questions.

The newspaper tried to get some answers a couple of months ago there in Milan, Tennessee, but they could not. A facilities use contract was awarded for one company to basically run Milan and the Iowa AAP. But now, it appears that some of the missions are moving to Iowa.

And in 2005, under BRAC, the Milan Arsenal was named a Munitions Center of Excellence, and was supposed to receive funds from Kansas and Lone Star. I was there and toured it, and listened to what is happening. I am questioning whether or not this is actually running exactly opposite of BRAC.

This appears to be political influence set in to move some things outside of BRAC. And I just need a series of questions answered that, frankly, the newspaper could not get answered 2 months ago.

And I know you are leaving next week, so if you could have somebody pick these questions up, get to the bottom of it, and let me know, please, about Milan. I do not want to bug you too much with an issue that is Tennessee, but this is a BRAC question.

[The information follows:]

I'm glad you asked about that because there have been some misunderstandings.

First, as to the newspaper's questions, the newspaper filed a Freedom of Information Act request for a Corrective Action Request from the commander of Iowa Army Ammunition Plant to the operating contractor there, relating to the contractor's storage and housekeeping. The Army has been working on that FOIA request. We want to be responsive to the newspaper's request while protecting the operating proprietary information.

Second, I assure you that we are fully complying with BRAC Law. In the case of Milan, BRAC Law required the Army to move certain munitions capabilities from the Kansas and Lone Star plants to Milan. Those capabilities are moving to and will be retained at Milan.

Finally, let me address the new operating contract for the Milan and Iowa plants. Both of these government-owned, contractor-operated ammunition plants have been operated by a single contractor under a single contract, for a number of years. With the contract at the end of its term, we held a competition for a new contract for the operation and maintenance of these facilities. The successful offeror elected to consolidate production workload at Iowa and to develop Milan as a commercial distribution hub, while retaining some production capabilities there. The Army did not require that solution. It was a commercial decision by an offeror for its method to maintain both facilities at no cost to the Government and provide the ammunition we need.

Mr. EASTIN. I am surprised that I have not heard this. So—and usually, these inquiries filter up to me. So, I will be happy to.

Mr. WAMP. Very good.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

TRAFFIC CONGESTION AT BETHESDA AND FORT BELVOIR

Let me ask about Bethesda and Walter Reed, two questions.

One, why did the administration have to, in recent weeks, ask for an additional \$263 million for the fiscal year 2009 supplemental to move this project forward?

And secondly, does the Department of Defense, the Navy or the Army have a good analysis of what the impact is going to be on traffic congestion at both Bethesda and Fort Belvoir? And if so, is DoD putting any money into that transportation infrastructure, or is that being left to the local communities to address that?

Mr. EASTIN. Let me talk about Belvoir, then I will let B.J. talk about—which avenue is that? [Laughter.]

We have—there are significant traffic problems at Belvoir. And one of the ways you handle these traffic problems is to spread them out, which is what we have tried to do with so-called BRAC 133, moving 6,400 and some people up to Market Center instead of down in Belvoir proper, keeping some out at EPG down there and keeping them off of the more local roads, Route 1, especially.

There still exists—and I have not looked at it in the last 4 or 5 months—there still exists probably \$200 million worth of road improvements that are going to be needed down there. And it is basically state-funded activities.

We have a DAR, Defense Access Road program, that we have funded for \$36 million. We are looking at a couple other—some of the off-ramps off of Fairfax County Parkway. But as to whether they would be funded as DAR—it has very constrained ability to pay for roads unless they are specifically, basically for military purposes.

But the traffic is going to be challenging, but we are going to be able to handle it, I think, on Route 1 with respect to the hospitals—

Mr. EDWARDS. When you say challenging, are there any estimates about what a 30-minute commute is going to be? Will it be an hour-and-a-half commute? Or will it be a 40-minute commute?

Mr. EASTIN. We have estimates on probably every inch of road at Belvoir, and I can get those to you. I have not looked at them in a while.

[The information follows:]

US Route 1 is critical to both morning and evening traffic conditions for Fort Belvoir's Main Post. Dispersion of population growth among Fort Belvoir, the Engineering Proving Ground, and the Mark Center has mitigated some of the impact to Route 1 and the Fairfax County Parkway. While off-post traffic will be slightly more congested (5 to 10 more minutes of travel time) after 2011, the more dramatic change in traffic will come in terms of adding about 15 minutes before and after the peak traffic times. In accordance with the Environmental Impact Statement and Record of Decision, Fort Belvoir is implementing a Traffic Demand Management Plan to further mitigate traffic impacts.

Mr. EDWARDS. Okay, thank you.

Mr. EASTIN. But we have a consultant that is all over this. And it is, from day one when this recommendation—this whole BRAC process was adopted, everybody looked at Fort Belvoir and said, gee, isn't that near 95? Which is loosely called traffic condition F.

Mr. EDWARDS. Right.

Mr. EASTIN. Which means—and the question is, how long will it be traffic condition F every day.

Mr. EDWARDS. Right.

Mr. EASTIN. So, what we are trying to do—yes.

Mr. EDWARDS. In hindsight, in terms of lessons learned, do we need to spend more time in any future base realignment decisions carefully examining the traffic implications for those decisions?

Mr. EASTIN. In my remaining 3 days in this job—a little more freedom to talk. But it would have been nice if they had considered traffic problems in some of these. I think that the outcome might have been slightly different.

Mr. EDWARDS. So, based on what you have seen, those involved in the original BRAC decision or recommendation on Belvoir, and perhaps Bethesda, as well, did not do a careful analysis of the—

Mr. EASTIN. I am not sure what analysis was done.

Mr. EDWARDS [continuing]. Traffic implications.

Mr. EASTIN. I was not here at that end of the scheme either. But in terms of someone that has had to deal with this, sometimes on a daily basis, if there were no traffic problems, there would be zero problems making this work at Belvoir.

Mr. EDWARDS. Okay.

Mr. ARNY. I would add to that, that Mr. Eastin and his group have done a great job, because there were recommendations to move stuff to Belvoir that we have actually had—we have created Belvoir annexes to do it.

And I suspect that both the Commission and the Navy folks doing it took their best shot at it, but did not have that level of details.

Now, I will also look at the other side of the coin at Bethesda and Belvoir. They, I am sure—I was not there—but I am sure their political leaders were at the BRAC Commission asking to move things to those bases. So, I mean, it is a double-edged sword.

And to answer your question about the—

Mr. EDWARDS. It is the whole security issue—

Mr. ARNY. Well, it really was not—I think we have a handle on the security. It was really the traffic on the roads around Belvoir and at Bethesda. And what we found at Bethesda was that Montgomery County had a lot of stuff in planning, because Bethesda had a traffic problem before. And now, as a result of BRAC, but

even more as a result of Wounded Warrior, we have increased the capacity.

There were a lot of things that Montgomery County and the State of Maryland had put off that they had planned years ago, so it just spurred into action.

And speaking of that, you had asked, the \$263 million in the supplemental was the second part of the amount that we talked about last year, which was \$416 million. Back in the old days when we funded things in supplementals, the deputy secretary made the decision to increase the capability of Bethesda, over and above what BRAC had said. And that \$679 million was to go into the supplemental, because it is all for Wounded Warriors.

Mr. EDWARDS. Thank you.

Mr. Farr.

FUDS

Mr. FARR. One clarification on the cleanup ask, the money. Is that going to be based on what the department asks for, or what Mr. Edwards—the end amount after Mr. Edwards' adds last year?

Will it be on what we appropriated, or what you—

Mr. ARNY. I will have to get the answer for that.

[The information follows:]

BRAC Cleanup:

The Department of Defense will apply the full appropriated amount (including Congressional plus-ups) to cleanup of Environmental Restoration sites on BRAC properties. The FY2009 President's Budget Request for BRAC Environmental was \$455 million, while the final appropriated amount was \$525 million. The FY2010 request of \$554 million is requirements-based, and reflects an increase over the prior year due to a transition of several cleanup actions from the DERA program into the BRAC 2005 program.

We will try—we have always tried to—I notice that Mr. Penn talked about it in BRAC. When we got the land sale revenues, we increased our cleanup.

There are certain limits. And I share your concern about this backlog, because you are focusing on BRAC, but I am having to focus on the FUDs, the formerly used defense sites. In many of these cases, even if you throw money at it, we cannot clean up faster than we are right now, because a lot of it is painstaking. There is a lot of planning involved—

Mr. FARR. But it helps to get some money in there. And not being able to move forward without cleanup—well, that is usually what holds up conveyances.

TREASURE ISLAND

Mr. Penn, this will be my last question. It is really about the Treasure Island. What is your intent? We would like to move that as fast as possible.

I know you say you want to get fair market value. But as I recall, the original BRAC law did not require that you have to get fair market value. It only required that you seek fair market value for bases closed after January 1, 2005. Treasure Island was prior to that.

So, aren't there other options? And I just heard you say maybe you are going to go out and get another appraisal?

Mr. PENN. Well, that was one of the options with the city, if they want to purchase it. But you are right. They are trying at this time for a no-cost EDC. And as Mr. Arny stated, that has to be for job creation.

Mr. FARR. Well, look. At Fort Ord, DoD you transferred almost all of it except the welfare and morale properties, which were golf courses. You sold those. You had to.

You did one other sale of Fort Ord. But you have transferred about 20,000 acres out there, all of it in a no-cost EDC.

But the job creation just never materialized like we thought it would.

But anyway, there is nothing being built at Fort Ord. right now. I mean, we did get a university, which is great, but that was public benefit demand.

So, what is your intent? What are you doing right now to try to get that property moved?

Mr. PENN. With Treasure Island, we have to go back to the city and hopefully talk to them.

For example, we did eight no-cost EDCs between 2002 and 2009. Zero-cost EDCs were executed. Now, all we have to do is get them to align, and we can do it.

I mean, we are still in negotiations. The doors are not closed.

And, in fact, actually, it is more money out of our pocket to maintain these facilities, as you well know.

Mr. FARR. Yes, it is costly.

Mr. PENN. Exactly.

Mr. FARR. You have got the liability—

Mr. PENN. So, the sooner we can rid of them—

Mr. FARR [continuing]. Maintenance costs. How much a year is it costing?

Mr. ARNY. I am not sure. Treasure Island, I think, is just some human oversight, because, again, the city took it as a lease, and they have been renting out the office space and the housing. So they have been revenue-positive since the base closed.

Mr. PENN. They have acres. They have—

Mr. FARR. You have got to build it all up to California code now.

Mr. ARNY. I understand, sir. I am just saying that it is not a cost to us, because they have been renting it out and getting property.

I would have to give you the acreage—

Mr. FARR. And there is cleanup, too, isn't there?

Mr. ARNY. And which we are proceeding with.

Mr. PENN. We are doing that, correct.

Mr. EDWARDS. Any ballpark on how many acres?

Mr. FARR. It is an island.

Mr. EDWARDS. Right.

Mr. ARNY. Well, it is two islands, actually. There is Treasure Island and Yerba Buena Island. And—

Mr. FARR. We still have the Coast Guard—

Mr. ARNY. Yes.

Mr. PENN. Right.

Mr. ARNY. The Coast Guard is there. We lost part of it to Caltrans. They condemned part of it for the—

Mr. FARR. This is the island that the Bay Bridge goes over to—

Mr. EDWARDS. I have seen pictures, but I do not think I have ever—

Mr. ARMY. I am going to say it is like—I get 367 acres stuck in my mind, but I do not know. I can get you the answer to that.

Mr. PENN. We will get back.

[The information follows:]

- 79 acres conveyed (Coast Guard, Federal Highway Authority and Job Corps)
- 996 acres (468 acres dry land/528 acres submerged land) remaining
- Over 50% of dry land environmentally suitable for transfer

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

STATUTORY BRAC DEADLINE

Question. How does the Department define compliance with the BRAC mandate?

Answer. The Department has a legal obligation to complete all closures and realignments no later than six years from the date the President transmits the Commission's report to the Congress. The Department defines completion as the point in time at which all functions specified in the BRAC recommendation have been relocated to and are functioning at the receiving installation(s) identified in the recommendation. In the case of closures, caretaker and environmental operations may continue at the closed location, as long as the functions have been relocated to and are functioning at the specified receiving location.

Question. Who determines or certifies that a BRAC action has been completed?

Answer. Implementing BRAC 2005 recommendations requires detailed plans that delineate required actions, their timing, and necessary resources. The large number of transformational recommendations, particularly recommendations to establish joint operations, presented significant implementation challenges that underscore the utility and necessity of good planning. As such, the Department developed Business Plans to serve as the foundation for the complex program management necessary to ensure BRAC 2005 recommendations are implemented efficiently and effectively. Responsibility for the development of each Business Plan was assigned, by recommendation, generally to the Military Department or Defense Agency with facility management authority at the receiving site. Organizations significantly impacted by the recommendation were consulted and required to formally coordinate on the plans. Business Plans form the initial operational and budgetary basis for BRAC 2005 implementation and must be updated twice each year. Each business plan manager is required to certify that the BRAC recommendation for which they are responsible have been completed.

Question. What are the actual legal consequences, if any, of not meeting the BRAC deadline?

Answer. The Department is obligated to complete closures and realignments by the deadline imposed by the Defense Base Closure and Realignment Act of 1990, as amended. Applicable statutes (the BRAC Act of 1990 and annual appropriation and authorization acts for DoD) do not address failure by the Department to complete a recommendation by the statutory deadline. The BRAC Act of 1990 authorizes the Department to take such actions as may be necessary to close or realign approved military installations, and to use for such purposes funds in the Department of Defense Base Closure Account 2005. The legal consequences of a failure to meet the deadline on this authority and funding are not clear.

The Department fully intends to meet its legal obligation to close and realign all installations by September 15, 2011, as required by the Defense Base Closure and Realignment Act of 1990 as amended. As intended by Congress, the deadline ensures that the Department moves functions with minimal disruption and that DoD transfers closed facilities to the community for reuse as expeditiously as possible. The deadline keeps the Department focused on completing implementation and ensures that DoD closes installations expeditiously to allow communities to redevelop the property. Specific adverse effects of failing to meet the deadline include:

- Projects being stretched over many years as both internal (Military Department Comptrollers) and external (Congress) forces shift money away from BRAC projects to other "short-term" priorities with the net result being increased in cost due to inflation and scope growth.
- Breaking linkages between many recommendations that require careful choreography of the recommendations that are dependent on functions moving out of one location so another function can move in.
- More opportunities for Congress to try to reverse or alter decisions.

- Delayed modernization of facilities provided by BRAC construction.
- Personnel turmoil and uncertainty as relocations drag on.
- Unwillingness of market to plan/invest in either redeveloping closing sites or expanding development (including housing) at receiving locations

Question. In the four prior BRAC rounds, were any actions not completed by the statutory deadline? If so, how was the issue resolved?

Answer. As required by the Defense Base Closure and Realignment Act of 1990, as amended, for each of the four previous BRAC rounds, the Department met its legal obligation to close and realign all installations within 6 years of the date the President transmitted that year's Commission Report to Congress.

COBRA

Question. As you noted in your testimony, BRAC 2005 is the most complex BRAC round ever. You also noted that previous BRAC rounds were undertaken during a period of downsizing in the Armed Forces. Compared to previous rounds, the number of major closures in BRAC 2005 is slightly below average, while the number of major realignments is 2.4 times the average of the previous four, and the number of minor closures and realignments is more than triple that of all previous rounds put together. Furthermore, as you also noted, military construction funding as a percentage of total cost for this round is more than double that of previous rounds. The COBRA model has been in use since the original 1988 round. While the Committee appreciates your point about COBRA being a comparative tool, and not a method of producing "budget quality" cost estimates, did the Department make any efforts whatsoever to refine the COBRA model in order to account for the unique nature of this BRAC round?

Answer. The COBRA model was used during the development of the BRAC recommendations, whereas the unique nature of this BRAC round was not apparent until that process was complete—a point at which refinement of the COBRA model would not have been useful. The Department did refine the COBRA model (before it was used in this round) based on experience in three prior rounds. As stated in the Government Accountability Office (GAO) review (*Military Bases Analysis of DoD's 2005 Selection Process and Recommendations for Base Closures and Realignments* July 2005) of the Department's BRAC selection process "DOD has used the COBRA model in each of the previous BRAC rounds and, over time, has improved upon its design to provide better estimating capability. In our past and current reviews of the COBRA model, we found it to be a generally reasonable estimator for comparing potential costs and savings among various BRAC options." The Department agrees with GAO and stands by the use of the model to compare alternatives.

SAN ANTONIO MILITARY MEDICAL CENTER

Question. Construction on the new medical center at Fort Sam Houston began in December 2008. According to the original 1391 submitted for this project, the construction timeline was three years and three months (assuming a start date of December 2007 and a completion date of March 2011). How will the Department ensure that this facility is completed and outfitted by the BRAC deadline?

Answer. The Department is watching all projects closely, especially those that are complex and complete near the implementation deadline. This recommendation in particular has been subject to focused oversight. At this point, the Department is confident that all inpatient functions will be moved from Wilford Hall to Brook Army Medical Center, those inpatient functions will cease at Wilford Hall, and the new San Antonio Medical Center will be operational by September 15, 2011.

JOINT BASING

Question. According to GAO, Joint Basing will produce no net savings for the Department. What is your estimate of the net annual recurring cost required to support Joint Basing?

Answer. Based on the most current FY10 President's Budget data, the annual recurring savings from the Joint Basing recommendation, starting in FY2012, is estimated at \$32M/year. As the Department gains more experience in financing joint base operations, the Department will revise these estimates in future budget submissions.

EGLIN AFB-INITIAL JOINT TRAINING SITE FOR THE JOINT STRIKE FIGHTER

Question. As Deputy Assistant Secretary Ferguson stated, the noise profile of the Joint Strike Fighter was unknown at the time of the BRAC recommendation for es-

tablishing the Initial Joint Training Site (IJTS) at Eglin AFB. The Record of Decision of the IJTS demonstrated a significant noise impact issue and restricts the Department to only 59 of the 107 programmed aircraft, which would operate under restricted conditions. What is your plan of action if the restrictions on aircraft and operations are upheld by the supplemental EIS?

Answer. Several alternatives are under review in the preplanning for the supplemental EIS to include other operational locations on the Eglin reservation, additional runway(s) and reorientation of runway(s). As the Air Force evaluates these options and works toward a draft DOPAA, we anticipate some of these alternatives will meet operational needs and potentially reduce noise impacts to warrant and be analyzed fully in the supplement EIS.

Question. The Committee understands that the Navy variant of JSF will not be available until September 2012. If this is the case, how can the Department comply with the BRAC mandate?

Answer. The JSF aircraft acquisition is a programmatic decision and is not part of the BRAC recommendation.

The BRAC recommendation requires that a JSF Initial Joint Training Site be stood up at Eglin AFB. This includes appropriate manpower movements for maintenance and pilot instructors from all three Services; construction of a specialized JSF Academic Training Center housing JSF training devices and JSF flight simulators for all three aircraft variants; and other supporting facilities for aircraft maintenance and housing/feeding student personnel.

The manpower and facilities have been programmed and construction is underway on a schedule to meet the BRAC timeline. The academic training facility with its maintenance and flight simulators will provide the capability to train all Services maintenance personnel and pilots by 15 Sep 2011. The JSF acquisition schedule may vary with individual Service requirements and other programmatic decisions, however the Initial Joint Training Site, with the capability to train JSF personnel in all variants will standup prior to 15 Sept 2011 and be ready to align with the JSF acquisition schedule.

Question. The Secretary of Defense announced on April 6, 2009 that the Department will increase the buy of Joint Strike Fighters. Will this have any impact on the requirements for the joint training site at Eglin?

Answer. This announcement does not impact the requirements for the joint training site at Eglin.

EGLIN AFB-RELOCATION OF 7TH SPECIAL FORCES GROUP

Question. It is the Committee's understanding that the construction to support the relocation of the 7th Special Forces Group from Fort Bragg to Eglin has been delayed and complicated by the issues associated with the training site for the JSF. What projects has the Department currently identified for bedding down the 7th SFG at Eglin, and what is the timeline for the award and construction of each project?

Answer. There is one BRAC project, funded in two increments (FY09/FY10) that has been identified to meet the BRAC requirement to relocate the 7th SFG to Eglin AFB. One contract has been awarded for the first increment and another is scheduled for award this fiscal year. The award of this project was delayed because of issues associated with the JSF that were identified in the Environmental Impact Statement (EIS). Those issues have been resolved, the project is on schedule to meet the BRAC deadline of 15 September 2011.

Question. The relocation of the 7th SFG involves Air Force, Army, and Special Operations Command. Eglin AFB, however, is not a Joint Basing site. Has the Department sorted out what each command will be responsible for in terms of MILCON programming and execution?

Answer. The Army will be responsible for the MILCON programming and execution for the construction projects required by the 7th SFG.

Question. The Committee has information that there are about \$106 million of unfunded construction requirements for the 7th SFG at Eglin. Have any 7th SFG projects been identified which are not being funded by BRAC?

Answer. There is one BRAC project, funded in two increments (FY09/FY10) that has been identified to meet the BRAC requirement to relocate the 7th SFG to Eglin AFB. There have been projects identified that are not necessary to meet the BRAC requirement but are part of the Military Construction (MILCON) program. These projects have been identified, validated, and programmed for funding through the MILCON program. The Army provided funding to the Air Force for child care, medical, and a gymnasium. If any other requirements are identified and are validated they will compete for funding through the normal MILCON process.

SAVINGS AND REDUCTION IN EXCESS INFRASTRUCTURE

Question. What is your current estimate of how much money BRAC 2005 will save the Department, and how does this compare with the savings from the four prior rounds?

Answer. The Department estimates that the BRAC 2005 recommendations will save \$4B annually, which compares with the four prior rounds as follows:

- BRAC 88 \$1B annually
- BRAC 91 \$2.4B annually
- BRAC 93 \$2.8B annually
- BRAC 95 \$2.0B annually

Question. What is the Department's estimate of the net reduction in acreage and square footage that BRAC 2005 will produce?

Answer. As stated in the Secretary's letter to the BRAC Commission, the goal of BRAC 2005 was to "support force transformation; address new threats, strategies, and force protection concerns; consolidate business-oriented support functions; promote joint- and multi-service basing; and provide the Department with significant savings." As such reducing footprint was not a primary goal. The net change in acreage and square feet will not be known until all recommendations are implemented. At this point the Department estimates it will return 49,138.75 acres to communities and other federal agencies.

Question. The Department cites savings derived from the costs associated with service members or civilian personnel who are reassigned from a closed or realigned installation. These savings are claimed from eliminating authorized positions, despite there being no corresponding decrease in overall personnel strength. This assumption generates nearly half of the BRAC 2005 savings claimed by the Department. Both the BRAC Commission and GAO have disputed the Department's claim that these savings are real. What is the Department's specific rationale for claiming these savings, and can you demonstrate any actual savings from such actions?

Answer. The issue regarding the treatment of military personnel savings represents a longstanding difference of opinion between DoD and GAO. The Department considers military personnel reductions as savings that are just as real as monetary savings. While the Department is not reducing overall end-strength (and is increasing end-strength for the Army and Marines), the reductions in military personnel for each recommendation at a specific location are real. As is the case with monetary savings, personnel reductions allow the Department to apply these military personnel to generate new capabilities and to improve operational efficiencies. The fact that the Department has already decided how to "spend" those savings (application to other priorities) does not change the fact that savings did occur.

DEFENSE ACCESS ROADS

Question. As discussed in the hearing, certain transportation improvements have been identified to support BRAC realignments at gaining installations, such as Bethesda and Fort Belvoir. Some of these improvements may be eligible for military construction under the Defense Access Roads (DAR) program. If DAR projects in support of BRAC are certified, will these projects be programmed into the BRAC account, or will they be shifted to regular MILCON accounts?

Answer. Any such DAR projects, if certified and validated in DoD's planning, programming, budgeting, and execution system, will be programmed in the BRAC account.

FORT DETRICK

BRAC requires the relocation of the Naval Medical Research Center's Biological Defense Research Directorate to Fort Detrick. The initial assumption was that the Directorate would be housed in existing, renovated laboratory facilities. A new facility was programmed for AMRIID, but no space was made available for the Navy's Directorate. In June 2008, OSD determined that new \$49 million laboratory construction project for the Navy was the only viable solution.

Question. Why did it take until June 2008 to make the determination that new construction was needed?

Answer. As is the case in complex issues involving multiple organizations and stakeholders, the Department pursued a variety of options to determine the best, least cost alternative to building a separate facility. Arriving at this point required a deliberate analysis of alternatives and achieving consensus among the various organizations. While this deliberate process was lengthy, it ensured that all organizations' views were represented in the decision process. In the end, senior leadership

decided that a laboratory for the Navy's directorate was the best approach to meet the Navy's unique mission requirements.

Question. When will new laboratory be fully outfitted and ready for occupancy?

Answer. The new laboratory is expected to be fully outfitted and ready for occupancy during fourth quarter of FY 2011.

COMMUNITY SUPPORT AND QUALITY OF LIFE PROJECTS

Question. Does the Department consider community support and quality of life projects—such as child development centers, chapels, commissaries, and fitness centers—to be “necessary” for BRAC, and therefore appropriate for BRAC 2005 funding?

Answer. In general, the Department believes that community support and quality of life projects that support personnel growth caused by BRAC actions to be eligible for BRAC funding. The determination of whether specific projects are eligible is left to the Military Departments controlling the installations.

Question. How does the Department determine whether a given project is appropriate for BRAC 2005 funding?

Answer. As indicated in the earlier question, the Military Departments determine which projects are necessary to support incoming missions that arrive as a direct result of a BRAC action. The specifics of the individual projects are developed based on such factors as population growth and the type of mission coming to the base.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

BRAC IMPLEMENTATION

According to the testimony, the Department continues to monitor BRAC implementation to ensure that we are meeting our legal obligation under the law.

Question. What is the Department's view on what it considers to be “meeting the legal obligation under the law”?

Answer. The Department has a legal obligation to complete all closures and realignments no later than six years from the date the President transmits the Commission's report to the Congress. The Department defines completion as the point in time at which all functions specified in the BRAC recommendation have been relocated to and are functioning at the receiving installation(s) identified in the recommendation. In the case of closures, caretaker and environmental operations may continue at the closed location, as long as the functions have been relocated to and are functioning at the specified receiving location.

Question. If and when the Department makes the determination that a BRAC action cannot be completed on time, what are some of the options that you are considering?

Answer. At this point in time, we are confident that all recommendations will be completed on time. If later in the process, it appears that a recommendation may not be completed on time, the Department will examine its options in detail to determine the best way forward.

Question. How many Joint Basing MOAs have been signed?

Answer. As of April 10, 2009, five joint basing Memorandum of Agreement (MOAs) have been signed. Those MOAs are for Joint Base Myer-Henderson Hall, Joint Expeditionary Base Little Creek-Story, Joint Base Andrews—NAF Washington, Joint Region Marianas (Naval Base Guam—Andersen AFB), and Joint Base McGuire—Dix—Lakehurst.

Question. Which ones?

Answer. Those MOAs have been signed for Joint Base Myer-Henderson Hall, Joint Expeditionary Base Little Creek-Story, Joint Base Andrews—NAF Washington, Joint Region Marianas (Naval Base Guam—Andersen AFB), and Joint Base McGuire—Dix—Lakehurst.

Question. How many does the Department expect to have signed by the beginning of FY'10?

Answer. The Department expects to have signed MOAs for all 12 joint bases by the beginning of FY'10.

Question. When does the Department expect to have all MOAs signed?

Answer. The Department expects all MOAs to be signed by October 1, 2009.

MILAN ARMY AMMUNITION PLANT

Your testimony describes that the first major BRAC 2005 closure was completed last December when the Kansas Army Ammo Plant was closed and production was

moved to McAlester (OK) Ammunition Plant, Crane (IN) Ammunition Plant, and Milan Ammunition Plant in TN. Secretary Eastin, I'm seeking clarification on a number of issues related to the recently awarded facilities-use contract for both the Milan Army Ammunition Plant (AAP) and the Iowa AAP. Both plants will now be operated by a single contractor, with production work being concentrated in Iowa.

Question. A February 24, 2009 article in the Milan Mirror-Exchange cites a corrective action report (CAR) issued by the Army. The CAR reportedly highlights a number of serious safety violations at Iowa AAP with instructions to report back to the Army by January 29, 2009. Can you please provide me with a detailed response about the CAR issued by the Army?

Answer. Corrective Action Report cited in the newspaper article found deficiencies in one of the operation areas with regard to storage and housekeeping of in-process and scrap material. American Ordnance immediately shut down the business unit where this occurred and put procedures in place to assure there will not be any future housekeeping and storage issues in any business unit at either Iowa Army Ammunition Plant or Milan Army Ammunition Plant.

Question. Have the violations at the Iowa AAP been completely addressed?

Answer. Yes. There is no indication that American Ordnance will experience any safety shortcomings related to its plan to consolidate the bulk of its production at Iowa, and Iowa can assume the increase in workload. Government staff will continue to monitor the area for which the Corrective Action Report was issued, as well as all other areas at Iowa.

Question. I understand that some security concerns may have been highlighted, so in light of these security concerns, is the Iowa AAP ready to assume significant workload that is set to be transferred from Milan?

Answer. There is no indication that American Ordnance will experience any security shortcomings related to its plan.

Question. Will this production move mean that all large and medium caliber munitions are produced at one government-owned plant? If so, does such a concentration create a vulnerability in our national security?

Answer. Moving the large and medium caliber munitions production capability from Milan to Iowa doesn't mean that the Army will be limited to a single source. Several other sources exist within the National Technology and Industrial Base with the capability to load, assemble, and pack mortar and artillery high-explosive cartridges, 40mm ammunition, and 105mm and 120mm tank rounds.

Question. There may be a significant cost to clean up sites at Milan if production and testing are moved to Iowa AAP. Has the Army identified such environmental costs? Were they taken into consideration during the contract evaluation?

Answer. The Army considered the potential environmental remediation costs that could be involved at Milan during the contract evaluation. American Ordnance plans to bring additional tenants to Milan to preclude the closure of any environmentally managed areas. These managed areas include ammunition disposal areas, test areas, or other operational areas or ranges that require special environmental permits for the activities or processes conducted there. The government will bear the costs of environmental remediation at Milan regardless of when they are incurred.

Question. Under BRAC 2005, Milan was slated to become a "Munitions Center of Excellence" and receive functions from Kansas AAP and Lone Star AAP. Does the recent contract award comply with BRAC 2005?

Answer. The contract awarded to American Ordnance (AO) complies with BRAC 2005. Under BRAC, certain munitions production capacity and capability was directed to be relocated from Kansas Army Ammunition Plant and Lone Star Army Ammunition Plant to Milan. However, BRAC did not preclude establishment of similar capacity and capability elsewhere. To ensure BRAC compliance, none of the production equipment that moved to Milan from Kansas and Lone Star will be moved to Iowa. Instead, AO plans to create new production capability at Iowa, while retaining at Milan the capacity and capability relocated from Kansas and Lone Star.

Question. How would this reorganization impact the number of jobs at the Milan plant?

Answer. American Ordnance will determine how many of its jobs for work under the contracts will move and when, and what number of jobs will be required for its Milan operations.

DISCRETE BRAC ACTIONS

The Army has over 1,100 discrete actions that are required for the successful implementation of BRAC 2005.

Question. How many discrete actions have been completed to date?

Answer. The Army has completed 180 actions as of April 22, 2009.

Question. How many do you expect to have completed by the end of fiscal year 2009?

Answer. The Army has 265 actions of which 180 are already completed that are scheduled for completion by the end of fiscal year 2009.

Question. What is the cost to implement these 1,100 discrete actions?

Answer. The over 1,100 actions represent what the Army needs to complete to meet the requirements of the BRAC Law. Therefore, the cost as of the President's fiscal year 2009 budget submission is \$17.3 billion.

Question. How much of that cost is military construction?

Answer. The military construction cost to complete the over 1,100 actions as of the fiscal year 2009 President's Budget submission is \$13.1 billion.

FY '09 ARMY BRAC 2005 CONSTRUCTION PROJECTS

Question. What is the total cost for the 96 BRAC construction projects that the Army intends to award in FY '09? How many of the 96 BRAC construction projects that the Army plans to award in FY '09 have been awarded to date?

Answer. The cost for the 96 BRAC construction projects scheduled for award in fiscal year 2009 is \$3.8 billion. As of April 22, 2009, the Army has awarded 26 of those projects.

NAVY BUSINESS PLANS

Question. The Secretary has approved all 59 Navy-led BRAC 2005 business plans along with 24 other service-led business plans with some Navy equity in them. Your testimony points out that some significant challenges lie ahead. What specifically are those challenges, and how are you managing the process to ensure that statutory requirements will be met?

Answer. Seven major construction projects at Naval Air Weapons Station China Lake, CA and Naval Surface Warfare Center Indian Head, MD require complex site approvals and certifications for operation from the Department of Defense Explosive Safety Board. Additionally, Correctional Facilities require certification before occupancy. And finally, several complex move actions require close coordination with other services and agencies. The Department of the Navy (DON) is closely managing construction so that it completes in time to conduct the necessary certifications. DON is also maintaining effective and continuous coordination with other services and agencies for the interdependent moves to succeed.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

Question. I am concerned that conveyance of legacy bases continues to lag. The longer these properties stay on the DOD books, the more they cost us to maintain and secure. And—they are not providing any economic activity for local communities. I would like your office to provide me with the following statistics so we can get a good handle on just where we are on getting these parcels off the DOD books and into the hands of locals. Total number of disposed BRAC acres (not including Outgrant LIFO acres). Total number of BRAC acres pending disposal by year (including Outgrant LIFO acres). Number of acres conveyed by Service by property disposal type and to which type of grantee. Length of time for disposal of BRAC acreage by disposal type.

Answer. Total number of disposed BRAC acres (not including Outgrant Lease In Furtherance of Conveyance (LIFO) acres) is provided in Table 1 of Enclosure 1.

Total number of BRAC acres pending disposal by year (including Outgrant LIFO acres) is provided in Table 2 of Enclosure 1.

Number of acres conveyed by Service, by property disposal type, and to which type of grantee, is provided as Enclosures 2 and 3. Enclosure 2 also provides comments concerning apparent fluctuations in data from one year to the next, including instances where the status of acreage may be reclassified from one year to the next.

Length of time for disposal of BRAC acreage by disposal type will be provided separately as soon as we are able to complete the necessary data search, validation, and calculations with the Military Departments (MILDEPs).

The information provided reflects yearly disposal activity starting in 1999 when the Department of Defense Office of Economic Adjustment began tracking this information. Prior to 1999, the MILDEPs had disposed of approximately 16% of the acreage to be disposed. This response provides a yearly disposal picture for the remaining 84% of the total property disposed under BRAC 88, 91, 93, 95, and 05, through December 2007.

TABLE 1: Total number of disposed BRAC acres (not including Outgrant LIFOC acres)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Air Force	17,971	23,433	31,481	44,802	51,524	56,927	66,308	71,342	74,149
Army	31,313	36,584	105,452	59,217	69,478	157,065	163,701	169,849	172,481
Navy	<u>22,549</u>	<u>35,219</u>	<u>63,701</u>	<u>67,196</u>	<u>75,074</u>	<u>148,244</u>	<u>151,819</u>	<u>152,629</u>	<u>156,502</u>
Total	71,833	95,236	200,634	171,215	196,076	362,236	381,828	393,820	403,132

TABLE 2: Total number of BRAC acres pending disposal by year (including Outgrant LIFOC acres)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Air Force	66,209	67,301	55,735	42,419	35,661	30,294	21,042	16,281	13,479
Army	176,840	214,332	145,408	249,918	239,654	104,694	96,020	128,986	76,358
Navy	<u>141,344</u>	<u>129,847</u>	<u>96,133</u>	<u>95,785</u>	<u>87,311</u>	<u>12,936</u>	<u>17,885</u>	<u>38,197</u>	<u>32,822</u>
Total	384,393	411,480	297,276	388,122	362,626	147,924	134,947	183,464	122,659

BRAC Disposal Activity																	
BRAC Excess Acres Disposal Methods																	
Year	Total Installations	Total BRAC Excess Acres	LIFO	EDC	Fed to Fed	Conservation Conveyance	PBC	Spec Leg	Reversion	Lease Term	Public Sale	Neg Sales	Other	Total Acres Disposed (LIFO)	Total BRAC Excess Acres	Percent of Total BRAC Excess Acres Disposed	Comments
2007	36	87,628	11,854	22,898	11,854	0	26,763	1,650	3,105	4,627	1,260	1,846	178	74,149	84,579	96%	Total BRAC Excess Acres decreased with approx 13,000 more acres retained and 13,000 more acres retained and terminated and reversion of 27 reserve and guard sites. Navy Fed to Fed total includes 3,105 acres. Other includes Military Departments.
2007 Totals	409	525,791	29,551	67,841	27,861	0	15,147	4,180	79,128	4,134	7,454	5,150	198	403,132	422,659	77%	
2008 Disposal Rank																	
2008	36	87,628	12,708	21,894	11,851	0	26,855	1,628	3,105	4,627	1,176	1,820	8	71,342	87,628	99%	Comments: BRAC 2008 installations and acreage is reported for full time Army - 39,114 acres, Navy - 19,576 acres, Air Force - 285 acres.
2008 Totals	428	577,244	49,259	89,735	39,712	0	15,147	4,180	79,128	4,134	7,454	5,150	206	434,474	453,884	77%	
2008 Disposal Rank																	
2009	36	87,628	12,708	21,894	11,851	0	26,855	1,628	3,105	4,627	1,176	1,820	8	71,342	87,628	99%	Comments: The FY 04 Defense Appropriations Act, H.R. 2659 (P.L. 106-553) requires that all BRAC roads be closed and disposed under BRAC statute (6300 acres). North acreage is reported for 14 term.
2009 Totals	441	518,775	64,319	92,629	51,563	0	15,147	4,180	79,128	4,134	7,454	5,150	30	435,814	454,775	79%	
2009 Disposal Rank																	
2004	36	87,628	21,630	15,999	13,038	0	17,877	1,942	2,740	3,648	1,095	1,262	8	56,927	87,231	98%	Comments: Total BRAC Excess Acres decreased because retained acreage increased (Madison Gap, Ft. Greely, and Unalakleet AD acreages).
2004 Totals	411	487,559	66,403	42,245	44,708	0	15,074	4,705	10,059	5,700	2,127	1,184	0	157,065	199,594	90%	
2004 Disposal Rank																	
2003	32	87,185	28,102	16,421	11,165	0	15,312	1,348	2,740	3,690	1,095	817	8	51,524	87,185	99%	Comments: N/A
2003 Totals	441	487,559	66,403	42,245	44,708	0	15,074	4,705	10,059	5,700	2,127	1,184	0	157,065	199,594	90%	
2003 Disposal Rank																	

BRAC Disposal Activity																	
BRAC ACREAGE DISPOSAL METHODS																	
Year	Total Installations	Total BRAC Excess Acres	LIFO	EDC	Fed to Fed	Conservation Conveyance	PBC	Spec. Leg	Reversion	Lease Term	Public Sale	Neg Sales	Other	Total Acres Disposed (includes LIFO)	Total BRAC Excess Acres	Percent of Total BRAC Excess Acres Disposed	Comments: Change in acreage disposed 2002 reflects Army reclassifying Jefferson Proving Ground acreage (approx. 50K acres) from disposed to LIFO.
2002	32	87,216	32,410	13,455	11,089	11,113	1,127	2,516	3,612	1,095	817	0	44,802	35,718	87,216	31%	
Air Force	122	309,135	57,600	18,883	30,717	5,225	305	0	0	3,311	4,258	0	59,217	249,918	309,135	19%	
Army	91	182,951	1,789	13,429	15,059	284	7,242	8,694	84	2,607	0	67,198	95,795	182,951	41%		
Navy	245	539,337	91,809	49,558	53,245	0	31,851	17,118	3,768	2,480	7,807	0	171,218	368,122	539,337	31%	
2002 Disposal %			37%	15%	13%	1%	4%	10%	4%	2%	1%	0%	20%	38%	33%		
2001	32	87,216	1,592	6,313	10,475	10,647	1,128	1,015	0	1,034	818	0	31,481	53,735	87,216	38%	
Air Force	175	250,860	3,293	17,413	65,803	22,296	27	238	0	1,959	0	706	105,452	145,408	250,860	42%	
Army	96	139,334	2,407	15,970	30,952	4,235	284	7,332	0	35	2,428	0	2,403	35,701	96,133	33%	
Navy	240	1,259,210	1,289	1,529	1,529	0	27,181	1,478	0	1,136	3,343	0	200,634	2,31,278	1,259,210	49%	Comments: N/A
2001 Disposal %			2%	1%	15%	7%	3%	1%	0%	1%	0%	0%	2%	2%	2%		
2000	32	80,734	1,204	6,172	11,922	9,842	1,127	1,122	13	1,227	854	1,131	23,433	67,301	80,734	28%	
Air Force	175	250,916	10,901	20,848	3,905	0	1,923	0	0	1,971	39,554	214,533	259,916	19%		Comments: Detailed LIFO for those years.	
Army	96	139,334	3,841	6,936	3,422	0	1,225	8,817	0	2,558	138	35,218	129,847	139,334	21%		
Navy	240	1,259,210	1,178	2,483	2,483	0	2,483	3,311	0	2,224	3,462	80,238	411,489	1,259,210	12%		
2000 Disposal %			1%	7%	14%	1%	2%	1%	0%	2%	0%	1%	28%	28%	28%		
1999	31	84,180	1,502	8,209	15,942	6,378	15	0	15	0	710	2,157	17,971	66,209	84,180	27%	
Air Force	170	209,153	5,995	19,942	3,259	0	0	0	0	1,030	0	62	51,513	178,840	209,153	19%	
Army	96	139,334	2,407	15,970	30,952	4,235	284	7,332	0	35	2,428	0	2,403	35,701	139,334	18%	
Navy	240	1,259,210	1,289	1,529	1,529	0	27,181	1,478	0	1,136	3,343	0	200,634	1,059,576	1,259,210	18%	
1999 Disposal %			2%	14%	31%	7%	0%	0%	0%	1%	0%	0%	20%	20%	20%		

Notes: 1 Annual data submissions reflect yearly "snapshot" of cumulative totals of installations and acreage for all five BRAC rounds (1993, 1994, 1995, 1996, and 2000).
 2 Year to year data fluctuations are caused by reclassification of acreage excess, no longer disposed, retained, etc) across annual Military Department submissions.
 3 Annual Disposal % = disposal method acreage / total acres disposed.
 4 Detailed LIFO data not available prior to 2001.
 5 Detailed LIFO data not available prior to 2001.
 6 Detailed LIFO data not available prior to 2001.
 7 OEA and Military Departments began to develop and standardize methodology and survey for annual BRAC data collection in 1999.
 8 OEA and Military Departments began to develop and standardize methodology and survey for annual BRAC data collection in 1999.
 9 DLA BRAC data included in Army totals.
 10 Change in acreage disposed between 2001 and 2002 reflects Army reclassifying acreage as no longer disposed. 2002 data reported 2001 "Total BRAC Acres Disposed" as 29% (vs 40%).

Disposal Activity by Grantee

Year	Total Acres Disposed	Disposal Rank									
		City/County Government	Federal Government	LRA and/or Other Authority	Non-Profit	Private Individual or Company	School	State Government	Tribal/ Native American	Utility, Water, Solid Waste, or Sewage	Other/ Miscellaneous
2007	74,148	8,253	11,884	47,238	108	1,327	1,062	4,018	221	0	0
Army	172,481	9,331	43,134	43,861	69,656	3,050	3,129	10,207	74	74	
Navy	158,552	23,870	49,714	25,250	3,471	4,180	3,244	47,955	70	70	
2007 Disposal %	45,113	3%	17%	22%	0%	2%	1%	8%	12%	0%	
2008	85,113	3,870	11,765	45,743	102	1,244	1,086	3,896	221	0	
Army	169,649	6,394	41,045	43,521	60,656	3,069	3,159	9,971	67,415	74	
Navy	151,219	21,274	49,253	24,524	3,472	3,296	3,652	5,629	47,705	30	
2008 Totals	381,428	32,638	104,979	109,992	57,788	7,233	4,427	19,850	47,926	104	
2008 Disposal %	381,428	8%	27%	29%	15%	2%	1%	5%	12%	0%	
2009	89,300	5,424	11,572	42,810	98	1,177	1,037	3,959	221	0	
Army	169,649	6,394	41,045	43,521	60,656	3,069	3,159	9,971	67,415	74	
Navy	151,219	21,274	49,253	24,524	3,472	3,296	3,652	5,629	47,705	30	
2009 Totals	381,428	32,638	104,979	109,992	57,788	7,233	4,427	19,850	47,926	104	
2009 Disposal %	381,428	8%	27%	29%	15%	2%	1%	5%	12%	0%	
2010	158,157	4,892	13,114	33,522	86	1,163	1,007	3,278	156	0	
Army	157,053	6,064	44,715	35,449	57,633	2,453	10,851	10,851	47,150	30	
Navy	148,244	35,374	49,215	8,224	9	4,058	339	5,160	47,300	14	
2010 Totals	382,238	47,430	106,044	77,398	57,738	4,055	1,346	20,009	47,300	30	
2010 Disposal Rank	382,238	12%	28%	20%	15%	1%	0%	5%	12%	0%	

Disposal Activity by Grantee

Year	Total Acres Disposed	Disposal Activity by Grantee										Utility, Water, Solid Waste, or Sewage	Tribal, Native American	State Government	Tribal, Native American	Utility, Water, Solid Waste, or Sewage	Other/Miscellaneous	
		City/County Government	Federal Government	LPA and/or Other Authority	Non-Profit	Private Individual or Company	School	State Government	Tribal, Native American	Utility, Water, Solid Waste, or Sewage	Other/Miscellaneous							
2003																		
Air Force	51,692	4,539	11,028	28,658	35	1,163	1,007	10,838										
Army	6,478	3,074	32,610	19,410		2,013		10,622										
NAVY	76,074	35,941	24,912	7,211	9	442	305	6,213										
2003 Totals	194,244	43,524	68,550	75,081	44	2,627	1,312	34,686										
Disposal Rank		3	1	2	4	6	7	4										
2002																		
Air Force	44,602	4,235	11,300	23,445	93	1,057	1,055	3,427										
Army	59,217	3,957	30,874	19,453		1,845		6,547										
NAVY	67,195	3,350	22,425	5,458	7	1,595	1,000	1,425										
2002 Totals	171,014	11,542	64,600	48,364	103	4,497	3,055	12,404										
Disposal Rank		3	1	2	4	6	7	4										
2001																		
Air Force	33,972	2,450	10,175	19,281	88	1,055	998	1,978										
Army	108,778	3,551	69,394	9,227	145	5,654	2,552	9,290										
NAVY	67,195	3,350	22,425	5,458	7	1,595	1,000	1,425										
2001 Totals	269,945	9,351	101,988	33,965	240	8,304	4,550	12,693										
Disposal Rank		2	1	3	4	6	7	4										
2000																		
Air Force	23,434	895	7,924	11,107	65	1,055	892	1,297										
Army	52,725	1,135	12,762	10,028	545	2,311	1,353	72										
NAVY	35,119	6,533	12,762	10,028	545	2,311	1,353	72										
2000 Totals	111,278	8,563	33,448	31,163	1,155	5,676	3,608	1,666										
Disposal Rank		2	1	3	4	6	7	4										
1999																		
Air Force	17,975	1,135	3,295	5,617	2	1,016	48	1,295										
Army	31,315	1,053	21,454	6,244	333	1,855	4,832	1,265										
NAVY	22,449	6,002	11,873	2,221	65	571	603	571										
1999 Totals	71,744	8,190	36,622	14,082	390	3,442	5,548	3,133										
Disposal Rank		2	1	3	4	6	7	4										

Notes: 1 Comprehensive data not available for BRAC Disposal Activity by Grantee prior to 1999.
 2 Annual Disposal % = (disposal activity by grantee acreage / total acres disposed).
 3 Disposal rank identifies top four total disposal activity grantees each year.

Mr. FARR. Okay.

Mr. EASTIN. So, the—is somewhat—in San Francisco.

Mr. PENN. We will scrub that—

Mr. EDWARDS. If there is some way we can work with you to move that forward, please let us know.

Mr. FARR. Thank you. Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Wamp, any other—

Mr. WAMP. Great hearing.

Mr. EDWARDS. I have no additional questions. Obviously, we will have a number of written questions we will send to each of you. But thank you for your service, and we appreciate you being here.

The committee will stand in recess. Thank you.

THURSDAY, APRIL 23, 2009.

TESTIMONY OF OUTSIDE WITNESSES

STATEMENT OF THE CHAIRMAN

Mr. FARR [presiding]. Good morning. The subcommittee will come to order.

Before I begin, I want to mention that the chairman, Mr. Edwards, is going to be a little bit late. He is testifying before another subcommittee, and he asked me to chair the hearing until he arrives.

We have about 16 witnesses today from various nongovernmental organizations. And with that many witnesses, we are going to have to go in a very timely order.

Because of those constraints, we ask each of you to limit your testimony to no more than 5 minutes. We will have copies of all your written testimony, and I will make sure that those are included in their entirety in the record.

At this point, I would like to ask Mr. Wamp if he has anything to say, opening remarks.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Just almost, Mr. Chairman, ditto what you say. This is a learning experience for us to give everybody an opportunity to appear. And the main thing, I think, is a takeaway from each one of the outside witnesses.

The main thing is, if you can even just underscore my takeaway for the day, things that we have to do or should do or the most important things, try to think about that ahead of time so that, no matter what, we get whatever that message is before you walk out the door.

And that way, we can listen, learn, help and lead, which is a pretty good model for us to follow around here. It is not done enough, but we are going to try. So thanks for being here.

Mr. FARR. Thank you, Mr. Wamp.

And I want to echo that. I read your testimony this morning, and I was very impressed. There are a lot of suggested things like report language that we could include, but it is really for us to listen to you and to take away, what are the priorities, needs of the various entities represented here?

We are going to go in the order this committee has set up, and the first is the Friends of the V.A. Medical Care and Health Research.

Mr. Galen Toews, is he here today?

Galen is a V.A. physician scientist at Ann Arbor V.A. Medical Center. He is also a professor of internal medicine at the Univer-

sity of Michigan Medical School. He is testifying on behalf of the Friends of the V.A. Medical Care and Health Research.

Dr. TOEWS. Thank you.

Mr. FARR. Welcome to the committee.

THURSDAY, APRIL 23, 2009.

**FRIENDS OF VA MEDICAL CARE AND HEALTH
RESEARCH (FOVA)**

WITNESS

GALEN B. TOEWS, MD

STATEMENT OF GALEN B. TOEWS

Dr. TOEWS. Thank you.

Mr. Chairman, my name is Dr. Galen Toews. And as mentioned, I am testifying on behalf of FOVA, a coalition of 80 veterans service and voluntary health and medical professional organizations that work to support funding for veterans health programs.

We are especially committed to ensuring a strong V.A. medical and prosthetic research program. And FOVA recommends the subcommittee provide \$575 million for the V.A. medical and prosthetic research program in fiscal year 2010.

We also, importantly, request an additional \$142 million in the V.A. minor construction budget to address the deteriorating state of V.A. laboratory infrastructure.

Research really plays an essential role in the V.A. health system. Research is the process by which hope is fulfilled, hope for less pain, increased function, and independence, symptom-free days, and in some instances hope for a cure, hope for leading, in short, a normal life.

These are the kinds of hopes that veterans who come to the V.A. are seeking. And the V.A. is dedicated to bringing these hopes to fruition.

The V.A. is doing a good job. In 2008, the V.A. published the results of a landmark, 7-year diabetes trial, which found that intensive control of blood glucose in Type 2 diabetes does little to cut the risk of heart disease compared with standard treatment.

In 2007, the V.A. unveiled the first powered ankle-foot prosthesis. The V.A. has also been involved in comparative effectiveness research for many years, a program that the president has highlighted.

In 2008, the V.A. demonstrated in a large, multi-site clinical trial—something we do very well—that more intensive treatment of acute kidney injury, for instance, dialysis 6 times instead of 3 times per week, did not produce any added benefit.

In 2007, the V.A. found that balloon angioplasty and stenting, an invasive cardiovascular procedure, did little to improve outcome for patients with stable coronary artery disease, who were also receiving optimal medical therapy.

In short, the V.A. is doing good research that is having a direct impact on improving the lives of veterans.

There are some challenges. FOVA congratulates the V.A. for a decision to raise the merit review cap from \$125,000 per year to

\$150,000. And this was done to recognize the increased costs of doing research.

However, this welcome increase in grant size puts pressure on the V.A. to reduce the overall number of grants awarded. We urge the subcommittee to provide V.A. with the necessary resources to maintain the new award size, while continuing to support a comparable number of merit review awards.

The second challenge is sustaining the good work that we have started. The V.A. will need to increase its funding by at least \$20 million in fiscal year 2010 to just keep up with current purchasing power.

The third challenge is what I mentioned earlier, and that is the state of V.A. laboratory infrastructure. State-of-the-art research requires state-of-the-art technology, equipment and facilities, in addition to highly qualified and committed scientists. In recent years, the V.A. minor construction program has failed to provide the resources needed to maintain, upgrade and replace aging facilities.

FOVA recommends Congress provide at least \$142 million for V.A. laboratory renovations in fiscal year 2010 via this minor construction budget.

Mr. Chairman, thank you for listening.

[The prepared statement of Galen B. Toews follows:]

FOVA

**Friends of VA Medical
Care and Health
Research**

A coalition of national
organizations committed to
quality care for America's
veterans

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STATEMENT OF

**THE FRIENDS OF VA MEDICAL CARE AND
HEALTH RESEARCH
(FOVA)**

ON

THE FISCAL YEAR 2010 APPROPRIATIONS

FOR

**THE DEPARTMENT OF VETERANS AFFAIRS
MEDICAL AND PROSTHETIC
RESEARCH PROGRAM**

BEFORE

**THE HOUSE SUBCOMMITTEE ON MILITARY
CONSTRUCTION, VETERANS AFFAIRS AND
RELATED AGENCIES APPROPRIATIONS OF THE
COMMITTEE ON APPROPRIATIONS**

PRESENTED BY

Galen B. Toews, MD

April 23, 2009

I am Galen Toews MD, a VA-physician scientist at the Ann Arbor VA Medical Center, and today I am testifying on behalf of the Friends of VA Medical Care and Health Research coalition. On behalf of the Friends of VA Medical Care and Health Research (FOVA), thank you for your continued support of the Department of Veterans Affairs (VA) Medical and Prosthetic Research Program. FOVA is a coalition of over 80 national academic, medical and scientific societies; voluntary health and patient advocacy groups; and veterans service organizations committed to ensuring high-quality health care for our nation's veterans. On behalf of FOVA, thank you for your continued support of the Department of Veterans Affairs (VA) Medical and Prosthetic Research program. FOVA organizations greatly appreciate this opportunity to submit testimony on the President's proposed fiscal year (FY) 2010 budget for the VA research program. For FY 2010, FOVA recommends an appropriation of \$575 million for VA Medical and Prosthetic Research and an additional \$142 million for research facility upgrades to be appropriated through the VA Minor Construction account.

VA Research Is Core to the VA Health Care Mission

Research plays an essential role in the VA health system. Research is the process by which hope is fulfilled; hope for less pain, hope for increased function and independence, hope for symptom free days, hope for leading a normal life. These are the kinds of hopes that many veterans - from World War II, Korea, Vietnam to OEF/OIF - who seek treatment in the health care system hold. In many cases, the only way these hopes can be realized is through research advances. The VA is dedicated to bringing these hopes to fruition by supporting high quality research on diseases and conditions that are of unique or of broad interest to veterans.

FOVA's recommendation of \$575 million for FY10 represents the coalition's estimate of what is needed by the VA to help fulfill the hopes of the veterans who depend on the VA health system. We see several key areas that are ripe for investment:

Critical Emerging Needs: Additional funding is needed to expand research on strategies for overcoming the devastating injuries being suffered by Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans. Also urgently needed are improvements in prosthetics and rehabilitation, as well as better treatments for polytraumas, traumatic brain injury (TBI), whole body burns, and post-traumatic stress disorder (PTSD.)

VA is committed to developing better responses to the grievous conditions suffered by OEF/OIF veterans, such as extensive burns, multiple amputations, compression injuries, and mental stress disorders. Additional increases are also necessary for continued support of new initiatives in neurotraumas, including head and cervical spine injuries; wound and pressure sore care; pre- and post-deployment health issues with a particular focus on PTSD; and the development of improved prosthetics and strategies for rehabilitation from polytraumatic injuries. These returning OIF and OEF veterans have high expectations for returning to their active lifestyles and VA is doing its best to make those expectations a reality.

The seamless mental and physical reintegration of these soldiers is a challenge, but the VA Medical and Prosthetic Research Program can and will address these needs, if Congress provides the needed resources. However, without appropriate additional funding, VA will be ill-equipped to address the needs of the returning veteran population while also researching treatments for diseases that affect veterans throughout the course of their lives and for which they will seek treatment from VA medical facilities.

Genomic Medicine:

VA has a distinct opportunity to recreate its health care system by providing cutting edge care for veterans through genomic medicine. The goal is safer and more effective disease treatment and prevention. Innovations in genomic medicine will allow the VA to track genetic susceptibility for disease, develop preventative measures, predict response to medication and modify drugs and treatment to match an individual's unique genetic structure.

While advances in genomic medicine show promise in aiding the discovery of new, more accurate and personalized treatments for diseases prevalent among veterans seeking treatment at VA hospitals, there is also evidence that genomic medicine will greatly help in the treatment and rehabilitation of returning OIF/OEF veterans. For instance, research can target the human genome for insight into individual capacity for the healing of wounds. Additional studies have considered the differences between genes that aid in healing and genes that cause inflammation and its side-effects. Advances in this field have the potential to dramatically improve the treatment of injured soldiers and may play a large role in the long-term treatment of surgical patients and amputees.

Congress must provide sustained increases in funding for the VA research program over the next decade if the VA genomic medicine project is to meet its exciting objectives. According to a VA pilot program for banking genetic information that involves 20,000 individuals and 30,000 specimens (with the capacity to hold 100,000 specimens) VA will likely need approximately \$1,000 per specimen to conduct the genetic analysis. The potential advances that can be achieved with regard to PTSD and veteran-related diseases rely on an expansion of tissue banking as the crucial information generating step that will inform future ongoing research and the development of new treatments. An increase in the FY10 R&D appropriation is essential to support this expansion.

Older Veterans: As VA strives to meet the needs of returning OIF/OEF veterans, the VA research program must continue to support research on conditions that affect older veterans, including: diabetes, substance abuse, kidney disease, mental illnesses, heart diseases, chronic obstructive pulmonary disease and cancer. The VA research program also focuses its efforts on service-connected conditions, including spinal cord injury, paralysis, amputation, and sensory disorders. VA owes its veteran-patients, regardless of when they returned from combat, the same dedication to state-of-the-art care and innovative research.

VA Merit-Review Award Caps: FOVA congratulates VA for its recent decision to raise the Merit-Review cap on some awards. By allowing the size of the Merit awards to grow from \$125,000 to \$150,000 the VA is recognizing the increasing costs of conducting high quality research. The larger awards are needed to respond to research inflation, maximize productivity, foster recruitment, and speed the translation of research from the lab bench to the bedside. However, the welcome increase in grant size does put pressure on the VA to reduce the overall number of grants awarded. FOVA urges the Subcommittee to provide VA with the necessary resources needed to maintain the new award size while continuing to support a comparable number of merit review awards.

VA Research Facilities Must be Updated to Fulfill Scientific Opportunity

State-of-the-art research requires state-of-the-art technology, equipment, and facilities in addition to highly qualified and committed scientists. Modern research cannot be conducted in facilities that more closely resemble high school science labs than university-class spaces. Modern facilities also help VA recruit and retain the best and brightest clinician-scientists. In recent years, funding for the VA Minor Construction Program has failed to provide the resources needed to maintain, upgrade, and replace aging research facilities. Many VA facilities have run out of adequate research space. Also, ventilation, electrical supply, and plumbing appear frequently on lists of needed upgrades along with space reconfiguration. In addition to impeding medical discovery, poor research infrastructure undermines the ability of the VA to recruit and retain the clinical investigators who would normally be drawn to the VA system for its unique research opportunities.

Under the current system, research must compete with other facility needs for basic infrastructure and physical plant improvements which are funded through the minor construction appropriation. In recent years, funding for the VA Minor Construction Program has failed to provide the funding needed to maintain, upgrade and replace aging research facilities.

FOVA appreciates the Subcommittee's attention to this issue in previous years. The House Committee on Appropriations also gave attention to this problem in the House Report accompanying the FY 2006 appropriations bill (P.L. 109-114), which expressed concern that equipment and facilities to support the research program may be lacking and that some mechanism is necessary to ensure VA's research facilities remain competitive. The report noted that more resources may be required to ensure that research facilities are properly maintained to support VA's research mission. To assess VA's research facility needs, Congress directed VA to conduct a comprehensive review of its research facilities and report to Congress on the deficiencies found, along with suggestions for correction. It is FOVA's understanding that the VA has already completed this report. FOVA strongly encourages Congress to require the VA to submit its findings as soon as possible so the Subcommittee can appropriately judge the programs infrastructure needs in coming years.

Additionally, FOVA believes Congress should establish and appropriate a funding stream specifically for research facilities, using the VA assessment resulting from the FY 2006 report language. In the meantime, to ensure that funding is adequate to meet both immediate and long-term needs, FOVA recommends \$142 million in the FY10 Minor Construction budget dedicated to research facilities improvements. This appropriation is a critical interim step to ensure that VA can continue to conduct state-of-the-art research.

The Integrity of VA's Intramural, Peer-Review System Must be Preserved

As a prerequisite for membership, all FOVA organizations agree not to pursue earmarks or designated amounts for specific areas of research in the annual appropriation for the VA research program. The coalition urges the Subcommittee to take a similar stance in regard to FY 2010 funding for VA research for the following reasons:

- *The VA research program is exclusively intramural.* Only VA employees holding at least a five-eighths salaried appointment are eligible to receive VA research awards

originating from the VA research appropriation. Compromising this principle by designating funds to institutions or investigators outside of the VA undermines an extremely effective tool for recruiting and retaining the highly qualified clinician-investigators who provide quality care to veterans, focus their research on conditions prevalent in the veteran population, and educate future clinicians to care for veterans.

- *VA has well-established and highly refined policies and procedures for peer review and national management of the entire VA research portfolio.* Peer review of proposals ensures that VA's limited resources support the most meritorious research. Additionally, centralized VA administration provides coordination of VA's national research priorities, aids in moving new discoveries into clinical practice, and instills confidence in overall oversight of VA research, including human subject protections, while preventing costly duplication of effort and infrastructure. Earmarks have the potential to circumvent or undercut the scientific integrity of this process, thereby funding less than meritorious research.

Again, FOVA appreciates the opportunity to present our views to the Military Construction, Veteran's Affairs and Related Agencies Appropriations Subcommittee. While research challenges facing our nation's veterans are significant, if given the resources, the expertise and commitment of the physician-scientists working in the VA system will meet the challenge.

Mr. FARR. Thank you very much.

Dr. TOEWS. I am happy to answer questions if you have any.

Mr. FARR. Any questions, Mr. Wamp?

I just have one quick one. DARPA came here and demonstrated a lot of the prosthetics that they are developing. Are you working closely—are these labs working closely with DARPA?

Dr. TOEWS. Yes, they are. They are working closely with a variety of laboratories. The prosthesis specifically mentioned was an MIT and Brown collaboration. But the answer to your question is yes.

Mr. FARR. Terrific. I am very excited about what you are doing in that field.

Dr. TOEWS. Right. Right.

Mr. FARR. Thank you very much.

Dr. TOEWS. You are welcome.

Mr. FARR. Our next witness is Joel Streim? He is testifying on behalf of the American Association of Geriatric Psychiatry. Dr. Streim is the professor of psychiatry at the University of Pennsylvania's School of Medicine.

Welcome to our committee. And we will take your testimony in full for the record, and if you could summarize it.

THURSDAY, APRIL 23, 2009.

AMERICAN ASSOCIATION FOR GERIATRIC PSYCHIATRY

WITNESS

JOEL E. STREIM, MD

STATEMENT OF JOEL STREIM

Dr. STREIM. Thank you. Mr. Chairman and members of the subcommittee, I am Joel Streim, a past president of the American Association for Geriatric Psychiatry and a practicing geriatric psychiatrist.

AAGP is a professional membership organization dedicated to promoting the mental health and well-being of older Americans and improving the care of those with late-life mental disorders.

You have our written statement, which addresses a number of concerns. I will focus my testimony today on just two issues: first, the return on V.A. investments in geriatric mental health research and services with benefits that are now accruing to veterans across the lifespan; and, secondly, the need to safeguard funding to ensure full implementation of the VHA comprehensive Mental Health Strategic Plan and uniform mental health services handbook that specifies requirements supporting that implementation.

The number of veterans 85 years of age or older has grown rapidly in recent years, and the V.A. predicts that this oldest group will reach 1.2 million next year.

Providing health care for these veterans is challenging, as many of them have co-occurring chronic medical conditions, psychiatric illness, including cognitive disorders, and/or substance use disorders. For these patients, the interactions between their medical and psychiatric illnesses often complicate their health and result in poorer outcomes.

To deal with these common interactions, geriatric specialists have recognized that psychiatric treatment must be integrated and highly coordinated with general medical care. Over the past decade, the V.A. made a historic investment in aging research and integrated service models, and now it is paying dividends not only in better treatment for older veterans, but also in how we approach complex conditions across the lifespan.

V.A. has played a leading role in developing the scientific evidence base for understanding and treating health problems that are common in late life, such as cognitive impairment, musculoskeletal disorders, and chronic pain.

V.A. expertise in managing these interacting infirmities of aging now is informing the approach to younger veterans with similar problems. The cross-fertilization made possible by advances in geriatric mental health care will be especially important in working with returning OEF–OIF veterans who have polytrauma, which results in functional limitations due to combinations of cognitive impairment and physical disability.

A related concern is the previously recognized association in older adults between head trauma and an increased risk of developing dementia, which raises the worrisome possibility of accelerated brain aging in these younger veterans with head injuries.

AAGP urges Congress to support the V.A. in monitoring and managing the downstream effects of traumatic brain injury and its associated cognitive and physical disabilities beyond the initial recovery period as these veterans continue to age.

A second successful V.A. investment in mental health services for veterans across the lifespan must be continued and strengthened. This is the mental health enhancement initiative, which has grown from \$100 million when the special purpose fund was created in 2005 to \$557 million in 2009.

Through this important initiative, V.A. has ensured the availability of mental health staff to treat elderly veterans who receive their general health care through home-based primary care programs and in community living centers, previously known as nursing home care units.

The integration of mental health services into primary care and related settings has made it easier for older veterans to access mental health care, and it has improved the coordination of care for complex problems that I described in this population.

It has now been 5 years since the development of the VHA Comprehensive Mental Health Strategic Plan and 5 years since the mental health enhancement initiative was made available to support that plan. We at AAGP look forward to the time when the strategic plan is fully implemented according to the requirements specified in the recent uniform mental health services handbook that was published in June 2008.

However, it is anticipated that after 2009, the enhancement initiative will be rolled over into Veterans Equitable Resource Allocation, known as VERA. And while we believe V.A.'s intent is to maintain these enhancements of mental health care for older veterans, we have concerns about V.A.'s ability to achieve full implementation of the strategic plan without sustained, dedicated funding.

We therefore urge Congress to enact safeguards to prevent diffusion of the ongoing support that is required to reach this goal. AAGP appreciates that there is an important existing safeguard in appropriations language that requires no less than \$3.8 billion to be spent for mental health purposes.

However, further safeguards are really necessary to ensure continuation of funding specifically dedicated to full implementation of this VHA Comprehensive Mental Health Strategic Plan.

I would like to thank the subcommittee for the opportunity to testify today, and I would be pleased to answer any questions you have.

[The prepared statement of Joel Streim follows:]

**TESTIMONY OF THE
AMERICAN ASSOCIATION FOR GERIATRIC PSYCHIATRY
FOR THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION & VETERANS AFFAIRS
COMMITTEE ON APPROPRIATIONS
U. S. HOUSE OF REPRESENTATIVES
On Fiscal Year 2010 Appropriations for the Department of Veterans Affairs
April 23, 2009**

The American Association for Geriatric Psychiatry (AAGP) is pleased to have the opportunity to testify on Fiscal Year (FY) 2010 appropriations for mental health research and services for veterans. AAGP is a professional organization dedicated to promoting the mental health and well being of older Americans and improving the care of those with late-life mental disorders. Our membership consists of approximately 2,000 geriatric psychiatrists as well as other health professionals who focus on the mental health problems faced by senior citizens.

Although we agree with others in the mental health community about the importance of Federal support for mental health research and treatment, AAGP brings a unique perspective to these issues because our members serve the older adult patient population.

We appreciate the Subcommittee's support for the highest quality health care for our nation's veterans and for the research necessary to advance the quality of their care. Our veterans put forth their lives for our nation, and they deserve access to quality health care.

The Challenge of Meeting the Mental Health Needs of the Aging Veteran Population

Of the nation's 25.5 million veterans, nine million – approximately 35 percent – served in World War II or the Korean War. Another eight million aging Vietnam era veterans will soon join this older cohort and will bring increased challenges to the VA, including increased cases of post-traumatic stress disorder (PTSD) and, perhaps, a higher burden of substance abuse. The VA must be able to provide the specialized mental health care that these older veterans will need.

Between the years 1990 and 2000, the number of veterans in the 45-54 year-old age group who received mental health services from the VA more than tripled. As the nation continues to pursue the wars in Iraq and Afghanistan, thousands of younger veterans will turn to the VA for the special care and services only it can provide. All of these individuals will swell the ranks of those who will ultimately require geriatric care.

However, the most rapid growth in demand during the last decade was among older veterans. During that time, there was a four-fold increase in the number of veterans aged 75-84 who received VA mental health services. This substantial increase in utilization is even more striking when one considers that research has revealed an ongoing problem with under-diagnosis of mental disorders in older age groups.

More than half a million veterans are 85 years of age or older, and the VA predicts that this oldest group will reach 1.2 million in 2010. Historically, as many as one-third of all veterans seeking care at the VA have received treatment for mental disorders; and research indicates that serious mental illnesses affect at least one-fifth of the veterans who use the VA health care system. In addition, those who are older often suffer from co-existing medical conditions such as heart disease, hypertension, diabetes, lung disease, debilitating arthritis, or other conditions. For these patients, treatment of their medical illnesses is often complicated by psychiatric disorders. Conversely, their psychiatric care is more complex because of the co-occurrence of medical illness, which commonly requires treatment with multiple medications. Thus, for older veterans with mental health problems, psychiatric treatment must be integrated and coordinated with their general medical care.

The increasing need for coordinated mental health and general health care services for rapidly growing numbers of older veterans demands adequate, ongoing funding for VA mental health services, training, and research to meet the needs of the aging veteran population.

Comprehensive, Integrated Mental Health and General Health Care for Aging Veterans

The AAGP is pleased that the Mental Health Enhancement Initiative (MHEI) has grown from \$100 million when this special purpose fund was created in 2005, to \$557 million in 2009. Through the MHEI, VA has ensured the availability of mental health staff to treat elderly veterans who receive their general health care through Home-Based Primary Care (HBPC) programs and in Community Living Centers (CLCs, previously known as Nursing Home Care Units). The integration of mental health services into primary care and related settings has made it easier for older veterans to access mental health care, and has improved the continuity of care for the complex problems of this population.

AAGP notes that it has been five years since the development of the VHA Uniform Mental Health Services Strategic Plan, and five years since the MHEI was made available to support that plan. AAGP looks forward to the time when the Mental Health Strategic Plan is fully implemented. However, it is anticipated that, after 2009, the MHEI will be rolled over into the Veterans Equitable Resource Allocation (VERA). While we believe VA's intent is to maintain the enhancements described above, AAGP has concerns about VA's ability to achieve full implementation of the Mental Health Strategic Plan without sustained, dedicated funding. We therefore urge Congress to enact safeguards to prevent diffusion of the ongoing support that is required to reach this goal. AAGP appreciates that there is an important existing safeguard in appropriations language that requires no less than \$3.8 billion to be spent for mental health purposes and an additional \$130 million in spending on programs for the homeless. However, further safeguards are necessary to ensure continuation of funding specifically dedicated to full implementation of the VHA Uniform Mental Health Services Strategic Plan.

AAGP would also like to point out to Congress that the historic investment in aging research and services is paying off. VA has played a leading role in developing the scientific evidence base for understanding and treating health problems that are common in late-life, such as cognitive impairment, musculoskeletal disorders, and chronic pain. VA expertise in managing these complex, interacting infirmities of aging now informs the approach to younger veterans with similar problems. The cross-fertilization made possible by advances in geriatric mental health care will be especially important in working with returning OEF/OIF veterans who have poly-trauma which results in functional limitations due to a combination of cognitive impairment and physical disability. A related concern is the previously recognized association between head trauma and increased risk of developing Alzheimer's disease, which anticipates the possibility of accelerated brain aging in these younger veterans. AAGP urges Congress to support the VA in monitoring and managing the downstream clinical outcomes of traumatic brain injury and its associated cognitive and physical disabilities—beyond the initial recovery period—as these veterans continue to age.

Mental Healthcare Workforce and VA Recruitment and Training in Geriatrics

In light of the demonstrated toll of mental illness among veterans who have served in Iraq and Afghanistan in recent years, the Veterans Administration has added thousands of mental health professionals to meet their mental health needs. This build-up of the VA mental health workforce is clearly needed and is welcomed by the mental health community as a life-saving measure for these veterans and their families. Although the large increase in staffing has been focused on younger adults, it is crucial to remember that the majority of patients currently served by the VHA are aging middle-aged and older veterans, and that these are the veterans that most of the newly hired mental health staff will treat. The VA should ensure that they are adequately trained to meet the unique needs of veterans in late-life.

The 2008 Institute of Medicine (IOM) report on the geriatric workforce emphasizes the dearth of healthcare professionals trained in geriatrics. The shortfall is especially critical in the field of geriatric mental health. AAGP is concerned that, as the VA continues to increase the number of mental health professionals in its workforce, it can be expected to encounter serious challenges in attempts to recruit geriatric psychiatrists, psychologists, social workers, and other geriatric mental health practitioners who have specific training and experience in the care of older adults. In light of these challenges, AAGP commends VA for its record of leadership in training geriatric mental health professionals. This has been accomplished, in part, through funding of the Mental Illness Research Education and Clinical Centers (MIRECCs), Geriatric Research Education and Clinical Centers (GRECCs), and Parkinson Disease Research Education and Clinical Centers (PADRECCs). AAGP recommends that, in response to the 2008 IOM geriatric workforce report, Congress enact safeguards to ensure continued funding for the training of geriatric mental health professionals through these VA-based centers.

Veterans and Long-term Care

An estimated 30 percent of the patients in veterans' nursing home facilities currently suffer from Alzheimer's disease or other types of dementia. There are many more veterans still living in the community who are at risk for nursing home placement as their cognitive and functional status decline, and as their family caregivers become unable to care for them. As the elderly veteran population increases, the demand for long-term care services is expected to grow. Also, a substantial number of returning OEF/OIF veterans with traumatic brain injuries will require long-term residential care, now and in the near future.

AAGP is concerned that the capacity of traditional veterans' nursing home facilities to care for veterans with cognitive and functional impairments due to Alzheimer's disease and traumatic brain injuries will soon be overwhelmed. We anticipate that VA will therefore need to increase its capacity to provide long-term residential health care, in part by continuing its efforts to expand non-institutional options while preserving and improving its network of nursing homes. Quality of care for veterans with long-term care needs across the lifespan will require substantial attention to the epidemiology of mental illness (including dementia and other cognitive disorders) in this population, and the provision of geriatric mental health services that are vertically integrated into both institutional and non-institutional programs and horizontally integrated with general medical care and mental health services. This is the only way to prevent aging veterans with medical-psychiatric co-morbidity and associated physical disabilities from falling through the "service system" cracks.

Returning OEF/OIF veterans state that, if their injuries require residential care, they would not be comfortable living in traditional nursing homes, built in the past for older adults, that isolate them from the community. Another important innovation, currently underway at VA, is the program for cultural transformation of existing Nursing Home Care Units into Community Living Centers. AAGP applauds this VA project that will benefit both older and younger veterans who require residential care, providing a more home-like environment, enhancing dignity for recipients of care, and ensuring opportunities for continued participation in community life.

AAGP is also pleased with the development of a VHA strategic plan specifically for care of veterans with Alzheimer's disease and related dementias, and we urge Congress to support continued innovation in the approaches utilized by VA health personnel in treating veterans with Alzheimer's disease. The VA should also be supported in its efforts to develop family and caregiver support programs to enable veterans to remain at home for an extended period, and to receive community-based support services before nursing home care becomes necessary. AAGP recommends the creation of a new line of mental health research funding for the development, testing, and dissemination of interventions to manage the psychiatric and behavioral manifestations of Alzheimer's disease and related dementias. AAGP is especially concerned about the occurrence of agitation and aggression, which are frequent and severe behavior problems confronted by caregivers of patients with dementia living at home as well as in long-term care facilities.

Scientific evidence for safe and effective treatments for the psychiatric and behavioral symptoms of dementia is limited. We therefore propose that the VA undertake studies to address ways to manage agitation and aggressive behavior in older veterans in long-term care and domiciliary facilities.

Research

Although the VA has made genuine progress in psychiatric research in recent years, the level of research funding remains disproportionate to the utilization of mental health services by veterans. Despite the fact that veterans with mental illness account for approximately one-third of all veterans receiving treatment within the VA system, VA resources devoted to psychiatric and behavioral health research have lagged far behind those dedicated to research on other medical conditions. As the elderly veteran population expands and the number with dementia and other mental disorders grows, strengthening the research base in geriatric psychiatry becomes increasingly urgent. VA sponsored research into mental disorders of aging benefits all Americans, not just our veterans.

AAGP also has concerns about the future incidence of Post-traumatic Stress Disorder (PTSD) in the aging veteran population. While there are obvious war-related traumas that lead to PTSD in younger OEF/OIF veterans, aging veterans are exposed to various catastrophic events and traumas of late-life that can lead to new-onset PTSD or may trigger reactivation of pre-existing PTSD. Reactivation of PTSD has been seen more frequently in recent years among World War II, Korean conflict and Viet Nam era veterans. As the cohort of Viet Nam era veterans exhibits the infirmities of aging, with extensive co-morbidity and disability from interacting medical, psychiatric, and substance use disorders, they may be especially vulnerable to PTSD. AAGP therefore urges that funding for research and services related to PTSD be directed to the care of veterans across the entire lifespan.

A vitally important VA program for coordinating mental health research with education and clinical care are the Mental Illness Research, Education, and Clinical Centers (MIRECCs). Since 1996, Congress has authorized the VA to establish ten of these centers dedicated to mental illness research, education and clinical activities. AAGP believes the MIRECCs have successfully demonstrated that coordinated research and education projects can achieve rapid translation of new scientific knowledge into improved models for clinical services for veterans with mental illness. The investment that Congress has made in MIRECC research has paid substantial dividends, giving VA healthcare professionals more and better tools to treat patients with mental disorders. MIRECCs focus on problems highly relevant to veterans with schizophrenia, PTSD, and other serious mental illnesses, including those whose treatment is complicated by homelessness, substance abuse, or alcoholism. AAGP wishes to emphasize the value of those MIRECCs that focus on issues related to aging, including dementia, and psychiatric disorders in older veterans with concurrent medical illness and/or substance use disorders. AAGP urges Congress to continue funding of the MIRECCs.

In addition, AAGP strongly supports the work of Geriatric Research, Education and Clinical Centers (GRECCs). The GRECCs are centers of geriatric excellence designed for the advancement and integration of research, education, and clinical achievements in geriatrics and gerontology. Mental health has played a central role in the entire GRECC program since its inception in the mid-1970's. GRECCs focus on quality of life and care for the aging veteran and are at the forefront of innovative research and education. Research results have influenced therapies for diseases affecting older veterans and have also been exported outside the veteran community, and AAGP urges continuation and strengthening of these most important research centers.

Conclusion

In conclusion, AAGP commends this Subcommittee for its continued support for VA mental health services, research and training. Representing physicians who are specialists in geriatric psychiatry, AAGP believes that strengthening clinical services, research and training in geriatric mental health will enhance treatment not only for elderly veterans, but also for those who are currently young and middle-aged. Younger veterans are at risk for complications of their mental disorders as they grow older, and they clearly stand to benefit from cross-fertilization of successful treatment approaches that are developed for old, frail veterans with complex, interacting mental and physical problems.

Delivering quality health care for all veterans—integrating both physical and mental health care—must be a top priority. We therefore urge the Subcommittee to increase support for mental health services, training, and research; and to commit the resources necessary to provide our nation's veterans with access to quality, affordable, well-coordinated physical and mental health care.

The American Association for Geriatric Psychiatry appreciates the opportunity to submit this statement for the Subcommittee's consideration. AAGP looks forward to working with members of the Subcommittee to ensure that all veterans have access to quality affordable mental health care.

Principal Investigator/Program Director (Last, first, middle): ... STREIM, JOEL E.**BIOGRAPHICAL SKETCH**Provide the following information for the key personnel in the order listed for Form Page 2.
Follow the sample format for each person. **DO NOT EXCEED FOUR PAGES.**

NAME Joel E. Streim, MD		POSITION TITLE Professor of Psychiatry	
EDUCATION/TRAINING (Begin with baccalaureate or other initial professional education, such as nursing, and include postdoctoral training.)			
INSTITUTION AND LOCATION	DEGREE (if applicable)	YEAR(s)	FIELD OF STUDY
Haverford College, Haverford PA	B.A.	1973	Philosophy
University of Rochester, Rochester NY	M.D.	1978	Medicine
University of Rochester, Rochester NY	Res & Ch Res	1982	Internal Medicine
University of Wisconsin, Madison WI	Resident	1985	Psychiatry
VA Medical Center, Madison WI	Fellow	1988	Geriatrics

A. Positions and Honors

- 1981-82 Instructor in Medicine and Psychiatry, University of Rochester—Rochester, New York
 1985-88 Clinical Instructor in Psychiatry, University of Wisconsin—Madison, Wisconsin
 1988-97 Assistant Professor of Psychiatry and Assistant Professor of Psychiatry in Rehabilitation Medicine, University of Pennsylvania School of Medicine—Philadelphia, Pennsylvania
 1988-91 Liaison Psychiatrist and Acting Chief of Service, Piersol Rehabilitation Center, Hospital of the University of Pennsylvania—Philadelphia, PA
 1988-94 Director of the Geriatric Psychiatry Consultation Service, Hospital of the University of Pennsylvania—Philadelphia, PA
 1991- Geriatric Psychiatrist, VA Medical Center and Nursing Home Care Unit—Philadelphia, PA
 1992-98 Appointed by Governor to serve on Joint Committee on the Mental Health of Older People, Dept. of Aging and Office of Mental Health—Commonwealth of Pennsylvania
 1993 John A. Musser Award for Outstanding Patient Care, Hospital of the University of Pennsylvania
 1993- Director, Geriatric Psychiatry Fellowship Program. University of Pennsylvania—Philadelphia, PA.
 1995-00 Clinical Mental Health Academic Award, National Institute of Mental Health
 1996 University of Pennsylvania, School of Medicine Class of '99 Excellence in Teaching Award
 1997-04 Associate Professor of Psychiatry and Associate Professor of Psychiatry in Rehabilitation Medicine, University of Pennsylvania School of Medicine—Philadelphia, Pennsylvania
 1999 Outstanding Physician Award, Philadelphia Corporation for Aging
 2000- Senior Fellow, Institute on Aging, University of Pennsylvania School of Medicine
 2000-05 Co-associate Director for Clinical Programs, Mental Illness Research Education Clinical Center, VA Medical Center, Philadelphia, PA
 2001-02 Appointed to review panel for nursing home surveyor guidelines, Center for Medicare and Medicaid, Department of Health and Human Services
 2002- Member, Committee for Subspecialty Certification in Geriatric Psychiatry, American Board of Psychiatry and Neurology
 2003-04 President, American Association for Geriatric Psychiatry
 2004- Professor of Psychiatry, University of Pennsylvania School of Medicine—Philadelphia, PA

B. Selected Peer-Reviewed Publications

- Streim, J.E., Katz, I.R. Federal regulations and the care of patients with dementia in the nursing home. *Med Clinics N Am* 78:895-909, 1994.

Principal Investigator/Program Director (Last, first, middle): ...STREIM, JOELE

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Subcommittee on Veterans Affairs
(Subcommittee of the House Appropriations Committee)

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Your Name, Business Address, and Telephone Number:</p> <p>Joel E. Streim, MD Geriatric Psychiatry Section University of Pennsylvania 3615 Chestnut Street Philadelphia, PA 19104</p> <p>215-615-3086 (direct / voice mail) 215-349-8389 (Maria Crudele, administrative assistant)</p>
<p>1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.</p> <p>American Association for Geriatric Psychiatry</p>
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p>Yes</p>
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p> <p>National Institute for Mental Health \$2,975,150 research grant to the University of Pennsylvania (Joel E. Streim, MD, Principal Investigator)</p>

Signature: *Joel E. Streim MD*

Date: April 1, 2009

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

Mr. WAMP. So if there is a one-sentence takeaway, what would it say?

Dr. STREIM. Try and figure out a safeguard to make sure that, if funds are rolled over into VERA, that they are dedicated to make sure that the strategic plan is actually implemented.

Actually, the GAO did a follow up in 2006 and published a report showing that funds allocated under the mental health initiative—enhancement initiative actually didn't all get to mental health activities that were part of the intended implementation, according to the handbook requirements.

And so it is down to follow the dollars and make sure they get to where they are intended to go.

Mr. WAMP. Thank you.

Dr. STREIM. The appropriations are there. We want them to continue. But we want to make sure they actually do—

Mr. FARR. You want a firewall?

Dr. STREIM. Exactly. And I leave it up to you to craft that.

Mr. FARR. Let me ask you one question. You recommend a creation of a new line of mental health research funding for the development, testing and dissemination of an intervention to manage the psychiatric and behavioral manifestations of Alzheimer's disease and other related dementias.

Do the National Institutes of Health already have that?

Dr. STREIM. Yes, the NIH funds the large proportion of the Alzheimer's research in the United States currently. The V.A. has actually also taken tremendous initiative in this area. There are geriatric research, education and clinical centers. There are mental illness research, education and clinical centers—

Mr. FARR. Then why do we need a line item?

Dr. STREIM. Because we really believe that the Alzheimer's research at this point is still underfunded. And the reason we are particularly concerned now, as I said in my oral testimony, is, with all the returning veterans from Afghanistan and Iraq theaters, we are seeing head injuries, and we know that these young veterans are at risk as they age for developing dementias of the Alzheimer type. And we want to be as prepared as we can, as they get older, to follow them up and make sure that the treatments are in place.

Alzheimer's research is underway, but we have a long way to go.

Mr. FARR. Thank you. We appreciate your testimony.

Dr. STREIM. Thank you.

Mr. FARR. Moving on, Barbara Cohoon is the Deputy Director of Government Relations for the National Military Family Association. She is a member of the Department of Defense's Uniform Formulary Beneficiary Advisory Panel. That is a mouthful. She has been appointed to DOD's Defense Health Board's TBI Family Caregivers Panel, Health Care Delivery Subcommittee, and the TBI Subcommittee.

We look forward to your testimony.

THURSDAY, APRIL 23, 2009.

NATIONAL MILITARY FAMILY ASSOCIATION**WITNESS****BARBARA COHOON**

STATEMENT OF BARBARA COHOON

Ms. COHOON. Thank you.

Mr. Chairman and distinguished members of the subcommittee, the National Military Family Association would like to thank you for the opportunity to present testimony on the quality of life of military families, the nation's families.

In this statement, our association will address issues of importance to military families, veterans, and survivors regarding family readiness, family health, and family transition.

Our association is pleased with the attention this subcommittee has paid to expanding childcare facilities. However, we continue to hear more childcare services are needed to fill the ever-growing demand. Our association encourages increased funding for drop-in childcare for medical appointments and restive care on DOD and V.A. premises—partnerships with other organizations to provide this valuable service.

Privatized housing is a welcome change for military families. However, project delays negatively impact the quality of the life of our families. A visit to Key West, Florida, found a contractor had only renovated 32 homes out of 890, and no new construction projects had been completed. We request an oversight hearing to address these issues.

The V.A. needs to be cognizant of the ever-changing landscape and needs of their veteran population and those who care for them. The V.A. needs to offer alternative housing arrangements, which allows for a diversified population to live together in harmony, fosters independent living, and maintains dignity for all involved. We recommend V.A. funding for these housing initiatives.

The commissary is a key element of the total compensation package for our military families. Our association is concerned there will not be enough commissaries to serve areas experiencing substantial growth because of BRAC. Additional flexible funding is needed to ensure commissaries are built, expanded or renovated in these areas.

Our association is concerned DOD and the V.A. health care system may not have all the resources it needs to provide access to health care for all eligible beneficiaries. DOD and V.A.'s health care facilities must meet today's health care demands of the diversified population.

Congress must provide timely and accurate funding for world-class facilities, offering state-of-the-art services supported by evidence-based research and design.

Family members are a key component of their veteran's well-being. Our association is especially concerned with the scarcity of services available to these families as they leave the military.

The V.A. and DOD need to think proactively as a team and as one system to address issues early in the process and provide tran-

sitional programs. And these services need to be adequately funded.

Interoperability is crucial. We need to create a seamless transfer of medical record information, especially as we move toward more joint facility operations and for our wounded, ill and injured who frequently transfer between the two agencies' health care systems. We encourage Congress to adequately fund V.A. and DOD I.T. interoperability.

Caregivers need to be recognized for the important role they play in the care of their loved ones. Their daily involvement improves the quality of life of the veteran and saves the V.A. money. In order to perform their job well, caregivers need to be trained, certified, and appropriately compensated for the care they provide.

Our association looks forward to discussing details of implementing such a plan with members of this subcommittee. We would like to see the dependents educational assistance benefit match the increase in Montgomery G.I. Bill benefits and adjust proportionately whenever Congress raises servicemembers' educational benefits.

Our association asks for dependency and indemnity compensation, DIC equity, with other federal survivor benefits and that it be increased to 55 percent of V.A. disability compensation. We ask Congress to make the additional \$250 DIC family transitional payments paid by the V.A. retroactive through October 7, 2001, and that this benefit be linked to COLA in the future.

BRAC and global rebasing are still occurring. For families remaining overseas, additional MILCON funding is needed to rebuild and upgrade schools. To address these concerns, we urge Congress to appropriate \$100 million in MILCON funding for these schools.

Our association would like to thank you again for the opportunity to present testimony today on the quality of life of our military families. We thank you for your support of our servicemembers, veterans, their families, and for the survivors who made the greatest sacrifice.

Military families are our nation's families. They serve with pride, honor, and quiet dedication. We look forward to working with you to improve the quality of life for all these families.

Thank you, and I await your questions.

[The prepared statement of Barbara Cohoon follows:]



National Military Family Association, Inc.

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Statement of

Barbara Cohoon
Deputy Director, Government Relations

NATIONAL MILITARY FAMILY ASSOCIATION

Before the

**SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND VETERANS' AFFAIRS**

of the

HOUSE APROPRIATIONS COMMITTEE

April 23, 2009

**Not for Publication
Until Released by
The Committee**

National Military Family Association is the leading nonprofit organization committed to improving the lives of military families. Our 40 years of accomplishments have made us a trusted resource for families and the Nation's leaders. We have been at the vanguard of promoting an appropriate quality of life for active duty, National Guard, Reserve members, retired service members, their families, and survivors from the seven uniformed services: Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration.

Association Representatives in military communities worldwide provide a direct link between military families and the Association staff in the Nation's capital. These volunteer Representatives are our "eyes and ears," bringing shared local concerns to national attention.

The Association does not have or receive federal grants or contracts.
Our website is: <http://www.nmfa.org>.

Barbara Cohoon, Deputy Director, Government Relations

Ms. Cohoon was hired as Deputy Director of Government Relations for the National Military Family Association in July 2006. In that position, she monitors issues relevant to the quality of life of families of the uniformed services and represents the Association at briefings and other meetings. Ms. Cohoon currently serves on The Military Coalition's Veterans Affairs and Health Care Committees. She is a member of the Department of Defense's (DoD) Uniform Formulary Beneficiary Advisory Panel. She has been appointed to DoD's Defense Health Board's TBI Family Caregivers Panel, Health Care Delivery Subcommittee, and the TBI Subcommittee. Her activities on behalf of the Association directly contribute to sustaining the TRICARE health care benefit for military service members, retirees, and their families. Her expertise is used to provide independent advice and valuable recommendations to the Subcommittees and develop resource materials for TBI caregivers.

Ms. Cohoon was originally from Andover, Massachusetts. She received a Diploma of Nursing from Lowell General Hospital, an AA in Nursing from San Diego City College, a Masters of Science in Nursing and a Doctorate in Philosophy from the College of Health and Human Services with a concentration in health policy from George Mason University. She has more than 20 years of nursing experience in both military and civilian health care facilities. She is a member of the Honor Society of Nursing, Sigma Theta Tau. She has been published in peer-reviewed health care journals and writes regularly for the National Military Family Association. She is often called to publicly comment on issues pertaining to health care issues affecting service members, veterans, and their families.

Ms. Cohoon has been a Navy submariner's spouse for over 29 years which included 19 moves. She has been active in military spouses' clubs, various fundraisers, in the development and implementation of the first Joint Women's' Conference for military spouses in Hawaii and an active mentor for the Command Spouses Leadership Course (CSLC). She has completed both the Ombudsman and Advanced Ombudsman Training courses. She was an Executive Advisor for Fleet and Family Service Center, American Red Cross, Navy Relief Society, Kings Bay Naval Base Medical Clinic and various fundraising events from 2002 – 2004. She worked as a volunteer for the CNO directed Task Force Navy Family for Hurricane Katrina evacuees. She is a member of the Naval Officers' Spouses' Club of Washington, DC, the National Military Family Association, and a lifetime member of the Navy League. She has two boys. One is a graduate of Lynchburg College in History and the other from Georgia Tech in Mechanical Engineering. She currently resides in Old Town Alexandria, VA where she and her husband have renovated a 115+ year old home.

Mr. Chairman and Distinguished Members of this Subcommittee, the National Military Family Association would like to thank you for the opportunity to present testimony on the quality of life of military families – the Nation's families. You recognize the sacrifices made by today's service members and their families by focusing on the many elements of their quality of life package: housing, military construction, wounded service members, veterans, and their families, veteran and survivor benefits and services; and making sure the military is well prepared for upcoming global rebasing and Base Realignment and Closure (BRAC) moves.

In this statement, our Association will address issues of importance to military families, veterans, and survivors:

- I. Family Readiness
- II. Family Health
- III. Family Transitions

I. Family Readiness

National Military Family Association believes policies and programs should provide a firm foundation for families buffeted by the uncertainties of deployment and transformation. We promote programs that expand and grow to adapt to the changing needs of service members and families as they cope with multiple deployments and react to separations, reintegration, and the situation of those returning with both visible and invisible wounds. Standardization in delivery, accessibility, and funding are essential. It is imperative full funding for these programs be included in the regular budget process and not merely added on as part of supplemental funding.

Child Care

The Services – and families – continue to tell us more child care services are needed to fill the ever growing demand, including hourly, drop-in, respite, and after-hour child care. We've heard stories like this:

Child care facilities on base are beyond compare – for spouses and military members who work nine to five. In our increasingly service-oriented economy, the job I have has me working until at least seven most days, and usually as late as midnight one to two days a week. When my husband deploys or has a stint on second shift, I run out of options quickly. I have been unable to get another, more conventional job in the two years I have been in this area....there are minimum requirements as to what shifts I need to work to maintain full-time employment at my current workplace, and I cannot have those waived for an entire deployment.

At our *Operation Purple@ Healing Adventures* camp for families of the wounded, ill, and injured, we were told there is a tremendous need for access to adequate child care on or near military treatment facilities. Families need available child care in order to attend medical appointments, especially mental health appointments. Families often find it difficult to obtain affordable, quality care especially during hard-to-fill hours (before 6 am and after 6 pm) and weekends. Respite care is also needed for our families of the deployed and wounded, ill, and injured. Funding for innovative programs is needed to address these needs. Our Association encourages increased funding for drop-in child care for medical appointments and respite care on the Department of Defense (DoD) and the Department of Veterans Affairs (VA) premises or partnerships with other organizations to provide this valuable service. Our Association is

pleased at the attention this Subcommittee has paid to expanding child care facilities for our service members and their families.

Military Housing

Privatized housing is a welcome change for military families and we are pleased the National Defense Authorization Act for Fiscal Year 2009 (NDAA FY09) called for an annual report that addresses the best practices for executing privatized housing contracts. With our depressed economy, increased oversight is critical to ensure timely completion of these important projects. Project delays negatively impact the quality of life of our families. We are hearing from our families that renovations and new construction for housing have been delayed. A recent visit to Key West, Florida, found the contractor had only renovated 32 homes out of 890 and had completed no new construction projects. A large percentage of their housing sits below the hurricane flood zone as the next hurricane season looms in the distance. We have also heard reports of mold in Fort Hood, Texas, housing with no resolution. Families at Fort Hood and other Army installations also express concern about their utility charges. Many homes do not have individual meters and families must bear the cost of their neighbors' over usage. Families should only be charged for utilities if their individual dwelling is metered and has energy saving features.

Commanders must be held accountable for the quality of housing and customer service in privatized communities. The well-being of the residents of privatized housing areas remains the responsibility of the installation Commander even when that housing is managed by a private company. Service members who are wounded and must move to a handicapped accessible home or break their lease provisions due to short-notice PCS orders should not be penalized. Service members should not languish on wait lists while civilians occupy housing. While privatization contracts permit other non-military occupants for vacant units, Commanders must ensure that privatized housing is first and foremost meeting the needs of the active duty population of the installation. In some cases, this will require modification or renegotiation of contracts.

Privatized housing is a partnership between the contractor and the Services for the benefit of the military family and savings to the government. The Services must be held accountable for these contracts and mediate between families and the contractor to find a successful resolution when issues arise. In addition to the items outlined last year for the report on privatized housing, we request you direct DoD to address the Services' level of involvement in mediating issues between the contractor and the resident. We also request a hearing consisting of privatized housing contractors, the Service contacts, and the families who are experiencing problems.

Due to deployment rotations, inability to sell their home, lack of quality schools or few employment options for spouses in some locations, or other personal choices, more families are choosing to have the service member go to a new duty station as a geographical bachelor. We request an assessment of the current geographical bachelor housing and a plan from the Services to make more housing available to geographical bachelors.

Veteran Housing

Many of our wounded, ill, and injured service members and veterans from this current conflict are being cared for by their parents. Also, many adult children of our senior veterans are experiencing first hand trying to juggle the needs of the parents along with the needs of the children, and are referred to as the "sandwich" generation. The VA needs to be cognizant of the ever changing landscape and needs of their veteran population and those who care for them.

The VA needs to offer alternative housing arrangements, such as assisted living facilities and family/retirement villages, which allow a diversified population to live together in harmony. This will go a long way in allowing for family units to stay together, foster independent living, and maintain dignity for the veteran.

Brooke Army Medical Center (BAMC) has recognized a need to support our wounded, ill, and injured families by expanding the number of guesthouses co-located within the hospital grounds and providing a family reintegration program for their Warrior Transition Unit. The on-base school system is also sensitive to issues surrounding these children. A warm, welcoming family support center located in guest housing serves as a sanctuary for family members. Other DoD and VA medical facilities could benefit from looking at successful programs like BAMC's that embrace the family unit and commit to building family friendly environments of care for our wounded, ill, and injured service members, veterans, and their families. We recommend VA funding for the development of alternative housing and living arrangements for veterans and the families who care for them.

Commissaries

The commissary is a key element of the total compensation package for service members and retirees and is valued by them, their families, and survivors. Not only do our surveys indicate that military families consider the commissary one of their most important benefits, during this economic downturn, many families are returning to the commissary to help them reduce their grocery budget. In addition to providing average savings of more than 30 percent over local supermarkets, commissaries provide an important tie to the military community. Commissary shoppers get more than groceries at the commissary. They gain an opportunity to connect with other military family members and to get information on installation programs and activities through bulletin boards and installation publications. Finally, commissary shoppers receive nutrition information and education through commissary promotions and educational campaigns contributing to the overall health of the entire beneficiary population.

Our Association is concerned there will not be enough commissaries to serve areas experiencing substantial growth, including those locations with service members and families relocated by BRAC. The surcharge was never intended to pay for DoD and Service transformation. Additional funding is needed to ensure commissaries are built or expanded in areas that are gaining personnel as a result of these programs. Our Association is following with interest the Defense Commissary Agency's proposal to build greater numbers of commissaries by borrowing money on a "build to lease" basis. Additional MILCON dollars may be needed for this project.

Our Association urges Congress to ensure resources are available to meet the child care needs of military families to include hourly, drop-in and increased respite care for families of deployed service members and the wounded, ill, and injured.

We recommend a hearing consisting of privatized housing contractors, the Service contacts, and the families who are experiencing problems.

We request an assessment of the current geographical bachelor housing and a plan from the Services to make more housing available to geographical bachelors.

We encourage the VA to develop alternative housing and living arrangements for veterans and the families who care for them. These projects will need to be funded by Congress.

Additional funding is needed to ensure that commissaries are built or expanded in areas experiencing substantial growth or gaining personnel due to BRAC.

II. Family Health

Family readiness calls for access to quality health care and mental health services. Our Association is concerned the DoD and VA health care system may not have all the resources it needs to provide access to health care for all eligible beneficiaries. Our direct care system of Military Treatment Facilities (MTF), along with the VA network of care, must meet today's health care demands of their diversified populations. Congress must provide timely and accurate funding for health care. DoD and VA health care facilities must be funded to be "world class," offering state-of-the-art health care services supported by evidence-based research and design. Funding must also support the renovation of existing facilities or complete replacement of out-of-date DoD and VA health care facilities. As we get closer to the closure of Walter Reed Army Medical Center and the opening of the new Fort Belvoir Community Hospital and the new Walter Reed National Military Medical Center, as part of the National Capitol Region BRAC process, we must be assured these projects are properly and fully funded. We encourage Congress to provide any additional funding recommended by the Defense Health Board's BRAC Subcommittee's report.

Information Technology (IT) Interoperability

The DoD, VA, and State agencies, along with civilian providers, need to work together, creating a seamless transfer of medical record information regarding health care services received by our service members, veterans, National Guard and Reserve members, retirees and their families and survivors. Interoperability, especially between DoD and VA, is crucial. A recent visit to the Naval Branch Medical Clinic Key West found service members and their families utilizing a VA provider. This clinic is a joint facility. There are systems in place for sharing of data between the two agencies' electronic health servers, yet staff at the clinic were unable to access this option. Medical records were being hand carried and manually entered into the receiving health care server. As we move toward more joint facility operations, medical record information must be easily accessed and transferred between agency servers. This is especially important for our wounded, ill, and injured service members who frequently transfer between the two agencies' health care systems and, eventually, from active duty status to veteran status. We encourage Congress to adequately fund VA and DoD IT interoperability of medical records.

TRICARE Reimbursement by the VA

We have heard the main reason for the VA not providing health care and psychological health care services is because they cannot be reimbursed for care rendered to a family member. However, the VA is a qualified TRICARE provider. This allows the VA to bill for services rendered in their facilities to a TRICARE beneficiary. There may be a way to bill other health insurance companies as well for care provided to family members. The VA needs to look at the possibility for other methods of payments.

National Health Care Proposal

Our Association is cautious about current rhetoric by the Administration and Congress regarding the establishment of a National health care insurance program. As the 111th Congress takes up a National health care insurance proposal, we request Congressional vigilance to ensure this legislation will not have a negative impact on the DoD and VA health care systems and access to care for service members, retirees, veterans, their families, and survivors.

Psychological Health

Our Nation must help returning service members and their families cope with the aftermaths of war. DoD, VA, and State agencies must partner in order to address psychological health issues early in the process and provide transitional mental health programs. Partnering will also capture the National Guard and Reserve member population, who often straddle these agencies' health care systems.

Full Spectrum of Care

Families' need a full spectrum of psychological health services—from preventative care to stress reduction techniques, to individual or family counseling, to medical mental health services. There are a variety of psychological health services, both preventative and treatment, across many government agencies and programs. Because families will continue to grapple with the effects of numerous lengthy and dangerous deployments, we believe the need for confidential psychological health services will continue to rise. It is important these services are provided upstream while the service member and their family are still on active duty. If not, the VA will need to be aware of what may be heading their way, as they lay "downstream" in anticipation.

Access to Psychological Health Care

Our Association is concerned about the overall shortage of psychological health providers in DoD'S TRICARE direct and purchased care network and VA's network of care. DoD's *Task Force on Mental Health* stated timely access to the proper psychological health provider remains one of the greatest barriers to quality mental health services.

Families must be included in mental health counseling and treatment programs for wounded, ill, and injured service members and veterans. Family members are a key component to their service members and veterans' psychological well-being. We recommend funding for extended outreach programs to service members, veterans, and their families of available psychological health resources, such as DoD, VA, and State agencies. Families want to be able to access care with a psychological health provider who understands or is sympathetic to the issues they face.

Availability of Treatment

Do DoD, VA and State agencies have adequate psychological health providers, programs, outreach, and funding? Better yet, where will the veteran's spouse and children go for help? Many will be left alone to care for their loved one's invisible wounds resulting from frequent and long combat deployments. Who will care for them when they are no longer part of the DoD health care system?

The Army's Mental Health Advisory Team (MHAT) IV report links reducing family issues to reducing stress on deployed service members. The team found the top non-combat stressors were deployment length and family separation. They noted soldiers serving a repeat deployment reported higher acute stress than those on their first deployment and the level of

combat was the major contribution for their psychological health status upon return. These reports demonstrate the amount of stress being placed on our troops and their families.

Our Association is especially concerned with the scarcity of services available to the families as they leave the military following the end of their activation or enlistment. Due to the service member's separation, the families find themselves ineligible for TRICARE, and are very rarely eligible for health care through the VA. Many will choose to locate in rural areas lacking available psychological health providers. We ask you to fund solutions that address the distance issues families face in finding psychological health resources and obtaining appropriate care. Isolated service members, veterans, and their families do not have the benefit of the safety net of services and programs provided by MTFs, VA facilities, Community-Based Outpatient Centers, and Vet Centers. We recommend:

- funding for alternative treatment methods, such as telemental health;
- modifying licensing requirements in order to remove geographic practice barriers that prevent psychological health providers from participating in telemental health services outside of a VA facility; and
- educating civilian network psychological health providers about our military culture as the VA incorporates Project Hero.

Wounded, Ill, and Injured Families

When designing support for the wounded, ill, and injured in today's conflict, our Association believes the government, especially DoD, VA, and State agencies, must take a more inclusive view of military and veterans' families. Those who have the responsibility to care for the wounded service member must also consider the needs of the spouse, children, parents of single service members, siblings, and other caregivers. Because family members are an integral part of the health care team and recovery process, they must have access to counseling and other psychological support services as well during the service members' recovery. Caregivers of the severely wounded, ill, and injured service members who are now veterans have a long road ahead of them. In order to perform their job well, their long-term psychological care needs must be addressed.

Vet Centers are an available resource for veterans' families, providing adjustment, vocational, and family and marriage counseling. The VA health care facilities and the community-based outpatient clinics (CBOCs) have a ready supply of mental health providers, yet regulations restrict their ability to provide mental health care to veterans' families unless they meet strict standards. Unfortunately, this provision hits the veteran's caregiver the hardest. We recommend VA partner with DoD to allow military families access to mental health services. These services need to be adequately funded. We also believe Congress should require the VA, through its Vet Centers and health care facilities to develop a holistic approach to care by including families when providing mental health counseling and programs to the wounded, ill, and injured service member or veteran.

Children

Our Association is concerned about the impact deployment and/or the injury of the service member is having on our most vulnerable population, children of our military and veterans. Multiple deployments are creating layers of stressors, which families are experiencing at different stages. Teens especially carry a burden of care they are reluctant to share with the non-deployed parent in order to not "rock the boat." They are often encumbered by the feeling of trying to keep the family going, along with anger over changes in their schedules, increased responsibility, and fear for their deployed parent. Children of the National Guard and Reserve members face unique challenges since there are no military installations for them to utilize.

They find themselves “suddenly military” without resources to support them. Also vulnerable, are children who have disabilities that are further complicated by deployment and subsequent injury of the service members.

Through our *Operation Purple*® camps, our Association has begun to identify the cumulative effects multiple deployments are having on the emotional growth and well being of military children and the challenges posed to the relationship between deployed parent, caregiver, and children in this stressful environment. Understanding a need for this information, we contracted with the RAND Corporation to conduct first a pilot study and now a longitudinal study. The follow-on study is examining the relationship between the total months of deployment a family experiences and its association with non-deployed caregiver’s mental health and child’s well-being. In addition, we are assessing the impact of reintegration on the families and how this varies by a service member’s rank and Service component. The report is due spring 2010.

We encourage partnerships between government agencies, DoD, VA, and State agencies and recommend they reach out to those private and non-governmental organizations who are experts on children and adolescents. They could identify and incorporate best practices in the prevention and treatment of mental health issues affecting our military children. We strongly suggests research on veterans’ families, especially children of wounded, ill, and injured Operation Iraqi Freedom and Operation Enduring Freedom veterans. We must remember to focus on preventative care upstream, while still in the active duty phase, in order to have a solid family unit as they head into the veteran phase of their lives. Funding for services and programs for our children is imperative.

Education

The DoD, VA, and State agencies must educate their health care and mental health professionals of the effects of mild Traumatic Brain Injury (mTBI) in order to help accurately diagnose and treat the service member’s condition. They must be able to deal with polytrauma—Post-Traumatic Stress Disorder (PTSD) in combination with multiple physical injuries. We need more education for civilian health care providers on how to identify signs and symptoms of TBI and PTSD.

The families of service members and veterans must be educated about the effects of mTBI and PTSD in order to help accurately diagnose and treat the service member and veteran’s condition. These families are on the “sharp end of the spear” and are more likely to pick up on changes attributed to either condition and relay this information to their health care providers. This multi-pronged outreach will require an identification of resources and funding to make them available.

Research

We appreciate Congress establishing a Center of Excellence for TBI and PTSD. Now with the new National Intrepid Center of Excellence (NICoE), it is very important DoD and VA partner with NICoE in researching TBI and PTSD. Research should be inclusive of all types of wounds, illness, and injuries incurred by service members and veterans. Funding for flexible research is needed that will allow for both DoD and VA to partner with each other or with outside agencies, or work independently.

Wounded Service Members Have Wounded Families

Our Association asserts that behind every wounded service member and veteran is a wounded family. Those who have the responsibility to care for the wounded, ill, and injured service member must also consider the needs of the spouse, children, parents of single service

members and their siblings, and the caregivers. We appreciate the inclusion in the NDAA FY08 Wounded Warrior provision for health care services to be provided by the DoD and VA for family members. DoD and VA need to think proactively as a team and one system, rather than separately; and addressing problems and implementing initiatives upstream while the service member and their families are still on active duty status.

Reintegration programs become a key ingredient in the family's success. In the spring of 2008, our Association held a focus group composed of wounded service members and their families to learn more about issues affecting them. Families find themselves having to redefine their roles following the injury of the service member. They must learn how to parent and become a spouse/lover with an injury. Each member needs to understand the unique aspects the injury brings to the family unit. Parenting from a wheelchair brings a whole new challenge, especially when dealing with teenagers. Parents need opportunities to get together with other parents who are in similar situations and share their experiences and successful coping methods. Our Association believes we need to focus on treating the whole family with programs offering skill based training for coping, intervention, resiliency, and overcoming adversities; and, education on identifying mental health, substance abuse, suicide. Successful reintegration is important in the overall wellbeing of the family unit and society as a whole. In order to accomplish this, it will take strong partnership at all levels between the various mental health arms of DoD, VA, and State agencies. Injury interrupts the normal cycle of deployment and the reintegration process. DoD and VA need to provide family and individual counseling to address these unique issues. We must provide opportunities for the entire family and for the couple to reconnect and bond, especially during the rehabilitation and recovery phases. We piloted an *Operation Purple@ Healing Adventures* camp to help wounded service members and their families learn to play again as a family and we plan one in summer 2009. The VA may want to pilot a similar program.

Transitioning for the Wounded and Their Families

Transitions can be especially problematic for wounded, ill, and injured service members, veterans, and their families. The DoD and the VA health care systems, along with State agency involvement, should alleviate, not heighten these concerns. They should provide for coordination of care, starting when the family is notified that the service member has been wounded and ending with the DoD, VA, and State agencies working together, creating a seamless transition, as the wounded service member transfers between the two agencies' health care systems and, eventually, from active duty status to veteran status.

Caregivers

Caregivers need to be recognized for the important role they play in the care of their loved one. Without them, the quality of life of the wounded service members and veterans, such as physical, psycho-social, and mental health, would be significantly compromised. They are viewed as an invaluable resource to the DoD and VA because they tend to the needs of the service members and the veterans on a regular basis. And, their daily involvement saves DoD, VA, and State agency health care dollars in the long run. In order to perform their job well, however, caregivers must be given the skills to be successful. This will require the caregiver to be trained through a standardized, certified program, and appropriately compensated for the care they provide. The time to implement these programs is while the service member is still on active duty status.

Our Association proposes that new types of financial compensation be established for caregivers of wounded, ill, and injured service members and veterans that could begin while the hospitalized service member is still on active duty and continue throughout the transition to care

under the VA. This compensation should recognize the types of medical and non-medical care services provided by the caregiver, travel to appointments and coordinating with providers, and the severity of injury. It should also take into account the changing levels of service provided by the caregiver as the veteran's condition improves or diminishes or needs for medical treatment change. These needs would have to be assessed quickly with little time delay in order to provide the correct amount of compensation. The caregiver should be paid directly for their services, but the compensation should be linked to training and certification paid for by the VA and transferrable to employment in the civilian sector if the care is no longer needed by the service member or veteran. Our Association looks forward to discussing details of implementing such a plan with Members of this Subcommittee.

Consideration should also be given to creating innovative ways to meet the health care and insurance needs of the caregiver, with an option to include their family. Perhaps, caregivers of severely wounded, ill, and injured service members or veterans can be given the option of buying health insurance through the Federal Employees Health Benefit Program or through enrollment in CHAMPVA. A mechanism should also be established to assist caregivers who are forced out of the work force to save for their retirements, for example, through the federal Thrift Savings Plan.

There must be a provision for transition for the caregiver if the caregiver's services are no longer needed or if the caregiver chooses to no longer participate or is asked by the veteran to no longer provide services. The caregiver should still be able to maintain health care coverage for one year. Compensation would discontinue following the end of services/care provided by the caregiver.

The VA currently has eight caregiver assistance pilot programs to expand and improve health care education and provide needed training and resources for caregivers who assist disabled and aging veterans in their homes. If proven effective, these caregiver pilot programs should be implemented across the VA system and fully funded.

Relocation Allowance

Active Duty service members and their spouses qualify through the DoD for military orders to move their household goods (known as a Permanent Change of Station (PCS)) when they leave the military service. Medically retired service members are given a final PCS move. Medically retired married service members are allowed to move their family; however, medically retired single service members only qualify for moving their own personal goods.

National Military Family Association is requesting the ability for medically retired single service members to be allowed the opportunity to have their caregiver's household goods moved as a part of the medical retired single service member's PCS move. This should be allowed for the qualified caregiver of the wounded service member and the caregiver's family (if warranted), such as a sibling who is married with children or mom and dad. This would allow for the entire caregiver's family to move, not just the caregiver. The reason for the move is to allow the medically retired single service member the opportunity to relocate with their caregiver to an area offering the best medical care, rather than the current option that only allows for the medically retired single service member to move their belongings to where the caregiver currently resides. The current option may not be ideal because the area in which the caregiver lives may not be able to provide all the health care services required for treating and caring for the medically retired service member. Instead of trying to create the services in the area, a better solution may be to allow the medically retired service member, their caregiver, and the

caregiver's family to relocate to an area where services already exist, such as a VA Polytrauma Center.

The decision on where to relocate for optimum care should be made with the Federal Recovery Coordinator (case manager), the service member's physician, the service member, and the caregiver. All aspects of care for the medically retired service member and their caregiver shall be considered. These include a holistic examination of the medically retired service member, the caregiver, and the caregiver's family for, but not limited to, their needs and opportunities for health care, employment, transportation, and education. The priority for the relocation should be where the best quality of services is readily available for the medically retired service member and his/her caregiver.

The consideration for a temporary partial shipment of caregiver's household goods may also be allowed, if deemed necessary by the case management team.

Senior Oversight Committee

Our Association is appreciative of the provision in the NDAA FY09 continuing the DoD/VA Senior Oversight Committee (SOC) for an additional year. We understand a permanent structure is in the process of being established and manned. We urge Congress to put a mechanism in place to continue to monitor DoD and VA's partnership initiatives for our wounded, ill, and injured service members and their families, while this organization is being created.

We encourage Congress to adequately fund VA and DoD IT interoperability of medical records.

Our Association believes optimizing the capabilities of the DoD and VA health care facilities through timely replacement and increased funding allocations would allow more care for eligible beneficiaries.

We ask you to continue to put pressure on DoD and VA to step up the recruitment and training of mental and health care providers to assist service members, veterans, and their families.

We recommend an extended outreach program to service members, veterans, and their families of available psychological health resources, such as DoD, VA, and State agencies.

We recommend the use of alternative treatment methods, such as telemental health; increasing mental health reimbursement rates for rural areas; modifying licensing requirements in order to remove geographic practice barriers that prevent mental health providers from participating in telemental health services; and educating civilian network mental health providers about our military culture.

Adequate funding for research by DoD and VA on all wounds, illnesses, and injuries acquired by service members and veterans in support of the Global War on Terror.

Caregivers of the wounded, ill, and injured must be provided with opportunities for training, compensation and other support programs because of the important role they play in the successful rehabilitation and care of the service member. Caregivers

must be afforded respite care; given emotional support; and, be provided effective family programs.

III. Family Transitions

Our Association will promote policies and access to programs providing training and support for families during the many transitions they experience.

Survivors

In the past year, the Services have been focusing on outreach to surviving families. In particular, the Army's Survivor Outreach Services (SOS) program makes an effort to remind these families that they are not forgotten. DoD and the VA must work together to ensure surviving spouses and their children can receive the mental health services they need, through all of VA's venues. New legislative language governing the TRICARE behavioral health benefit may also be needed to allow TRICARE coverage of bereavement or grief counseling. The goal is the right care at the right time for optimum treatment effect. DoD and the VA need to better coordinate their mental health services for survivors and their children.

There are other issues affecting Survivors that need to be addressed and require funding. These include improvements to Chapter 35 Survivors' and Dependents' Educational Assistance (DEA). We would like to see an increase in DEA benefits under Chap. 35, 38 USC of a minimum of 20% to match the increase in MGIB benefits Congress passed in 2008; establishment of a housing and annual book stipend for the DEA program; and for the DEA program be adjusted proportionally whenever Congress raises MGIB (Chap. 30) and GI Bill (Chap. 33) benefits.

Not all Dependency and Indemnity Compensation (DIC) annuitants are eligible for the DoD Survivor Benefit Plan (SBP). Our Association asks for DIC equity with other federal survivor benefits. Currently, the 2009 DIC is set at \$1,154 monthly (43% of the Disabled Retirees Compensation). Survivors of federal workers have their annuity set at 55% of their Disabled Retirees Compensation. Military survivors should receive 55% of VA Disability Compensation. We are pleased the requirement for a report to assess the adequacy of DIC payments was included in the NDAA FY09. Also, when changes are made, we ask Congress to ensure DIC annuitants under the "old system" receive an equivalent increase.

We ask Congress to make the additional \$250 DIC Family Transitional Payments paid by the VA retroactive to October 7, 2001. This family transitional benefit currently applies only to survivors after January 1, 2005. It should be linked to the start of the War on Terror with same rationale used to win retroactive effective date for child option Survivor Benefit Plan (SBP) in the NDAA FY07. We also ask that this benefit be linked to COLA. The current payment has been \$250 since its inception.

We also recommend an increase in DIC payable to widows of catastrophically disabled veterans to match other Federal survivor benefit plans. Catastrophically Disabled Veterans, whose spouses serve as primary care givers, receive additional allowances due to the severity of their service-connected multiple disabilities. These spouses perform full-time duty, which precludes them from regular work towards a retirement or Social Security benefits in their own right. When the veteran dies, the widow's income is reduced to the same DIC payment received by other surviving spouses of veterans whose deaths were service connected. The percentage of replacement income can be as little as 15%. The income replacement of other federal

survivors' benefit plans are closer to 45% of the benefit upon which they are based. Congress should provide for widows of catastrophically disabled veterans on a similar basis.

Our Association still believes the benefit change that will provide the most significant long-term advantage to the financial security of all surviving families would be to end the DIC offset to the SBP. Ending this offset would correct an inequity that has existed for many years. Each payment serves a different purpose. The DIC is a special indemnity (compensation or insurance) payment paid by the VA to the survivor when the service member's service causes his or her death. The SBP annuity, paid by DoD, reflects the longevity of the service of the military member. It is ordinarily calculated at 55 percent of retired pay. Military retirees who elect SBP pay a portion of their retired pay to ensure that their family has a guaranteed income should the retiree die. If that retiree dies due to a service connected disability, their survivor becomes eligible for DIC.

Surviving active duty spouses can make several choices, dependent upon their circumstances and the ages of their children. Because SBP is offset by the DIC payment, the spouse may choose to waive this benefit and select the "child only" option. In this scenario, the spouse would receive the DIC payment and the children would receive the full SBP amount until each child turns 18 (23 if in college), as well as the individual child DIC until each child turns 18 (23 if in college). Once the children have left the house, this choice currently leaves the spouse with an annual income of \$13,848, a significant drop in income from what the family had been earning while the service member was alive and on active duty. The percentage of loss is even greater for survivors whose service members served longer. Those who give their lives for their country deserve more fair compensation for their surviving spouses.

Families on the Move

With over 70,000 military families returning to the United States, at the same time the Army is moving over one third of its soldiers within the US, we urge Congress to increase the level of funding for BRAC and Global Rebasing until military family moves are completed. For those families remaining in overseas locations, additional MILCON funding is needed to rebuild and upgrade schools, which often serve as the center of the community. There is a need for purpose-built schools for our military children. There are still schools being used in Europe that date back to WW II, including some in remodeled barracks, and currently fall below Department of Defense Education Activity (DoDEA) standards. Due to the declining U.S. dollar against the EURO over the past several years, these repairs have become even more expensive, expanding the need for additional funding. To address these concerns, we urge Congress to appropriate 100 million in MILCON funding.

We ask the DIC payment be increased to 55% of the disabled veteran's benefit and that DEA payments increase in line with increases to the MGIB and the Post 9/11 GI Bill.

We recommend that grief counseling be more readily available to survivors through the VA.

We ask Congress to increase the level of funding for BRAC and Global Rebasing, and appropriate 100 million in MILCON funding to help rebuild and upgrade schools in overseas locations.

Military Families – Our Nation’s Families

Our Association would like to thank you again for the opportunity to present testimony today on the quality of life for military families. We thank you for your support of our service members, veterans, their families, and for the survivors of those who made the greatest sacrifice. Military families are our Nation’s families. They serve with pride, honor, and quiet dedication. Our families need safe, affordable, and quality housing on well maintained installations. Wounded service members and veterans have wounded families. The least their country can do is make sure wounded service members, veterans, and their families have consistent access to high quality health care in DoD and VA “world class” health care systems. DoD and VA must support the caregiver by providing standardized training, access to mental health services, and assistance in navigating the health care systems. The system should provide coordination of care and DoD and VA working together to create a seamless transition. We ask this Subcommittee to assist in meeting that responsibility. We look forward to working with you to improve the quality of life for all of these families.

Subcommittee on Military Construction
and Veterans' Affairs

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Barbara Cohoon, RN PhD 2500 N. Van Dorn Street, Suite 102 Alexandria, VA 22302</p> <p>703-931-6632</p>
<p>1. Are you appearing on behalf of yourself or a non-governmental organization?</p> <p>National Military Family Association</p>
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p>Yes No X</p>
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p> <p>Does not apply.</p>

Signature: *Barbara Cohoon*

Date: *April 7, 2009*

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

Mr. FARR. Thank you—certainly, you did that in a timely way, 14 pages of testimony all single spaced. I think you had more requests than all the other witnesses of the day.

Do you have any questions?

Mr. WAMP. It is about the best summary of the quality-of-life needs that I have actually heard, so whoever did that is very good.

This is a little off that path, though, and you may have to get back with me on this, but General Casey, General Chiarelli, and General Casey's wife have all told me personally that there are still impediments in the law, statutory impediments to outside entities, nonprofits, even for-profit entities, or individuals from assisting financially military families.

And I have actually got a new bill and old law right here that I am reviewing, trying to figure out how to approach this. But if your association can identify any impediments that exist today for military families, I hear them say that a lot of our free enterprise system wants to help military families and they can't, they are prohibited by law, by statute.

I need to know where, how, and what to change, because I want to do that. I feel like that is a missing link. You all clearly make your case to us on behalf of the taxpayers, but if there is this huge potential out there of our free enterprise system, besides employers in the Guard and Reserve, et cetera, people that want to help but they can't, they are prohibited.

And some of it is gift rules. I am reading all this, but I don't think it is just direct gifts, like I want to give you food or whatever. I think it is support.

And that is a question that we need to address every hearing. But if you all can glean that from your membership and ask, you know, where have you seen them stopped from helping—people they want to help? Let's say you want to give a van; I don't know. I mean, just things like that.

So I am just throwing that at you, but I don't expect you to answer the question, but I would love to have you come to my office and give me any feedback from your membership.

Ms. COHOON. Well, we certainly can do that. America Supports You, which is a Web site set up by DOD, has a lot of nonprofit entities that provide services for families. And we direct them in that direction on a regular basis.

Also, too, the military itself has institutions in place as far as to help out financially, along with the different services on top of that, too, for them to go to.

So there are organizations that have been giving out large sums of money and have been giving—you know, fixing up homes and things like that. So I will certainly go back and talk to members within our association, as far as what they are hearing regarding legal aspects that are preventing it from going on.

But we certainly tell people on a regular basis to go to America Supports You. We also point them in other—because our association does not give out money. But we do steer them to organizations that do it on a regular basis and have not heard back that the organization itself was unable to proceed.

Mr. WAMP. Quickly, because there are 13 others, but let me ask you, how many of your families still have financial problems that

cause them to go to predatory lenders and borrow money that puts them in a hole that they can't get out of?

And what about divorce? And are you seeing suicide rates go up, many times from family members who have had financial problems or divorce while they have been serving? And that pressure leads to suicide, and some people think it is asymmetrical warfare and head trauma and all that, which are in some cases, but in most cases, it is just the pressure on the family. Is that what you see with your membership?

Ms. COHOON. Well, we are hearing the financial aspect starting to play out more and more. I was recently in Norfolk, and the special forces are starting to notice, especially foreclosures on homes. And they themselves have set something up to help them financially with that particular piece.

Because their concern is—and it is true across the service—if you are thinking about financial issues back home, it is difficult for you to be able to serve in theater and do your job. And so they are looking at that particular piece.

Predatory lending is still an issue. There are some loopholes which we can get back to you on that that we would like to see addressed.

But the services themselves, as far as the Navy-Marine Corps Relief Society, those types of programs have made it so that it is a little bit easier as far as their servicemembers to go and get money.

The problem with the mental health issues is, there is a shortage of providers out there. One of our things that we also had in our testimony is we need to do a lot more outreach as far as teaching our families, but also the communities in which they live, signs and symptoms of mental health issues and then, also, the resources to go to, because it may not necessarily be the spouse. It is mom or dad, or it might be the coach that is picking up.

So there are a lot of different moving parts, but we can certainly get back to you on the lending piece.

Mr. WAMP. Thank you, Barbara.

Mr. FARR. Thank you very much. That Web site is AmericaSupportsYou.com?

Ms. COHOON. I think it is .gov. It is through DOD. It was set up some years ago, and it is where all the nonprofits can actually register and that can provide services.

Mr. FARR. I will take a look at it. Thank you very much for your testimony.

The next witness is Stephen Nolan. Stephen is testifying on behalf of the American Lung Association. In May 2006, he was elected to serve on the board of directors of the American Lung Association. This is the oldest nonprofit health agency in the country.

Welcome to our committee.

THURSDAY, APRIL 23, 2009.

AMERICAN LUNG ASSOCIATION

WITNESS

STEPHEN J. NOLAN

STATEMENT OF STEPHEN J. NOLAN

Mr. NOLAN. Good morning, Mr. Chairman, members of the committee.

I am Steve Nolan. I am chair of the American Lung Association. As the chair just indicated, we are the oldest voluntary health organization in the country with over 300,000 volunteers and over 5 million active donors.

I am an attorney in private practice in Baltimore, Maryland, and have been a volunteer with the American Lung Association for over 10 years.

I am pleased today to be accompanied by our new American Lung Association president and CEO, Chuck Connor, Captain Charles Connor, I should say, U.S. Navy, retired. Captain Connor served our nation in uniform for over 26 years.

First of all, we want to thank you, Mr. Chairman, and the committee for increasing the investment in medical research at the V.A. to \$510 million for fiscal year 2009.

There is no doubt that our nation has an undying commitment to all our veterans, especially the 40 percent of our veterans who are over age 65. Chronic diseases are now the most prevalent in the V.A. system. Now is the time to increase funding for research at the V.A. to meet emerging needs and the existing disease burden.

The American Lung Association recommends and supports increasing V.A. medical and prosthetics research to \$575 million.

Tobacco use and the chronic diseases caused and exacerbated by tobacco take an enormous toll on veterans. We commend the work of this committee and the Veterans Health Administration to increase smoking cessation.

While cigarette smoking continues to be a problem for veterans, progress has been made. In 2007, a survey conducted of veterans enrolled in the Veterans Administration showed that 22 percent of the entire enrollee population currently smokes cigarettes. In contrast, the general population, the rate of smoking among the general adult population is 19.8 percent.

We recommend that the committee encourage the Department of Veterans Affairs to work with the Department of Defense to increase effective efforts to prevent tobacco use and increase tobacco cessation.

Let's try to stop tobacco addiction, end disease before it starts, and prevent the enormous health toll on this nation's veterans and active-duty military.

Now, let's look at just one lung disease the American Lung Association is fighting. Chronic lung disease causes a large human and financial cost within the V.A. system. Generally in this country, lung disease is responsible for 1 out of 6 deaths. It is the third-leading cause of death in this country.

And in particular, chronic pulmonary obstructive disease affects approximately 16 percent of the veterans, according to the Department of Veterans Affairs health care.

Proven interventions are effective, and treatments have been showed to improve quality of life. Chronic obstructive pulmonary disease, or COPD, is a term referring to two lung diseases, chronic

bronchitis and emphysema. Both conditions cause obstruction of the air flows that interfere with normal breathing.

Emphysema begins with destruction of the airways. As air sacs are destroyed, the lungs are able to transfer less and less oxygen to the bloodstream. The lungs also lose their capacity and elasticity, which results in a shortness of breath and difficulty exhaling.

Symptoms of emphysema include cough, shortness of breath, and limited exercise tolerance. People with COPD may eventually require oxygen and supplemental mechanical respiratory assistance.

The other COPD that I mentioned is chronic bronchitis, and that refers to inflammation and eventual scarring of the lining of the lungs and the bronchial tubes.

The bronchial tubes then make an ideal breeding place for bacteria infections, infections which are a frequent reason for hospitalization and emergency visits of veterans and other people with COPD.

Cigarette smoking is associated with a tenfold increase in the risk of dying from chronic obstructive lung disease. About 80 percent to 90 percent of all deaths from chronic obstructive lung disease are attributable to cigarette smoking.

It is possible to reduce the burden of COPD and tobacco addiction in the V.A. system through using proven, effective measures, summarized in national treating tobacco dependence guidelines.

Mr. FARR. Can you wrap it up?

Mr. NOLAN. Yes, your honor.

I would like to say just a few words regarding research—

Mr. FARR. You have got about a half a minute.

Mr. NOLAN. Yes, sir. Again, the ALA supports increasing the investment to \$575 million.

[The prepared statement of Stephen J. Nolan follows.]



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Chair-elect

Bruce A. Herring
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H. James Gooden
Secretary

Terrence L. Johnston
Treasurer

Albert A. Rizzo, MD
Nationwide Assembly
Speaker

**STATEMENT OF THE AMERICAN LUNG ASSOCIATION
ON**

**FISCAL YEAR 2010 APPROPRIATIONS FOR THE
VETERANS AFFAIRS MEDICAL RESEARCH PROGRAM**

**BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
MILITARY CONSTRUCTION, VETERANS AFFAIRS AND
RELATED AGENCIES**

PRESENTED BY

**STEPHEN J. NOLAN
CHAIR, BOARD OF DIRECTORS**

April 23, 2009

Mr. Chairman, members of the Committee, I am Stephen Nolan, volunteer Chair of the American Lung Association. I am honored to testify on in support of the veterans research program. I am an attorney in private practice in Baltimore, Maryland and have been a volunteer for the American Lung Association for a decade. The American Lung Association was founded in 1904 to fight tuberculosis and today, our mission is **to save lives by improving lung health and preventing lung disease**. We accomplish this through research, advocacy and education.

The Department of Veterans Affairs is a very important component in the fight against respiratory disease. It provides health care to more than five million veterans, over one million of whom have chronic lung disease.

First, on I want to thank you, Mr. Chairman, and the committee for increasing the investment in medical research at the VA to \$510 million for FY 2009. This investment will help to save lives.

As an organization committed to public health, the American Lung Association recognizes the critical need for research on acute traumatic injury, central nervous system injury and related disorders for our newest veterans. Too many young men and women are returning from Iraq and Afghanistan with these injuries. The American Lung Association is also mindful that most agents of bioterrorism and potential emerging threats such as avian influenza affect the lungs, and that our servicemen and women will be on the front lines of efforts to counter these.

The nation has a commitment to all veterans; nearly 40 percent of our veterans are over age 65. Chronic diseases such as hypertension, chronic obstructive pulmonary disease, mental disorders, ischemic heart disease, and hyperlipidemia are now the most prevalent in the VA system. Now is the time to increase funding for research at the VA to meet emerging needs and the existing disease burden. **The American Lung Association recommends and supports increasing VA Medical and Prosthetics Research to \$575 million.**

Tobacco use and the chronic diseases caused and exacerbated by tobacco take an enormous toll on veterans. We commend the work of this Committee and the Veterans Health Administration to increase smoking cessation. In 2001, smoking prevalence was 43 percent higher for VA patients than the general population. While cigarette smoking continues to be a problem for veterans, progress continues. In 2007, a survey conducted of veterans enrolled in the Veterans Health Administration showed that 22 percent of the entire enrollee population currently smoked cigarettes. In contrast in the general population adult smoking prevalence is 19.8 percent. Seventy percent of the VHA enrollee population reported having smoked at least 100 cigarettes in their lifetime. When looking at the current smoker population, 51 percent of those veterans are from priority groups 4-6, which includes those veterans deemed to be "catastrophically disabled." Veterans with incomes less than \$36,000 make up 65 percent of the current smoker population. Finally, veterans aged 45-64 make up 64 percent of current smokers. The Department of Veterans Affairs estimates that more than 50 percent of all active duty personnel stationed in Iraq smoke.¹ More must be done to curb smoking among active duty personnel to improve their health and prevent disease.

¹ Hamlett-Berry, KW, as cited in Beckham, JC et al. Preliminary findings from a clinical demonstration project for veterans returning from Iraq or Afghanistan. *Military Medicine*. May 2008; 173(5):448-51.

We recommend that the Department of Defense and the Department of Veterans Affairs increase effective efforts to prevent tobacco use and increase tobacco cessation. Based on the Public Health Service Guidelines, the American Lung Association recommends a comprehensive approach to counter tobacco addiction through comprehensive cessation services, health care providers, behavior modification, telephone quit line support and pharmaceutical intervention. Tobacco prevention and education efforts need to be increased and smoke-free work environments should be provided for all personnel.

Chronic Lung Disease

Since chronic lung disease has such a large human and financial cost within the VA system, I would like to focus on lung disease and in particular, **Chronic Obstructive Pulmonary Disease, or COPD**. An estimated 16 percent of veterans in the Department of Veterans Affairs (VA) Health Care System have been diagnosed with COPD. COPD ranks as the fifth most prevalent disease in the VA patient population. It is the 4th most common cause of death in the United States, and it is projected to become the 3rd leading cause of mortality by 2020. COPD is amenable to early diagnosis with a simple breathing test. Proven interventions are effective, and treatments have been shown to decrease exacerbations, hospitalizations, and improve quality of life. Recent advances in the diagnosis and treatment of COPD have been summarized in national and international guidelines in the past few years, but have not yet found their way into general medical practice. This needs to change to turn the tide of increasing COPD death.

Chronic obstructive pulmonary disease (COPD) is a term referring to two lung diseases, chronic bronchitis and emphysema. Both conditions cause obstruction of airflow that interferes with normal breathing. Both frequently exist together, so physicians prefer the term COPD. COPD is preventable and treatable. This definition of COPD does not include other obstructive diseases such as asthma, although uncontrolled asthma over a lifetime can result in damage and COPD.

Emphysema begins with destruction of the air sacs, also called alveoli, in the lungs where oxygen from the air is exchanged for carbon dioxide in the blood. The walls of the air sacs are thin and fragile. Damage to the air sacs is irreversible and results in permanent "holes" in the tissues of the lower lungs. As air sacs are destroyed, the lungs are able to transfer less and less oxygen to the bloodstream. The lungs also lose their elasticity, which usually helps to keep airways open and to exhale. The loss of elasticity and air sacs results in shortness of breath and difficulty exhaling.

Symptoms of emphysema include cough, shortness of breath and a limited exercise tolerance. Diagnosis is made by a simple and painless breathing test called spirometry, along with a medical history, physical examination and other tests. Emphysema doesn't develop suddenly. It comes on very gradually. Years of exposure to cigarette smoke and other respiratory irritants usually precede emphysema. It can be prevented, and if diagnosed, its progression can be slowed or avoided by avoiding these irritants. Of the estimated 3.7 million Americans ever diagnosed with emphysema, 93 percent are 45 or older. While this was previously a man's disease, the gap between men and women is narrowing. Quality of life for a person suffering from COPD diminishes as the disease progresses. At the onset, there is minimal shortness of breath. People

with COPD may eventually require supplemental oxygen and may have to rely on mechanical respiratory assistance.

Chronic bronchitis refers to inflammation and eventual scarring of the lining of the bronchial tubes. When bronchial tubes are inflamed or infected, the lungs attempt to manage the irritation by producing more mucus, which can itself impede airflow and cause a chronic productive cough. Chronic bronchitis is defined by the presence of a productive cough most days of the month, three months of a year for two successive years without other underlying disease to explain the cough. Chronic inflammation eventually leads to scarring of the lining of the bronchial tubes. The bronchial tubes then make an ideal breeding place for bacterial infections, which is a frequent reason for hospitalization and emergency visits for people with COPD. Of the 7.6 million people diagnosed with chronic bronchitis in 2007, 33 percent were younger than 45.

Cigarette smoking is associated with a tenfold increase in the risk of dying from chronic obstructive lung disease. About 80-90 percent of all deaths from chronic obstructive lung diseases are attributable to cigarette smoking. In short, the best way to prevent COPD and many diseases the VA healthcare system manages is to quit smoking, or not smoke in the first place. It is possible to reduce the burden of Chronic Obstructive Pulmonary Disease and tobacco addiction in the VA system through using proven, effective measures summarized in national treating tobacco dependence guidelines.

Research Infrastructure Funding

Mr. Chairman, we understand that the VA research laboratories are also in need of significant attention. A research program needs to have modern, well-maintained laboratories to be successful. The minor construction budget has not been adequately funded for many years and limited funds generally have been geared to repairing existing clinical care areas. The inadequate funding can limit state of the art research because the physical infrastructure needs are not met. Resources are needed to restore the basic functions in many labs including plumbing, electrical systems, heating and cooling systems.

We join our colleagues and request that Congress provide \$142 million in the minor construction budget for VA lab space renovation.

Mr. Chairman, in summary, our nation's veterans deserve excellent health care. Research programs funded by the VA have the potential to improve the quality of life and health outcomes for all Americans, especially our veterans. **The American Lung Association supports increasing the investment in research to \$575 million.** Thank you.

**Subcommittee on Military Construction, Veterans Affairs and Related
Agencies
Witness Disclosure Form**

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Your Name, Business Address, and Telephone Number: Stephen J. Nolan Chair, Board of Directors American Lung Association 1301 Pennsylvania Avenue NW Suite 800 Washington DC 20004 202-785-3355</p>												
<p>1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.</p> <p align="center">American Lung Association</p>												
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p align="center">Yes No</p>												
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p> <table border="0"> <tr> <td colspan="2">American Lung Association</td> </tr> <tr> <td>CDC: Asthma Friendly Schools Initiative</td> <td align="right">\$903,303</td> </tr> <tr> <td>CDC: Breathe Well, Live Well</td> <td align="right">\$290,000</td> </tr> <tr> <td>EPA: Comprehensive Childhood Asthma Management</td> <td align="right">\$1,200,000</td> </tr> <tr> <td>CDC: Asthma Policy Conference</td> <td align="right">\$60,000</td> </tr> <tr> <td>EPA: Controlling Cockroaches in Your Home Video</td> <td align="right">\$9,600</td> </tr> </table>	American Lung Association		CDC: Asthma Friendly Schools Initiative	\$903,303	CDC: Breathe Well, Live Well	\$290,000	EPA: Comprehensive Childhood Asthma Management	\$1,200,000	CDC: Asthma Policy Conference	\$60,000	EPA: Controlling Cockroaches in Your Home Video	\$9,600
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EPA: Controlling Cockroaches in Your Home Video	\$9,600											

Signature:  Date: April 2, 2009

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

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EMAIL: steve@sjnolan.comJAMES D. NOLAN
(RETIRED-2005)
OF COUNSEL
GERALD R. WALSH**EDUCATION**1973 – Villanova University
Bachelor of Arts, *cum laude*1976 – University of Maryland School of Law
Juris Doctor**PROFESSIONAL BACKGROUND**

In June 1977, Mr. Nolan was admitted to practice before the Court of Appeals of Maryland. In 1979, he was admitted to the District of Columbia Bar.

Since January 2003, Mr. Nolan has been a sole practitioner with a civil trial practice concentrating primarily in the areas of catastrophic personal injury and wrongful death claims, malignant asbestos disease claims, medical malpractice, business and other litigation in state and federal courts.

Prior to forming his own practice, Mr. Nolan was President of Nolan, Plumhoff & Williams, Chartered from 1989-2002, and a member or associate in that firm since 1977.

Among his accomplishments, he was lead counsel for the Plaintiff/Appellees in *Georgia-Pacific Corp. v. Pransky*, 369 Md 360 (2002). On behalf of a 34 year old mother dying of malignant mesothelioma and her family, Mr. Nolan collected in excess of \$9.8 million from Georgia-Pacific. The primary part of the judgment was sustained on appeal and was reported to be the first case in the country in which a plaintiff had recovered damages against Georgia-Pacific for exposure to its asbestos-containing joint compound.

In addition to representing scores of families affected by asbestos lung disease over the past 25 years, Mr. Nolan served as lead counsel from 1984 to the mid 1990s for Baltimore County and Anne Arundel County governments and Boards of Education litigating cost recovery claims for asbestos in over 600 public buildings.

SUMMARY OF BAR AND PRO BONO WORK

- 2006 - 2007 Chair, Maryland State Bar Association Disaster Plan Task Force
- 2003 - 2005 Member, MSBA Board of Governors (served total of three terms since 1986)
- 2003 - 2004 President, Baltimore County Bar Foundation, Inc.

- 2002 - 2003 President, Baltimore County Bar Association
- 2002 - 2005 Member, Standing Committee on Pro Bono Legal Service of the Court of Appeals of Maryland
- 2001 - 2002 Member, MSBA Committee on Professionalism
- 2000 - 2003 Trustee, Bar Associations Insurance Trust
- 2000 - 2001 Chair, Maryland State Bar Association Standing Committee on Local and Specialty Bar Liaison
- 1999 - 2001 Member, Maryland Judicial Commission on Pro Bono appointed by Chief Judge Robert M. Bell, Court of Appeals of Maryland
- 1992 - 2002 Member, Trial Courts Judicial Nominating Commission for Baltimore County (Commission Chair - 1997-8)
- 1997 - 1999 Chair, MSBA Section on Delivery of Legal Services
- 1996 - 1997 Chair, Maryland State Bar Association Section on Litigation

Since his admission in 1977, Mr. Nolan has represented indigent clients *pro bono*, directly and by accepting referrals from the Maryland Volunteer Lawyers Service and the Maryland Disability Law Center. His chief area of *pro bono* representation has been in the area of special education and the representation of persons with treatment-resistant depression in appeals of health insurance benefit denials.

COMMUNITY SERVICE

In May 2006, Mr. Nolan was elected to serve on the Board of Directors of the nationwide American Lung Association, the oldest nonprofit volunteer health agency in the country. As a Board member, he has served as vice chair of the ALA's national Advocacy Committee and as chair of the Funding National Operations Task Force and the Strategic Planning Committee. Between 2003-2005, Mr. Nolan served as a member of the ALA's Nationwide Assembly as the representative delegate from Maryland and during that time he served as a member of the ALA's Organizational Effectiveness Initiative Task Force.

In June 2007, Mr. Nolan was elected Chair-Elect of the American Lung Association and he assumed the responsibilities of Board Chair beginning on July 1, 2008.

In July 2007, Mr. Nolan was elected to serve on the board of directors of the American Thoracic Society.

Between 2003-2005, he was Chair of the Board of Directors of the American Lung Association of Maryland, Inc. Mr. Nolan has been a volunteer with the ALA since 1999, and before that time volunteered with the Cystic Fibrosis Foundation of Maryland.

His other community service work includes:

1997 - 1998 - President, Towson Development Corporation (Board Member 1993-98); and
1993 - 1997 - Member, Baltimore County Government Ethics Commission.

AWARDS AND RECOGNITIONS

September 2008 Recipient of The Maryland Bar Foundation's 2008 Award for Legal Excellence for the Advancement of Public Service Responsibility.

December, 2006 Leadership in Law Award, The Daily Record, Baltimore.

October 2005 Pro Bono Award presented by the Pro Bono Resource Center of Maryland, Inc., of which Mr. Nolan was co-founder and first corporate President in 1990.

June 2003 Received Lee A. Caplan Pro Bono Service Award from the Pro Bono Resource Center of Maryland.

May 2003 Received Baltimore County Bar Association Pro Bono Award.

April 2000 Received Benjamin L. Cardin Pro Bono Service Award from the University of Maryland School of Law.

Dec. 1996 Received Arthur W. Machen, Jr. Award from the Maryland Legal Services Corporation.

March 1996 Received Award of the Maryland Bar Foundation for Professional Legal Excellence for the Advancement of Rights of the Disadvantaged.

June 1989 Awarded Martindale Hubbell's AV® rating.

ARTICLES

July/August 2004 *Referred Pain: Is The Tort System To Blame For Medical Malpractice Claims?* The Maryland Bar Journal, XXXVII, Number 4.

July/August 2001 *Pro Bono Service: Opportunity For Personal And Professional Growth*, The Maryland Bar Journal, XXXIV, Number 4.

*The above articles were authored by Mr. Nolan. In the March/April 2005 issue of The Maryland Bar Journal, Mr. Nolan was one of the subjects of an article entitled *Giving Back: The Spirit of The Community Service*, and recognized for his leadership work as a volunteer on behalf of the American Lung Association.*

FACULTY APPOINTMENTS, LECTURES AND PRESENTATIONS

May 2008	Faculty member, Maryland Institute for the Continuing Professional Education of Lawyers (MICPEL) Trial Advocacy training for lawyers.
July 2006	Faculty member, ABA/National Institute of Trial Advocacy - sponsored trial practice training at UB Law School for legal services lawyers.
February 2005	Faculty member/Judge, National Moot Court Competition, Regional Semi-finals, University of Maryland School of Law
September 2000	Lecturer, Toxic Tort Law in Maryland, National Business Institute Seminar for Lawyers.
January 1999	Lecturer, Legal Implications of Indoor Air Quality Issues, Seminar Presentation to Building Managers and Owners, Aerosol Monitoring and Analysis Industrial Hygiene Course.
May-June 1997	Lecturer, MICPEL Advanced Litigation Institute, Expert Witness Seminars, (Rockville and Baltimore).
1990-Present	Faculty Member, Maryland Court of Appeals-approved Professionalism Course.
June 1995	Lecturer, MICPEL Litigation Update.
1990	Faculty Member, Maryland Attorney General's Office Trial Training Program.
May 1990	Lecturer on Asbestos Cost Recovery, National Association of Attorneys General.
Oct-Nov 1988	Lecturer, "Causation and Product Liability" (MICPEL), College Park and Baltimore seminar programs.
January 1987	Panel speaker on "Joint Tortfeasor Releases" at Maryland State Bar Association Mid Year Meeting.

Mr. FARR. Thank you very much.

Mr. NOLAN. Thank you, Mr. Chairman.

Mr. FARR. Mr. Wamp.

Mr. WAMP. Well, that is the takeaway, but what is the cost of cigarette smoking to the United States of America each year?

Mr. NOLAN. In H.R. 1256, which was recently passed by the House, the cost is tremendous. Cigarette companies alone spent \$13.5 billion in 2005 to keep Americans addicted to smoking and to attract new smokers.

But, sir, I will provide the committee with the actual dollar cost, the overall dollar cost to our health care system in a supplemental submission.

[The information follows:]



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Mary H. Partridge
Chair-elect

Bruce A. Herring
Past-Chair

H. James Gooden
Secretary

Terrence L. Johnston
Treasurer

Albert A. Rizzo, MD
Nationwide Assembly Speaker

April 27, 2009

The Honorable Chet Edwards
Chairman, Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Edwards:

Thank you for inviting me to testify before the Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies on April 23, 2009. The American Lung Association deeply appreciated the opportunity to share our recommendations with the committee.

During the questions that followed my remarks, Mr. Wamp inquired about the economic costs of smoking. According to the Centers for Disease Control and Prevention, approximately 393,000 people die every year in the United States from smoking attributable diseases. Smoking costs the U.S. economy \$193 billion every year including \$96 billion in direct health care expenditures and \$97 billion in lost productivity.

Additionally, tobacco use is a significant problem in the United States Armed Forces. In 2005 according to the *Department of Defense Survey of Health Related Behaviors Among Active Duty Personnel*, an estimated 31.7 percent of the Armed Forces population currently smokes. Recent reports suggest that the smoking prevalence rate for active duty personnel stationed in war zones such as Iraq is over 50 percent. These high rates of tobacco use take a significant toll on the readiness of our troops and cost the Department of Defense approximately \$1.6 billion annually. Two reports on prevalence rates among active duty personnel are attached. Many soldiers who become addicted to tobacco during their active duty service continue smoking, putting a tremendous burden on the VA medical system after they retire from active duty status. In 2007, a survey conducted of veterans enrolled in the Veterans Health Administration showed that 22 percent of the entire enrollee population currently smoked cigarettes, compared to 19.8 percent in the general population.

Once again, thank you for allowing the American Lung Association to testify before the Appropriations Subcommittee. If you or your staff would like any more information, please feel free to contact Paul Billings, Vice President of National Policy and Advocacy, at 202-785-3351.

Sincerely,



Stephen J. Nolan
Chair

Attachments

cc. The Honorable Zach Wamp
The Honorable Sam Farr

CHEST 2008 ABSTRACTS ONLINE

[Print](#)[Close Window](#)**Abstract:** AS2268 **Year:** 2008**Date:** Tuesday, October 28, 2008 at 2:30 PM to 4:00 PM**Title:** Prevalence of Tobacco Abuse in a United States Marine Corp Infantry Battalion Forward Deployed in the Haditha Triad Area of Operations, Al Anbar, Iraq**Session:** Smoking Cessation and Tobacco Control**Type:** SLIDE PRESENTATIONS**Author(s):** Michael A. Wilson, MD*; United States Navy, 3rd Battalion, 23rd Marine Regiment, 4th Marine Division, New Orleans, LA

Abstract: **Purpose:** The prevalence of tobacco abuse has been reported to be higher amongst US Military personal in prior studies. This study looks specifically at prevalence of tobacco usage of a combat unit during deployment to Iraq in support of Operation Iraq Freedom from 2007 through 2008.

Methods: During the 3rd Infantry Battalion, 23rd Marine Regiment, 4th Marine Divisions deployment in support of combat operations in Iraq, a survey was conducted to assess the prevalence of tobacco abuse and usage patterns related to service. A cross section of 408 Marines and Sailors in the battalion (37%) were surveyed. Constraints related to operations and mobility prevented surveying the entire battalion in country.

Results: Overall, 260 of the 408 Marines and Sailors surveyed (64%) used some form of tobacco. Of those, 213 (52%) smoked cigarettes, 145 (36%) used smokeless tobacco (dip, chew), and 98 (24%) used both. Amongst smokers, the average daily amount consumed was 12 cigarettes. The average daily use of smokeless tobacco was 1/2 a can. Amongst smokers 80% stated that being in the military had increased their use of cigarettes while 72% stated the Iraq deployment had increased their use. Amongst smokeless abusers, 60% stated being in the military increased their use of tobacco while 57% stated the Iraq deployment had increased their use of tobacco. For all tobacco abusers 74% expressed a desire to quit using tobacco.

Conclusion: The prevalence of tobacco abuse during deployment to Iraq was significantly higher than the national average of 29.6% reported in a 2006 National Survey. The rate of usage was also higher than the 38.9% reported for troops returning from Iraq based on a 2004 survey.

Reference: This study indicates the prevalence of tobacco abuse in combat units deployed to Iraq is substantially higher than the national average. Such abuse will likely cause a greater negative impact on the long term health of US Veterans then combat related injuries and will have great financial consequences for both VA and US healthcare systems.

Disclosure(s): Michael Wilson, None.

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Preliminary Findings from a Clinical Demonstration Project for Veterans Returning from Iraq or Afghanistan

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ABSTRACT Military veterans are at high risk for nicotine dependence. This clinical demonstration project used invitational letters, referral to the National Cancer Institute's Smoking Quitline, and local Veteran Affairs prescriptions for tobacco cessation to evaluate whether this low-cost method would potentially reduce smoking in separated veterans who served in Afghanistan and Iraq. Three cohorts (500 each) of recently separated veterans from Afghanistan and Iraq were contacted by survey letters. Interested veterans received follow-up telephone calls using standardized scripts. They were referred to the National Cancer Institute's Smoking Quitline (1-877-44U-QUIT) and offered local Veteran Affairs pharmacologic treatment for smoking cessation. Forty-three percent of respondents who were smokers were interested in the clinical program; of these, 77% participated. At 2 months follow-up, 38% of participants self-reported maintained smoking abstinence. Results suggested that the intervention was feasible and assisted the small number of veterans who participated.

INTRODUCTION

Cigarette smoking is the most lethal substance use disorder in the United States in terms of morbidity and mortality.^{1,2} An estimated 44.5 million adults smoke cigarettes, resulting in death or disability for half. Smokers use 25% more medical services than nonsmokers. Coupled with this enormous health toll is the significant economic burden of tobacco use: more than \$96 billion per year in medical expenditures and another \$92 billion per year in lost productivity.³ Unfortunately, smoking cessation approaches are greatly underused.^{4,5} Consequently, there is a need for smoking cessation models to be developed that will provide practical cost-effective intervention and increase the reach of existing interventions through population approaches.

U.S. military veterans remain at high risk for nicotine dependence. Although specific empirically derived preva-

lence rates for American veterans returning from Iraq and Afghanistan are not yet available, estimates of >50% smoking prevalence rates in active duty personnel stationed in Iraq have been reported (K.W. Hamlett-Berry, personal communication). Veterans have been found to have significantly higher smoking rates when compared to nonveterans (22.2% vs. 20.9%).^{6,7} Additionally, 12.2% of the military use smokeless tobacco.⁸

In a study of British military personnel deployed to Iraq, smoking rates were found to increase by 9% with deployment (29% vs. 38%).⁹ Furthermore, in a study of U.S. military personnel serving in the first Gulf War, 7% of respondents reported starting smoking for the first time. In the British study, 29% of preexisting regular smokers increased cigarette consumption while deployed, compared to 56% in the U.S. study.^{9,10} The primary reasons for increased smoking were cited as stress and boredom.¹⁰ Increases in smoking associated with military deployment are noteworthy because smoking in the military has been found to be associated with a lifelong pattern of increased cigarette consumption among both genders.¹¹⁻¹³ Thus, promoting smoking cessation in returning veterans is of high importance.

Data have demonstrated that 60% to 70% of veteran smokers, when queried, express interest in stopping smoking.⁴ Several researchers have recently evaluated the effectiveness of the Veterans Health Administration (VHA) in providing smoking cessation treatment, determining prevalence rates of veterans receiving smoking cessation aids (SCAs), and also identifying trends in SCA utilization and expenditures. Smoking prevalence among VHA patients has been estimated to be 33%.^{4,14,15} Jonk et al.,¹⁵ in reviewing veteran databases from 1998 to 2002 ($n = 61,968$) reported that only 7% of veterans who smoked received SCA prescriptions. Furthermore, this expenditure accounted for <1% of the VHA's annual phar-

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macy budget. These researchers concluded that SCA utilization and cost in Veterans Affairs (VA) facilities to be low, stable, and less than the recommended rates of national smoking cessation guidelines.

Developing new programs to implement smoking cessation service delivery in the VHA is of vital importance in terms of practice and policy. Sherman et al.¹⁸ investigated the structure of smoking cessation care among 40 VA Medical Center facilities, examining national guideline adherence, and preferred approaches to smoking cessation treatment. Two basic approaches to smoking cessation service delivery were identified as primary care based or specialty clinic care based. The majority of sites reported using a specialty clinic approach because of its cost-effectiveness. Unfortunately, access to specialty clinics is restricted and dependent on varying criteria and referral procedures. Because VA policy mandates that smoking cessation treatment be available without restriction at all VA sites, and include both medication and counseling, developing new treatment protocols would be consistent with this goal. It may also be important to develop treatment models that are more responsive to the needs of the newer veteran population because they are younger and may not seek VA health care because they are also coping with competing demands of transitioning to home, work, and families.

The use of behaviorally based telephone counseling (smoking cessation quitlines) to facilitate smoking cessation has been reported to be promising. Quitlines have been shown to eliminate health disparities by reaching out to underserved populations;¹⁷ furthermore, smoking cessation quitlines have been shown to be effective for smoking cessation in veterans.¹⁷⁻¹⁹ The purpose of this public health clinical demonstration project was to evaluate¹⁶ a low-cost, time-effective, practical method of smoking cessation intervention leveraging the existing National Cancer Institute (NCI) Quitline while based on VA smoking cessation guidelines in the delivery of behavioral and pharmacologic interventions.

METHODS

Sample

The target population of 1,500 veterans was comprised of separated veterans returning from Afghanistan (Operation Enduring Freedom [OEF]) and Iraq (Operation Iraqi Freedom [OIF]). Contact information was derived from a randomized database generated by the VA National Epidemiological Center of separated veterans in North Carolina.

Contact Procedure

Up to four standardized sequenced letters following the Dillman system were mailed^{20,21} to establish initial contact with veterans. These mailings followed the recommended criteria of the Dillman system: respondent-friendly questionnaire, up to four total contacts, prepaid return envelope, personalized correspondence including official stationery,

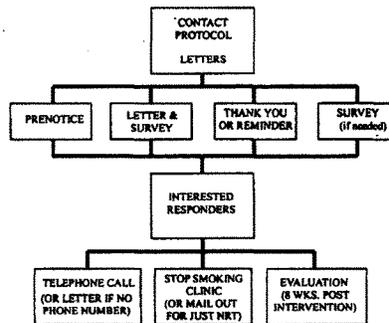


FIGURE 1. Depiction of contact protocol.

personalized salutation, and a real signature. The contact letter was purposely brief and included eight questions to determine smoking status, smoking history, and program interest. A total of 1,500 initial letters were mailed between May and October 2006. Veterans indicating an interest in smoking cessation services received a telephone call from the project coordinator explaining behavioral and pharmacological smoking cessation services. Those who participated in the program received a follow-up phone contact 8 weeks after treatment. Figure 1 depicts the sequence of contact.

Program Components

Components of the intervention included NCI's Smoking Quitline telephone counseling and pharmacological assistance (bupropion and nicotine replacement therapy [NRT]), as research has shown that tobacco users are more likely to quit with therapy that includes a combination of medications plus counseling.²²⁻²⁴ All interested smokers, identified by their return of the mailout survey, were contacted by project personnel, who followed brief telephone scripts. The Quitline and pharmacological components were described to participants. Based on the individual smoker's interest, screening to determine whether NRT or bupropion was appropriate was completed. Veterans were then scheduled to the smoking cessation specialty clinic for NRT patch or bupropion and one rescue method (i.e., nicotine inhaler, nicotine resin, nicotine lozenge). Follow-up telephone calls were completed at 3 weeks and at 2 months after attendance to the smoking cessation specialty clinic appointment. Of note, smokers were not enrolled in the typical specialty clinic program of group treatment with pharmacotherapy, but simply met briefly with the clinic prescriber for NRT psychoeducation, a question-and-answer period, and individual pharmacological prescriptions.

The behavioral component included referral to the NCI's Smoking Quitline. The NCI Quitline provides both reactive and proactive counseling comprised of trained smoking ces-

sation counselors who address the individual's desire and reasons for stopping smoking, level of smoking cessation motivation, smoking history, smoking triggers, and a plan to implement the necessary behavioral changes. A quit date is identified and available follow-up services include specific program tailoring, e.g., sending information brochures addressing specific urges (e.g., the association between drinking coffee and smoking). Four follow-up calls to increase social support and prevent relapse are also available.

RESULTS

A total of 1,500 initial letters were mailed and 432 (29%) were returned with an incorrect address. Of those returned, 252 survey letters were addressed to military facilities (e.g., Fort Bragg, Camp Lejeune, Cherry Point, Pope Air Force Base). It is likely that these separated veterans were in transition from their military bases to communities throughout North Carolina, which accounted for the numerous invalid addresses. Of the veterans contacted ($N = 1,068$), 354 (33%) returned the survey. Seventy-two (20%) of respondents reported being regular smokers. Thirty-one (43%) of these smokers reported they were interested in learning about the project's smoking cessation services. All interested veterans were contacted by telephone (or letter due to incorrect telephone number) by the project coordinator. Twenty-four (77%) participated in the program. Thirteen (62%) were not registered in the medical center and 11 (38%) were already registered in the medical center. All participants spoke with the project coordinator and agreed to be referred to the Quitline. Thirty-three percent chose a combination of bupropion and NRT (patch and inhaler, gum, or lozenge; only one participant chose NRT without the addition of bupropion). No one chose bupropion only. Of those who were interested in pharmacotherapy and were unregistered, assistance in registration was provided. Nonparticipants cited distance to the VA and work schedules as obstacles to participation.

Eleven veterans (46%) reported stopping smoking on their quit date. Of these, 9 (82%) reported smoking abstinence at the 2-month evaluation point based on the query, "Have you smoked in the past 30 days?" Thus, of the 24 veterans who participated in the program, 37.5% ($n = 9$) reported smoking abstinence at 2 months following their quit date.

DISCUSSION

In this clinical demonstration project based on a population health effort approach, 46% of those who participated in the brief program stopped smoking on their quit date and 37.5% of participants reported abstinence at a 2-month follow-up period. Although this was not a randomized trial and smoking cessation rates cannot be directly compared to significant results of quitlines in meta-analytic reviews,²⁵⁻²⁸ results from this report are promising in that the program appears feasible, of low cost, and with promising quit rates among those who participated.

The nondeliverable survey rate was relatively high (29%) in part because 17% of the addresses were listed as military

bases. The 33% return rate among correctly addressed correspondence is consistent with other reported mail survey response rates.²⁹ This project was also limited by nonverified smoking abstinence.

There were several promising features of the low-cost program described in this report. The VA has an unprecedented infrastructure to support integration of telephone support.³⁰ Services already available through the VA and the NCI Quitline were used. Most of the participants were initially unregistered in the medical center, suggesting this may be a viable method for establishing a point of contact with the VA and promoting smoking cessation in returning veterans who have not sought service at a VA. Letters and telephone contacts were intentionally standardized to promote use at other VA sites.

Despite these limitations, this clinical demonstration project appears feasible, is cost effective, and is associated with promising quit rates among those who participated. However, the absolute number of veterans who stopped smoking was small (0.6%) compared to those we attempted to contact. Taken together, results of this report suggest that further investigation of supplemental components to this approach among the veteran population is warranted. It may be useful in future projects to add: (1) components to this approach to increase quit rates (e.g., Internet-based intervention since interest in receiving smoking cessation services via the World Wide Web has been documented); (2) biological verification of smoking abstinence; (3) further follow-up evaluation; and (4) relapse prevention components or a second referral for services. Continued efforts at reducing smoking in veteran populations, both during active duty and at separation, continues to be one of our most pressing public health concerns.

ACKNOWLEDGMENTS

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Mr. WAMP. Thank you.

Mr. FARR. Thank you. I have one question. In your testimony, you point out that the Department of Veterans Affairs estimates that more than 50 percent of all the active-duty personnel stationed in Iraq smoke. Why?

Mr. NOLAN. Captain Connor.

Mr. FARR. That is 1 out of every 2. Are they smoking before they go to Iraq or are they picking it up there?

Captain CONNOR. The indications are that they are nonsmokers before they come into the Army and they pick it up during the course of their service because some of their sergeants or their seniors smoke. And in theater, they pick this up—

Mr. FARR. Are there any penalties for starting to smoke while you are in the service?

Captain CONNOR. There are no administrative or disciplinary penalties, but they are coming back from service 50 percent as smokers when they weren't a year or two before.

Mr. FARR. You need to look into that.

Thank you.

Mr. NOLAN. Thank you. I appreciate it.

Mr. FARR. Our next witness is Dr. Heather Kelly, Senior Legislative and Federal Affairs Officer in the Science-Government Relations office of the American Psychological Association, a scientific and professional organization of more than 150,000 psychologists and affiliates.

Welcome to our committee, and we look forward to your testimony. We have the testimony and will submit it for the record, so if you could just summarize it.

THURSDAY, APRIL 23, 2009.

AMERICAN PSYCHOLOGICAL ASSOCIATION

WITNESS

HEATHER KELLY

STATEMENT OF HEATHER KELLY

Ms. KELLY. Yes, sir. Thank you.

Good morning, Mr. Vice Chairman, Ranking Member Wamp. As was mentioned, I am Dr. Heather O'Beirne Kelly with the American Psychological Association, APA, and we are a membership organization of more than 150,000 psychologists and affiliates across the country, both scientific and clinicians focused.

Many of our psychologists work within the Department of Veterans Affairs as both research scientists and clinicians committed to improving the lives of our nation's veterans.

A strong V.A. psychology research program provides the scientific foundation for high-quality care within the V.A. system. V.A. psychologists play a dual role in both providing care for veterans and in conducting research in all areas of health, including high-priority areas especially relevant to veterans, such as mental health, brain injury, substance use, aging-related disorders, and physical and psychosocial rehabilitation.

As you know, the current conflicts have presented new challenges for V.A. psychologists, as many veterans of PTSD have post-concussive symptoms extending from blast injury. In addition, V.A. psychologists often receive special training in rehabilitation psychology and/or neuropsychology, which helps to improve assessment, treatment and research on the many conditions affecting veterans of the current conflicts, including PTSD, burns, amputations, blindness, spinal cord injuries, and polytrauma.

Equally important are the positive impacts of psychological interventions on the care of veterans suffering from chronic and aging-related illnesses, such as cancer, cardiovascular disease, HIV, and pain. I should mention psychologists have a very strong program within the V.A., in terms of substance abuse prevention and treatment, especially focusing on smoking these days in the current theaters.

Here are my two take-home points. First, APA joins the Friends of V.A. Medical Care and Health Research, the FOVA coalition, in urging Congress to provide \$575 million in fiscal year 2010 for the overall V.A. medical and prosthetic research accounts. This recommendation is echoed in the veterans Independent Budget and in the Senate Committee on Veterans' Affairs views and estimates.

We also urge the committee to make sure that our stellar V.A. scientists have adequate technology, equipment and facilities for their research. That is my second take-home point.

So within the V.A. minor construction program, which has not provided the resources needed to adequately maintain, upgrade and replace aging research facilities, we again join FOVA in urging Congress to designate \$142 million in fiscal year 2010 within the minor construction budget specifically for renovation of research facilities.

This is not asking for luxury. I mean, it is true that some of these facilities have research labs that are in worse shape than my children's elementary schools, and that should not be the case.

As a psychologist and also as the daughter and granddaughter of career military officers, I feel very strongly, both personally and professionally, about our responsibilities towards military personnel and veterans.

The care of veterans suffering psychological wounds as a result of military service is at the heart of the V.A.'s mandate to "care for him who shall have borne the battle." And with your support, V.A. psychologists stand ready to respond with cutting-edge research and treatment.

Thank you. And I am happy to take any of your questions.
[The prepared statement of Heather Kelly follows:]



AMERICAN
PSYCHOLOGICAL
ASSOCIATION

Written Testimony of Heather O'Beirne Kelly, Ph.D.
On behalf of the American Psychological Association

Submitted April 3rd, 2009 to the
United States House of Representatives Committee on
Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related
Agencies
The Honorable Chet Edwards, Chair

**Fiscal Year 2010 Appropriations for the Department of
Veterans Affairs**

Mr. Chairman and Members of the Subcommittee, I am Dr. Heather Kelly with the American Psychological Association (APA), a scientific and professional organization of more than 150,000 psychologists and affiliates. Many of these psychologists work within the Department of Veterans Affairs (VA) as research scientists and clinicians committed to improving the lives of our nation's veterans.

On behalf of APA, thank you for your continued support of the VA Medical and Prosthetic Research program. APA joins the Friends of VA Medical Care and Health Research (FOVA) coalition in urging Congress to appropriate \$575 million in FY10 for VA Medical and Prosthetic Research, and an additional \$142 million for research facilities upgrades through the VA Minor Construction Account. To date, the Senate Veterans Affairs Committee also has recommended supporting these requests for the VA research program and research lab renovations in their recently-released Views and Estimates for FY10.

Psychological Research in the VA

A strong VA psychological research program provides the scientific foundation for high-quality care within the VA system. Through its Medical and Prosthetic Research Account, the VA funds intramural research that supports its clinical mission to care for veterans. VA psychologists play a dual role in providing care for veterans and conducting research in all areas of health, including high-priority areas particularly relevant to veterans, such as: mental health, traumatic brain injury (TBI), substance abuse, aging-related disorders and physical and

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psychosocial rehabilitation. VA psychologists are leaders in providing effective diagnosis and treatment for all mental health, substance use and behavioral health issues. In addition, VA psychologists often receive specialty training in rehabilitation psychology and/or neuropsychology, which helps to improve assessment, treatment, and research on the many conditions affecting veterans of the current conflicts, including: post-traumatic stress disorder (PTSD), burns, amputation, blindness, spinal cord injuries and polytrauma. Equally important are the profoundly positive impacts of psychological interventions on the care of veterans suffering from chronic illnesses such as cancer, cardiovascular disease, HIV and chronic pain.

VA psychologists continue to be at the forefront of cutting-edge research on, assessment of and treatment for PTSD, a particular concern within the VA and Congress. The care of veterans suffering psychological wounds as a result of military service is at the heart of the VA's mandate "to care for him who shall have borne the battle," and preventing and treating PTSD has become an even more important priority within the VA given the current conflicts overseas. VA psychologists are responsible for the development of the most widely respected and used diagnostic instruments and therapeutic techniques for assessing and treating PTSD. The current conflicts present new challenges for VA psychologists, as many veterans with PTSD have post-concussive symptoms stemming from blast injuries. Additional research is needed to develop novel treatments for PTSD in cases when cognitive problems also may stem from a history of documented TBI.

VA psychologists also have used their expertise in program development and evaluation to successfully improve the VA's coordinated service approach. This includes models and practices of care that encompass inpatient, partial hospitalization and outpatient services including psychosocial rehabilitation programs, homeless programs, and geriatric services in the community. VA psychologists have initiated and evaluated innovative programs, such as tele-mental health services, that will dramatically expand the VA's continuum of care for veterans.

VA Research Facilities Upgrades

Cutting-edge research also requires cutting-edge technologies, equipment and facilities in addition to stellar scientists. VA's Minor Construction Program has failed to provide the resources needed to adequately maintain, upgrade and replace aging research facilities. As a member of FOVA, APA urges Congress to establish and appropriate a funding stream specifically for research facilities, with an annual appropriation of \$142 million beginning in FY10.

We appreciate the Subcommittee's attention to this issue in previous years, particularly via the House Report accompanying the FY 2006 appropriations bill (P.L. 109-114), which expressed concern that

equipment and facilities to support the research program may be lacking and that some mechanism was necessary to ensure VA's research facilities remain competitive. The report noted that more resources may be required to ensure that research facilities are properly maintained to support VA's research mission. To assess VA's research facility needs, Congress directed VA to conduct a comprehensive review of its research facilities and report to Congress on the deficiencies found, along with suggestions for correction.

APA supports FOVA's request that Congress establish and appropriate a funding stream specifically for research facilities, using the VA assessment resulting from the FY 2006 report language. In the meantime, to ensure that funding is adequate to meet both immediate and long-term needs, we recommend \$142 million in the FY10 minor construction budget dedicated to research facilities improvements. This appropriation is a critical interim step to ensure VA can continue to conduct state-of-the-art research.

VA Merit Review Award Caps

APA and FOVA support the recent VA decision to raise the merit review award cap. By allowing the size of the merit awards to grow from \$125,000 to \$150,000 the VA is recognizing the increasing costs of conducting high quality research. The larger grant awards are needed to response to research inflation, maximize productivity, foster recruitment, and speed the translation of research from the bench to the bedside. However, the welcome increase in grant size does put pressure on the VA to reduce the overall number of grants awarded. We urge the Committee to provide VA the resources needed to maintain the new grant awards while continuing to support a comparable number of grant awards.

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Select Research Publication

Book: O'Beirne-Kelly, H. and Reppucci, N.D. **The sequelae of childhood sexual abuse: Implications of empirical research for clinical, legal, and public policy domains.** *Cicchetti, Dante (Ed); Toth, Sheree L (Ed).* (1997). *Developmental perspectives on trauma: Theory, research, and intervention.* (pp. 535-552). xvii, 613 pp. Rochester, NY, US: University of Rochester Press.

[Insert Subcommittee Name Here]

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

Your Name, Business Address, and Telephone Number: 202.336.5932 DR. HEATHER KELLY AMERICAN PSYCHOLOGICAL ASSOCIATION 750 FIRST ST, NE WASHINGTON, DC 20002	
1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.	ON BEHALF OF AMERICAN PSYCHOLOGICAL ASSOCIATION
2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?	<input checked="" type="radio"/> Yes No
3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.	PLEASE SEE ATTACHED FORM

Signature: *Heather Kelly*

Date: **4/1/09**

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

American Psychological Association, Inc.
Schedule of Federal Awards
For the Year-to-Date Ended December 31, 2007

APA #	Cash Awards	CFDA Number	Grant Number	Project Period	2007 Expenditures
<small>as of 12/31/07</small>					
<u>National Institute of General Medical Sciences</u>					
90077	NIGMS 2	93.880 & 93.859	3T36GM008640-06	09/96 - 07/08	316,834
<i>Total National Institute of General Medical Sciences</i>					<u>316,834</u>
<u>National Institute of Mental Health</u>					
90104	fMRI Training II	93.242	5R25MH63140-05	06/01 - 05/07	35,633
90135	* End of Life Training	93.242	2 R44 MH070228-02A1	05/04 - 06/08	107,226
90934	Diversity Program in Neuroscience (formerly MFP- Neuro)	93.282	5T32MH018892-16 - 21	07/02 - 06/08	861,033
90992	Minority Fellowship in Psychology - Research	93.282	2T32MH015742-23 - 27	08/02 - 06/08	532,910
90993	Minority Fellowship in Psychology - Research	93.282	3T32MH015742-24S1	08/03 - 06/06	
90994	MFP Psych Summer Research Institute	93.242	5R13MH075625-02	07/05 - 06/07	36,786
<i>Total National Institute of Mental Health</i>					<u>1,573,588</u>
<u>Marine Biological Laboratory</u>					
90105	SPINES Evaluation	93.242	2R25MH5929-07A1	06/01 - 07/06	4,989
<i>Total Marine Biological Laboratory</i>					<u>4,989</u>
<u>Centers for Disease Control</u>					
90134	Improve the Health of Young People	93.938	U87 / CCU323746-02-2	06/04 - 05/07	21,351
90137	* HIV / AIDS Capacity Building	93.955/CCU923681	U65/CCU923681	06/04 - 03/06	
90143	* Behavioral and Social Scientists/Volunteers (BSSV) Prog	93.35127-4S-609	35127-4S-609	09/04 - 09/06	(899)
90148	APA Plan for Integrating Unintentional Injury Prevention	93.25275211970	252Z 5211970	1/06 - 2/06	866
90149	Natl Ctr for Chronic Disease Prevention & Hth Promo	93.938	1 US8 DP000440-01	5/06 - 5/08	262,609
90150	CDC BSSV Program (sole source)	93.200200617193	200-2006-17193	7/06 - 6/08	293,018
90154	* Univ North Carolina - Eval of ACT Parents Raising Safe Kids	93.136	2975-2007-0293	09/07 - 08/08	1,942
90804	Work, Stress & Health 2006	93.262	1R13CH009343-01	09/07 - 08/08	NEW NEW
<i>Total Centers for Disease Control</i>					<u>578,886</u>
<u>SAMHSA/Center for Mental Health Services</u>					
90136	HOPE 5 - HIV/AIDS Training	93.280040121	280-040121	09/04 - 09/08	101,505
90924	Mental Health and Substance Abuse Services (MHSAS)- (formerly MFP- Clinical)	93.243	1T06SM56564-01-02-1	09/04 - 09/08	1,033,276
<i>Total Center for Mental Health Services</i>					<u>1,134,781</u>
<u>National Inst. Of Child Health and Human Development</u>					
90125	Advanced Training Institute	93.865	5T15 HD043860-04	03/03 - 02/09	49,979
<i>Total NICHD</i>					<u>49,979</u>
<u>National Science Foundation</u>					
90142	Online Psychology Laboratory	47.076	OUE-0435058	01/05 - 12/08	44,388
<i>Total National Science Foundation</i>					<u>44,388</u>
Total Federal Awards					<u>\$ 3,703,445</u>

Note: * These four programs are subcontracts
 * Also Program 90135 and 90137 are subcontracts that should have appeared under federal awards last year

Mr. FARR. Thank you very much, less than 2 minutes. Well done.

Mr. WAMP. Thanks for your service and excellent testimony. When the other witnesses said that we still don't have enough providers for psychological services, what is your association doing to help us provide those providers through the V.A. in the field so that we do have adequate mental health services for our returning population?

Ms. KELLY. Yes. And I can get back to you with a much longer, specific response, but we echo their concerns. Sometimes the issue is not as much financial as making sure that the—as a previous witness mentioned, get to the right places so that the money can be spent on the right things.

And you all have helped in the past couple of years—devoted a lot more support toward mental health professionals. In some cases, we have those professionals now, and we are waiting to get them a desk, a computer. So there are a lot of issues around personnel that aren't necessarily always pure numbers.

But we can certainly get back to you in terms of what the issues are and how best we could address those.

Mr. FARR. Thank you.

Ms. KELLY. I had a nice meeting with your staff last week on some of these issues. They have been very helpful.

Mr. WAMP. Thank you.

Mr. FARR. In the office of the American Psychological Association, you represent all the professionals in the association, not those just that are in the V.A.—

Ms. KELLY. Correct.

Mr. FARR. or any government—

Ms. KELLY. Yes.

Mr. FARR. And what we have been trying to do is—match those professionals with the patients in their hometown communities.

Ms. KELLY. We have had a lot of interest from our membership across the country, both in terms of Reserve, V.A., and active duty—psychologists who practice as clinicians who want to be of service, of volunteer service to military and veteran personnel.

And we are trying—and as NMFA mentioned, we are trying to find the best ways to hook up appropriate personnel with appropriate training in ways that they can be helpful to sort of augment what the military and the V.A. population of mental health professionals can provide.

Mr. FARR. A very effective Web site you might look at is called networkofcare.org. It tries to link up resources county by county in the United States, so that you really know what all the network of care in a given field, Alzheimer's or mental health, or other kinds of diseases, what kind of resources are there in the civilian community, as well as the government.

Ms. KELLY. Thank you.

Mr. FARR. Well, thank you for your testimony.

Ms. KELLY. Thank you very much.

Mr. FARR. Next witness is with the American Thoracic Society, Jesse Roman-Rodriguez, who is testifying on behalf of the American Thoracic Society, a medical professional organization of over 15,000 members dedicated to the prevention, treatment, research, and cure of respiratory disease.

Dr. Roman-Rodriguez is a professor of medicine at the Emory University School of Medicine and is also staff physician at the Emory Clinic and the Atlanta Veterans Affairs Medical Center.

Welcome to our committee.

THURSDAY, APRIL 23, 2009.

AMERICAN THORACIC SOCIETY

WITNESS

JESSE ROMAN-RODRIGUEZ, MD

STATEMENT OF JESSE ROMAN-RODRIGUEZ

Dr. ROMAN-RODRIGUEZ. Thank you. Good morning, Mr. Chairman and members of the committee.

My name is Jesse Roman-Rodriguez, as you heard. I serve at the Atlanta V.A. Medical Center, and I am here to talk to you about the good things that V.A. provides, but also to request that you provide funding for its infrastructure.

I am excited to be here because of the many things the V.A. medical research and prosthetic research program provides. I know I have only a few minutes, so I am going to focus on a couple of things that I believe are truly outstanding about this program.

As you mentioned, I testify on behalf to the American Thoracic Society. It is a 15,000-member medical professional society dedicated to the research, prevention, treatment and cure of respiratory disorders. Like me, there are many ATS members that serve in V.A. facilities all across the country.

This organization is especially committed to ensuring the continuation of strong V.A. medical and prosthetic research program. And it is grateful that, in the past year, there has been increases in the V.A. funding, and we request the subcommittee to provide \$575 million for the V.A. research program in 2010.

Now, why support the V.A.? And you have heard other witnesses describe that. Let me give you my version of it.

First, the V.A. research program attracts many bright, young physicians to serve our nation's veterans. You have the best physicians. You also have the best trainees. And that is a crucial component with what the V.A. does, and these are people devoted to taking care of veterans.

I came to the V.A. because of its research program. I trained in the V.A. in San Juan. Later on, I went to the St. Louis V.A. I have been 17 years at the Atlanta V.A., and I am moving on to Kentucky to the Louisville V.A. And it is a program that I would not leave.

Based on my experience, and the experience of my colleagues and many others, I am convinced that the V.A. research program keeps high-quality doctors within the system. The grants, the mentorship opportunities that are there really attract these people who are actually devoted to the care of patients. And, therefore, being able to maintain a clinical research career there is highly attractive for these physicians.

The second point that I want to make is the V.A. research program excels in clinical research. It is great to perform research in tissue culture and Petri dishes and so forth, but we have got to

translate that research to the human condition and the care of patients. That is something the V.A. researchers do and do extremely well.

In my own place, research performed by my colleagues has improved dramatically the care of critically ill veterans and veterans with tobacco-related diseases, diabetes, hypertension, and so forth.

The third point is that the V.A. research produces really outstanding science. These findings can be found in the top journals, *New England Journal of Medicine*, *Journal of the American Medical Society*, and so forth.

I will give you one example at my own V.A. I have a group that is involved in alcohol-related research and its' relationship with the lung. Until the mid-1990s, there was no known association between those two. Now, because of this group, we know that chronic alcohol abuse increases susceptibility to acute lung injury, which kills about 50 percent of the people who develop it.

This group, over the past decade, has found the mechanism by which this happens, has found a receptor that affects—that relates to alcohol in the lung, and is looking very carefully into potential therapeutic targets to treat that. So whether it is alcohol abuse, lung cancer, heart disease, Parkinson's, V.A.'s researchers are looking into that.

And, lastly, the V.A. research program is good for veterans. Its program is devoted to taking care of diseases that have—or that affect the veteran population.

What is the problem? Well, one of the problems—one of the dark spots here is the infrastructure in the V.A. aging facilities. The V.A. research labs are woefully out of date. The sub-par research facilities are making it increasingly hard to recruit and retain top-flight physician researchers into the V.A.

The ATS greatly appreciates this subcommittee bringing attention to this area by supporting and developing a report that will look at the V.A. infrastructure. Unfortunately, the funds are really needed now so that we don't continue to neglect V.A. research labs. Funds to refurbish V.A. research are desperately needed in 2010. ATS strongly recommends that \$142 million be provided to rehabilitate the existing laboratory space.

So, Mr. Chairman, I think it is clear that V.A. research provides a lot of good things to a lot of good people for a little money. I hope you will continue to support the nation's veterans to provide \$575 million for the V.A. research program and \$172 million to improve its infrastructure and space rehabilitation for 2010.

Thank you. And I will answer any questions.

[The prepared statement of Jesse Roman-Rodriguez follows:]



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*American Journal of Respiratory
and Critical Care Medicine* *

*American Journal of Respiratory
Cell and Molecular Biology* *

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STATEMENT OF THE AMERICAN THORACIC SOCIETY

ON

FISCAL YEAR 2008 APPROPRIATIONS FOR THE

VETERANS AFFAIRS MEDICAL RESEARCH PROGRAM

BEFORE THE

HOUSE MILITARY CONSTRUCTION, VETERANS AFFAIRS

AND RELATED AGENCIES APPROPRIATIONS

SUBCOMMITTEE

PRESENTED BY

Jesse Roman-Rodriguez MD

FOR THE AMERICAN THORACIC SOCIETY

61 Broadway

4th Floor

New York, NY 10006-2755

April 23, 2009

FY10 Funding Recommendations

VA Research Program	\$575 million
Minor Construction Budget (laboratory renovation)	\$142 million

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ATS 2009 • International Conference • May 15 - 20 • San Diego • California

Mr. Chairman, my name is Jesse Roman-Rodriguez MD, and I am testifying on behalf of the American Thoracic Society in support of the VA research program. The American Thoracic Society is a medical professional organization of over 15,000 members who are dedicated to the prevention, treatment, research and cure of respiratory disease. Our members include physicians, researchers, nurses, respiratory therapists and other allied health professionals. Many of our members proudly care for our nation's veterans in VA medical facilities and clinics across the U.S. It is with this hands-on experience in working with veterans and our shared commitment to caring for our nation's veterans that we recommend \$575 for the VA research program in FY10 and an additional \$142 million in the minor construction budget line for VA lab space rehabilitation.

The VA research program is a congressionally mandated program that has been a source of pride and scientific advancement for VA medical care for decades. We measure the program's success by the researchers who have worked at the VA; the VA program hosts 3 Nobel Laureates and 6 recipients of the Albert Lasker Medical Research Award, "America's Nobels".

We measure success by the amount of awards VA researchers get from non-VA sources. In FY08, VA researchers used the \$480 million in VA research funds to leverage an additional \$914 million in non-VA research funds – nearly doubling the size of the VA research endeavor.

Success is also measured by scientific discoveries made by VA-supported researchers. Over its history, the VA has played a lead role in advances such as antibiotic treatment for tuberculosis, the first liver transplant, the pacemaker, the CT scan and development of the nicotine patch. More recently, the VA is making advances in the treatment of post traumatic stress disorder (PTSD), improving prosthetic devices for amputees and (insert one more research advance)

Ultimately, the VA research program's success will be measured by the way that these research efforts lead to improvement in care for Veterans.

As you know, the VA research program is an intramural research program. Investigators must be 5/8 employed by the VA before they are eligible to compete for VA research funds. The research program is an excellent tool for recruiting and retaining physicians to serve in the VA. For many of the VA health professionals, the ability to both see patients and maintain a research career is why they came to the VA. For many, it is why they stayed.

The VA research program is a peer-reviewed program. Like other federal research programs, proposals are evaluated by a peer review process where only the strongest scientific proposals, as judged by a panel of experts, are awarded funding. Unlike the other federal research program, the VA research program is veteran-focused. Not only do VA proposals have to be scientifically meritorious they must also be focused on a scientific question that directly impacts care of veterans.

Maintaining rigorous scientific standards and a direct connection to veterans needs ensures that VA patients are well served by the program.

The VA health system faces special challenges and funding is needed to meet these challenges. Due to advances in field medicine and body armor, veterans are now surviving injuries that formerly would be been lethal. These veterans are returning with complex multiple physical and mental wounds that include burns, blast injury, neurotrauma, traumatic brain injury, limb loss, cognitive and sensory losses, PTSD. Research is needed to understand these complex conditions faced by some of our nation's OEF/OIF veterans.

While our attention is rightly focused on the needs of returning OEF/OIF veterans we must continue to serve the needs of other veterans. Research funding is needed to develop better prevention and treatment strategies for conditions that are common in the VA population. Conditions like: COPD, heart disease, diabetes, HIV/AIDS, mental illness, substance abuse, cancer continue to be significant health challenges among veterans.

The VA health system also has unique opportunities. Genomic medicine is one such opportunity. Genomic medicine allows clinicians to know in advance if the genetic make up more prone to a disease or side effect of treatment. Innovations in genomic medicine will allow the VA to:

- Reduce drug trial failure by identifying genetic disqualifiers while allowing testing of eligible individuals,
- Track genetic susceptibility of individuals for diseases and institute preventative measures
- Modify drugs and treatments to match an individual's unique genetic sequence.

Additional funding in the VA research program will be needed to turn the promise of genomic medicine into clinical practice.

Mr. Chairman, the VA recently raised the funding cap on VA merit award. The American Thoracic Society strongly supports this decision. By allowing the size of the Merit awards to grow from \$125,000 to \$150,000 the VA is recognizing the increasing costs of conducting high quality research. The larger grant awards are needed in response to research inflation, to maximize productivity, foster recruitment, and speed the translation of research from the bench to the bedside. However, the welcome increase in grant size does put pressure on the VA to reduce the overall number of grants awarded. We urge the Committee to provide the VA with the resources needed to maintain the new grant awards while it continues to support a comparable number of grant awards.

Mr. Chairman, while funding is one key element of a successful VA research program, the physical infrastructure of laboratories is another key element. Sadly,

many parts of the VA research infrastructure are in bad shape. Funding for rehabilitating existing VA lab space comes from the minor construction budget. The minor construction budget funds a wide variety of VA infrastructure needs. Because the minor construction budget has been chronically under funded, scarce funds have been generally guided to repairing existing clinical care space – meaning the needs of VA lab space have been neglected for several years.

The years of neglect are catching up with the VA. In many facilities, the VA is unable to conduct state of the art research because it lacks the physical infrastructure needed to support any semblance of research. Resources are needed to restore the basic functions in many labs such as plumbing, electrical systems and heating and cooling systems.

The VA has long recognized this problem. The 2003 draft CARES report recommended \$142 million for addressing the VA research infrastructure needs. Unfortunately the recommendation was not included in the final 2004 CARES document issued by the Secretary. Congress is also aware of the VA lab infrastructure. In House Report 109-95 accompanying the FY 2006 VA appropriations, the House Appropriations Committee directed VA to conduct “a comprehensive review of its research facilities and report to the Congress on the deficiencies found and suggestions for correction of the identified deficiencies.” In FY 2008, the VA Office of Research and Development initiated a multiyear examination of all VA research infrastructures for physical condition and capacity for current research, as well as program growth and sustainability of the space needed to conduct research. We are told that report is completed and awaits the Secretary's review.

While we await the release of the report, the ATS encourages Congress to provide \$142 million in the minor construction budget for VA lab space renovation.

In conclusion, the American Thoracic Society recommends providing \$575 million for the VA research program and an additional \$142 million to address VA laboratory infrastructure needs.

Mr. FARR. Thank you.

Mr. Wamp.

Mr. WAMP. No questions. Thank you.

Mr. FARR. How many research facilities are there?

Dr. ROMAN-RODRIGUEZ. Around 52 or so, one or two per state.

Mr. FARR. And \$142 million will take care of that, huh?

Dr. ROMAN-RODRIGUEZ. It will go a long way to improving the research laboratory structure, yes, sir.

Mr. FARR. Okay, thank you very much. We appreciate your testimony, Doctor.

Dr. ROMAN-RODRIGUEZ. Thank you.

Mr. FARR. Next witness is Joe Barnes, who is the Fleet Reserve Association's national executive director. He is also a senior lobbyist and chairman of the association's National Committee on Legislative Service.

Thank you for being here today.

THURSDAY, APRIL 23, 2009.

FLEET RESERVE ASSOCIATION

WITNESS

JOE BARNES, USN, RET.

STATEMENT OF JOSEPH L. BARNES

Mr. BARNES. Thank you, Congressman, Ranking Member Wamp. It is a pleasure to be here.

Thank you for the opportunity to present FRA's legislative goals. My name is Joe Barnes. I am the FRA's national executive director. And with me today is Gerald Brice, a constituent of Representative Wamp's, and FRA's southeast region vice president from Chattanooga, Tennessee.

Mr. FARR. Thank you for coming.

Mr. BARNES. He is here to participate in FRA's Hill business day, in conjunction with our national board of directors meeting tomorrow and Saturday.

A continuing concern for FRA is ensuring that wounded troops, their families, and the survivors of those killed in action are cared for a grateful nation. This includes adequate and sustained funding to ensure quality health care, support and benefits, medical and prosthetic research, and a smooth, seamless transition for veterans transitioning from DOD to the V.A. for care.

There is progress towards these goals, and FRA sincerely appreciates the strong support from this distinguished subcommittee in achieving this. FRA appreciates and firmly supports the administration's plan to submit a 2010 V.A. budget of \$113 billion, which is \$15 billion higher than this year's budget.

Much of the significant increase in discretionary funding will go to V.A. medical care. And FRA notes that the proposal exceeds the Independent Budget recommendations by \$1.3 billion.

FRA also supports legislation to authorize advanced appropriations for V.A. medical care and, if approved, urges adequate appropriations to support this initiative.

FRA also supports the timely enactment—or appreciates the timely enactment of the 2009 V.A. budget, which was the first time in 15 years that this legislation was passed on time.

The association also supports increased funding to support improvements to the Veterans Benefits Administration paperless system and to expand access to additional Priority Group 8 veterans seeking care in the V.A. health care facilities.

The administration's budget outline also references the importance of further expanding the concurrent receipt of disability compensation and retirement pay for those medically retired from service.

Full concurrent receipt for all disabled military retirees is a long-standing FRA priority, and the association strongly supports adequate appropriations to support this initiative.

FRA continues its strong opposition to enrollment fees for lower priority group veterans seeking care in the V.A. health care system. There are approximately 1.3 million veterans in Priority Groups 7 and 8, and the association supports adequate appropriations to prevent shifting costs to them for care they are earned in service to our nation.

Although not under the jurisdiction of this subcommittee, FRA also continues its opposition to TRICARE fee increases for military retirees and believes there are other cost-saving options which must be implemented to help address funding challenges.

The association salutes Chairman Edwards for his leadership on this issue and strongly supports the Military Retirees Health Care Protection Act, H.R. 816, which, along with adequate V.A. health care funding, is being addressed by our association's leadership during nearly 40 visits to various members of Congress today. We also appreciate Ranking Member Wamp's co-sponsorship for this legislation.

FRA strongly supports adequate funding to support medical and prosthetic research and to reform the antiquated Veterans Benefits Administration paper claims system to help address the chronic claims backlog.

Regarding military construction and quality-of-life programs, FRA appreciates the tradition of inviting senior enlisted leaders to testify before this distinguished subcommittee each year. This is the only opportunity for these leaders to testify on Capitol Hill regarding important quality-of-life programs.

As noted by MCPON Rick West and Sergeant Major of the Marine Corps Carlton Kent, family housing and barracks construction and childcare facilities are top concerns and directly relate to the morale of our servicemembers and to ensuring family readiness.

FRA strongly supports funding for these important programs, which includes the Navy's home port ashore and other housing and barracks projects, and the expansion of childcare centers.

In closing, allow me to again express the sincere appreciation of the association's leadership for all that you and members of this distinguished subcommittee and your respective staffs do for our nation's servicemembers and those who served in the past.

Thank you.

[The prepared statement of Joseph L. Barnes follows:]



Statement of
The Fleet Reserve Association

Before the

Committee on Appropriations
Subcommittee on Military Construction and Veterans Affairs
U.S. House of Representatives

By

Master Chief Joseph L. Barnes, USN (Ret.)
National Executive Director
Fleet Reserve Association

23 April 2009

THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest organization serving the men and women in the active, Reserve, and retired components plus veterans of the Navy, Marine Corps, and Coast Guard. The Association is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) and entrusted to serve all veterans who seek its help.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

The Association is actively involved in the Veterans' Affairs Voluntary Services (VAVS) program and a member of the National Headquarters' staff serves as FRA's National Veterans Service Officer (NVS/O) and has a seat as a national representative on the VAVS National Advisory Committee (NAC). FRA testifies regularly before the House and Senate Veterans' Affairs Committees and Appropriations Subcommittees.

In addition to FRA's National Veterans' Service Officer representing veterans throughout the claims process and before the Board of Veteran's Appeals, 196 FRA Shipmates provided volunteer support at 33 VA facilities throughout the country in 2008, enabling FRA to achieve VAVS "Service Member" status. Members of the Ladies Auxiliary of the Fleet Reserve Association are also actively involved in the VAVS program and hold an Associate Membership seat on the committee which requires involvement at 15 or more VA facilities.

In August 2007, FRA became the newest member of the Veterans Day National Committee joining 24 other nationally recognized Veterans' Service Organizations on this important committee that coordinates National Veterans' Day ceremonies at Arlington National Cemetery. FRA also is a major participant in The Military Coalition (TMC), a group of 34 nationally-known military and veterans organizations representing the concerns of over five million collective members. In addition, FRA staff members serve in a number of TMC leadership roles.

FRA celebrated its 84th anniversary on 11 November 2008. Over eight decades of dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, retirees, veterans and their families.

FRA's motto is: "Loyalty, Protection, and Service."

**CERTIFICATION OF NON-RECEIPT
OF FEDERAL FUNDS**

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) appreciates the opportunity to present its recommendations regarding the FY 2010 Budget.

FRA's membership extends sincere gratitude to you and Members of the Subcommittee for the progress to date on enhancing funding for military construction projects and to ensure that wounded troops, their families and the survivors of those killed in action are cared for by a grateful Nation. The substantial increases in the Department of Veterans' Affairs (VA) budget during the 110th Congress are significant and include additional resources so important to providing health care for our Nation's veterans along with additional funding for research and treatment for Traumatic Brain Injury (TBI) and Post Traumatic Stress Disorder (PTSD). The legislation also allocated money for additional VA case workers who are sorely needed to help reduce the major backlog of claims. These and other enhancements were strongly supported by FRA and sent a clear message with that there is no higher funding priority than to ensure proper treatment, housing and support facilities for all of our wounded warriors and their families to which we owe so much.

The Association was pleased that for the first time in 15 years, Congress passed the FY 2009 VA budget on time, and that the Military Construction, Veterans' Affairs Appropriations (Mil-Con/VA) is five percent more than requested and 14 percent above FY 2008 appropriations. The measure provides increased funding for military housing, BRAC related initiatives and other important construction projects and for the Veterans' Health Administration; plus an increased mileage reimbursement rate (41.5 cents per mile) for veterans traveling long distances to VA medical facilities; enrollment in the VA health care system for some Priority 8 veterans; and 2,000 additional claims processors.

WOUNDED WARRIORS

FRA is optimistic about the progress toward establishing the joint DoD-VA office that will oversee development of a bi-directional electronic medical record per provisions in the FY 2008 National Defense Authorization Act (NDAA). The creation of the electronic health record is a critical element in developing a seamless transition process between DoD and VA care. Despite jurisdictional challenges, this Subcommittee should ensure that this office has adequate funding to effectively implement a bi-directional electronic medical record as a critical first step in improved treatment of physical injuries as well as PTSD and TBI for veterans of Operations Iraqi and Enduring Freedom (OIF/OEF).

The FRA is encouraged by the improved cooperation between of the Departments of Defense (DoD) and Veterans' Affairs (VA) in working to help our wounded warriors. For example, DoD is working with the VA to expand the Disability Evaluation System (DES) pilot program that simplifies the current disability evaluation process for wounded, injured and ill service members and is aimed at assisting wounded service members obtain faster access to TRICARE and other health care and VA benefits. A single medical examination used by both DoD and VA, with a single source disability evaluation done by VA and accepted by DoD is key to this initiative. The

pilot, implemented in the National Capitol Region in November 2007, is slated to expand to 19 additional installations through June 1, 2009. FRA has strongly supported a streamlined and seamless disability evaluation process and supported the legislative effort to create the pilot program. More than 700 service members have participated in the pilot program.

The pilot was initiated at the Washington D.C. VA Medical Center and at three Military Treatment Facilities in the National Capitol Region – Malcolm Grow Medical Center at Andrews Air Force Base, Md., Walter Reed Army Medical Center in Washington, D.C., and National Naval Medical Center in Bethesda, Md. Recently 19 more installations have been added to the study, including Fort Carson, Colo., Naval Medical Center San Diego, Calif., and Elmendorf Air Force Base, Alaska.

The FY 2008 National Defense Authorization Act established a comprehensive policy on the care and management of wounded service members in order to facilitate and enhance their care, rehabilitation, physical evaluation, transition from DoD care to the VA, and transition from military service to civilian life.

Although DoD and VA have made great progress in sharing information and resources, much more is needed, particularly with regard to access standards, to truly provide a “seamless transition” from military service to veteran status. The Special Oversight Committee (SOC) is important to this process and FRA believes it should be made permanent. It is significant that Secretary of Defense Robert Gates and Secretary of Veterans’ Affairs Eric Shinseki are co-chairing the SOC until the appropriate deputy secretaries’ appointments in each department have been confirmed. FRA advocates that a truly seamless transition can not be implemented and maintained without the oversight of a permanent joint VA/DoD agency that is staffed by both DoD and VA personnel.

Although these and other reforms are improvements, the fact remains that the VA disability process and the VA health care system is still overwhelmed. A two-front war, a lengthy occupation and repeated deployments for many service members has put a strain on the DoD/VA medical system that treats our wounded warriors. The system is being strained not only by volume but by the complexity of injuries, and the military has shown that it is woefully inadequate in recognizing and treating cases of TBI and PTSD, even though more than 3,900 new mental health employees have been hired since 2005 – bringing our total number to more than 17,000. Soaring medical costs, decades of inadequate appropriations and increasing demand for medical services have severely hampered timely access to quality health care for our Nation’s sick and disabled veterans.

DEPARTMENT OF VETERANS’ AFFAIRS BUDGET

FRA appreciates the Administration’s plan to submit a FY 2010 VA budget of \$113 billion, a \$15 billion increase from the 2009 enacted budget. The request calls for \$52.5 billion in discretionary funding; an increase of \$4.9 billion, or 10.3 percent over 2009 funding levels. The bulk of discretionary spending goes to VA medical care. FRA notes that this budget actually exceeds by \$1.3 billion the recommendations of the FY 2010 Independent Budget supported by FRA. The Association also appreciates the Majority and Minority leaders of the House Veterans’ Af-

fairs Committee recommending that the House Budget Committee provide additional “head room” in the budget. Further, the new Administration has proposed increased funding (\$25 billion over the baseline) over the next five fiscal years. Although the numbers projecting spending in the out years beyond FY 2010 are not binding on future budgets, they do indicate that the Administration understands that veteran’s benefits and services are part of the cost of war. The Association also notes that the Administration has not proposed raising prescription drug co-payments, or an enrollment fee for lower priority group beneficiaries seeing VA medical care. FRA is also encouraged by Secretary of Veterans’ Affairs Eric K. Shinseki’s plans to transform VA into a 21st century organization. FRA appreciates the continuing focus of the Subcommittee on Disability Assistance and Memorial Affairs and this distinguished Subcommittee’s attention to timely implementation of the Post-9/11 G.I. Bill and the infusion of IT funding to improve the Veterans’ Benefits Administration (VBA) paperless system. The Association also welcomes the long overdue inclusion of some Priority Group 8 veterans for VA health care services that have been excluded from coverage since 2003.

FRA’s membership appreciates the unprecedented budget outline reference to the importance of further expansion of the concurrent receipt of disability compensation and retirement pay for those who are medically retired from the service. Full concurrent receipt for all disabled veterans is a long standing legislative priority for FRA and the Association urges adequate appropriations to support this initiative.

While the Association supports the current VHA efforts to recoup any or all costs from a veteran’s insurance carrier for non-service-connected injuries or illnesses, FRA opposes any effort to allow VHA to demand payment from a veteran’s personal insurance carrier for the cost of care related to a disability or injury that occurred during military service. The Association advocates that it is the exclusive obligation of the VA to care for the service-connected injuries and illnesses of veterans, and appreciates the Administration’s withdrawal of this controversial program.

HEALTH CARE FEES

FRA continues its strong opposition to establishing a tiered enrollment fee structure for veterans in Priority Groups 7 and 8 within the VA Health Care System. Past proposals include fees based on annual family income adjusted by region averaging approximately \$30,000 and above, along with an increase on pharmacy co-pays from \$8 to \$15 for Priority Group 7 and 8 beneficiaries. There are approximately 1.3 million veterans in these groups and FRA supports adequate appropriations to prevent shifting costs to them for care they’ve earned in service to our Nation. Although not under the oversight of this Subcommittee, FRA continues its strong opposition to TRICARE fee increases for military retirees and believes there are other cost-saving options which must be implemented prior to adjusting fees for younger retirees. The Association salutes Chairman Edwards for his leadership on this issue and strongly supports the “Military Retirees Health Care Protection Act” (H.R. 816) which he sponsored along with Rep. Walter Jones (N.C.)

Rather than focus efforts on cost-shifting to beneficiaries, the VA should look at other cost-saving measures. The VHA should focus on improving wellness systems, such as “My HealtheVet,” expanding outreach to work on prevention, early, effective interventions, and inno-

vative methods of motivating beneficiaries toward healthy life styles. These measures could result in substantial savings for the VHA in the coming years.

EDUCATION BENEFITS

The Association understands that funding for the Post 9/11/2001 G.I. Bill is mandatory, thus eliminating the year-to-year uncertainty about adequate resources to support the authorized and dramatically increased education benefits for qualifying service members. This is a very significant program and FRA is grateful for its enactment last year. FRA also appreciates continuing oversight of the implementation plan by the House Veterans' Affairs Subcommittee on Economic Opportunity as the program ramps up to the 1 August 2009 effective date.

Regarding the Vocational Rehabilitation and Employment (VR&E) Program, if authorized, FRA supports adequate funding to increase the monthly stipend comparable to the BAH payments level in the Post 9/11 G.I. Bill and to cover books, fees and adaptive equipment for veterans in this program.

MEDICAL AND PROSTHETIC RESEARCH

Medical and prosthetic research is one of the most successful aspects of all VA medical programs and FRA appreciated the FY 2009 appropriation of \$510 million for this vital research and calls on this distinguished Subcommittee to ensure that FY 2010 funding levels remain predictable and stable, taking into account rising administrative and medical costs. Adequate funding of VA Medical and Prosthetic Research is paramount to ensure that the VA can continue providing state of the art prostheses and world class medical care and support for all veterans.

DISABILITY COMPENSATION CLAIMS PROCESSING

FRA is deeply concerned about the chronic and growing backlog of claims at the Department of Veterans' Affairs and supports adequate funding to support reform of the antiquated Veterans' Benefits Administration (VBA) paper claims system. As of 21 February 2009, there were 402,986 disability rating cases pending, 671,808 claims and pension (C & P) cases pending, and 168,769 disability rating cases awaiting appeal. As of 21 March 2009, there were 403,197 disability rating cases pending, (84,126 of these have been pending for over 180 days) 700,917 claims and pension (C & P) cases pending, and 170,456 disability rating cases awaiting appeal. FRA notes with concern the increases in these categories during only one month.

It's critically important to process disability claims in a timely manner, and the VA must ensure a credible and effective system which includes appropriate and effective oversight to correct deficiencies as they become evident. Despite significant attention to this issue, problems associated with IT applications and inadequate capacity persists and the claims backlog continues to grow. Utilizing new technology, ensuring the availability of adequate resources and staffing to expedite development and implementation of a "paperless" claims system are essential to addressing this challenge, which is integral to a seamless transition process for beneficiaries. FRA congratulates the VA on the steps taken to incorporate the "paperless" claim folder for transitioning service members utilizing the Benefits Delivery Before Discharge (BDD) program, plus the pension

consolidation effort leading to a totally electronic claims process for newly developed pension and DIC claims.

The Association welcomes efforts by the Advisory Committee on Disability Compensation and believes it is necessary to periodically revise and adjust the VA schedule for disability ratings.

FRA is extremely concerned about allegations from an Office of Inspector General (OIG) report that found claims-related material placed in "shred bins" in Detroit, St. Petersburg, Waco, and St. Louis VA Regional Offices. In response, the Veterans' Benefits Administration (VBA) has begun special temporary claims-handling procedures and has developed a plan to strengthen current policies and procedures to safeguard veteran's paper records. FRA urges the Committees to provide adequate resources to complement continuing oversight and implementation of safeguards to provide legitimacy to the claim adjudication process.

MILITARY CONSTRUCTION

As discussed by senior enlisted leaders of the Navy, Marine Corps, Army and Air Force during their 4 February 2009 Quality of Life hearing by this distinguished Subcommittee, child care facilities, work spaces and associated structures, and barracks construction are top concerns. These programs are particularly important to the Navy and Marine Corps per testimony by newly appointed Master Chief Petty Officer of the Navy (MCPON) Rick West, and Sergeant Major of the Marine Corps Carlton Kent. FRA also appreciates the invitation from Chairman Edwards for comments by Navy Reserve Force Master Chief Ronnie A. Wright to provide input on Reserve issues and the Returning Warrior Program that has helped more than 2,200 service members adjust after returning from the combat zone.

The Navy's top concerns include availability and affordability of child care for Navy families; suitable, safe and affordable family housing; continued funding for the "Safe Harbor" program to help injured Sailors with reintegration to active duty or civilian life; recruiting challenges; and improvements to Navy Reserve forces.

The Navy child care expansion plan includes adding 7,000 new child care spaces. Current child care capacity is 72 percent but needs to grow to 80 percent of potential need in order to reduce waiting lists for child care placement to one to three months. The current waiting list is three to six months.

The Navy has successfully further eliminated inadequate housing since FY 2008. The Navy bachelor housing (BH) however is currently inadequate to meet all needs. In response the Navy has doubled up single rooms to accommodate Homeport Ashore Sailors. Even with this effort the Navy will still have 2,100 Sailors living aboard ships in fleet concentration areas by FY 2010 (Norfolk and San Diego). Over 200 of the 1850 BH facilities are over 50 years old and 70 percent of permanent party barracks are rated as partial or non-mission capable. The Navy has recently awarded two BH PPV projects that will provide housing for 4,250 Sailors (E1-E6). FRA believes it is vital that the Navy provide housing that is equal with service members in the other branches of the military.

The Marines' top concerns include adequate end strength for the conflicts of today and tomorrow; increased emphasis on family readiness; helping Marines and their families deal with the stress of the operational deployment cycles; and improved quality of life for Marines and their families.

The Marine Corps will achieve 202,000 end strength by the end of FY 2009, which is two years ahead of schedule, and the Marines have expanded family readiness programs with Family Readiness Officer Billets in more than 400 units. Further, they have expanded and enhanced pre- and post-deployment training to sustain Marines and their families through multiple deployments. As with the Navy child care, spaces are inadequate (64%) to meet current demand. FRA urges additional Congressional support for child care.

It should be noted that this is the only Subcommittee in Congress that regularly invites our outstanding senior enlisted leaders to testify each year. Our membership salutes you Mr. Chairman, and Ranking Member Zack Wamp and members of this distinguished Subcommittee for consistently inviting them to testify on all important military quality of life issues and the FRA strongly supports adequate funding to support these service priorities FY 2010 and beyond.

BRAC

FRA is thankful that the recently enacted "American Recovery and Reinvestment Act" includes funding for new military construction, renovation projects and funding for VA hospitals.

The Association remains concerned, however, about the inadequacy of funding for implementation plans for other DoD transformation initiatives, global repositioning, and BRAC actions. During the current wartime environment, it's important to establish and maintain support services and quality of life programs for active and reserve service members their families, and retirees at affected sites.

AFRH

FRA appreciates support from appropriators to provide funding to rebuild Armed Forces Retirement Home in Gulfport, Miss. Construction is progressing on the new facility and many FRA members, who were residents at the Home, who were forced to relocate due to damage caused by Hurricane Katrina in 2005, are eager to go home. The new facility is scheduled to be completed by July 2010. FRA thanks this distinguished Subcommittee for its efforts to expedite this project and hopes that if additional resources are required for the reconstruction, this Subcommittee would act expeditiously to appropriate the resources to complete this project in a timely manner.

CONCLUSION

Mister Chairman, FRA sincerely appreciates all that you and members of your distinguished Subcommittee – and your outstanding staff do to support our magnificent service members and veterans. Thanks again for the opportunity to present the Association's recommendations for your consideration.

JOSEPH L. BARNES
NATIONAL EXECUTIVE DIRECTOR, FRA

Joseph L. (Joe) Barnes has served as the Fleet Reserve Association's (FRA's) National Executive Director since September 2002. He is FRA's senior lobbyist and chairman of the Association's National Committee on Legislative Service. He is also the chief assistant to the National President and the National Board of Directors, and responsible for managing FRA's National Headquarters in Alexandria, Virginia.

A retired Navy Master Chief, Barnes served as FRA's Director of Legislative Programs and advisor to FRA's National Committee on Legislative Service since 1994. During his tenure, the Association realized significant legislative gains, and was recognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes was elected Co-Chairman of the 34-organization Military Coalition (TMC) in November 2004 and testifies frequently on behalf of FRA and TMC on Capitol Hill. He's also a member of the Defense Commissary Agency's (DeCA's) Patron Council.

He received the United States Coast Guard's Meritorious Public Service Award for providing consistent and exceptional support of Coast Guard from 2000 to 2003 and was appointed an Honorary Member of the United States Coast Guard in September 2001. Barnes is also an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

Barnes joined FRA's National Headquarters team in 1993 as a writer/editor. While on active duty, he was the public affairs director for the United States Navy Band in Washington, DC. His responsibilities included directing marketing and promotion efforts for extensive national concert tours, network radio and television appearances, and major special events in the Nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC, and earned the Certified Association Executive (CAE) designation from ASAE in 2003.

He is a member of the FRA Branch 181 board of directors and has served in a variety of volunteer leadership positions in community and school organizations.

Mr. FARR. Thank you, Mr. Barnes.

Mr. Wamp.

Mr. WAMP. Real quickly, I want to thank Mr. Barnes, but mostly Gerald Brice back there. Every one of us has somebody in our district that is a true veteran advocate that you hear from all the time and follows all the issues, who beats the drum, who wears you out, and that is him.

So I am honored that you are here in this room today. So thank you for coming today and supporting Mr. Barnes' excellent testimony.

I think the issues that you bring to us, this subcommittee is fully committed to. We just need to keep working together to push the ball further down the field.

So thank you for your presentation.

Mr. BARNES. Thank you.

Mr. FARR. Perhaps you could give the committee your input on TRICARE fees. There is strong opposition to TRICARE fee increases from military retirees and there are other cost-saving options which must be implemented.

Could you give some examples of those cost-savings?

Mr. BARNES. Well, yes, Congressman. The drastic proposal to increase TRICARE fees has been proposed for the past 3 years by the Department of Defense. We firmly believe there are other cost-saving options, such as expanding use of the more cost-effective mail-order pharmacy, wellness programs, which are addressed in this year's defense authorization bill, federal pricing, for example, which is being implemented, results in significant savings, and there are other options.

I can get a more complete list—

Mr. FARR. Yes, I would like—helpful, as we do this whole, big health care bill, we are going to have to find those cost-saving options. And your recommendations would be very helpful.

[The information follows:]

Bar Disproportional Military Health Fee Increases

Issue: For the last several years, the Defense Department has proposed (and Congress has rejected) large increases in TRICARE fees for military retirees and retail pharmacy co-pays for all beneficiaries. It is uncertain whether the new defense budget will propose more increases, but Defense leaders still want them.

Background: DoD asserts that rising health care costs are competing with weapons program needs, and that military retiree fees should be brought more in line with civilian employer practices.

Comparison with corporate practices is inappropriate. Exceptional military medical and retirement benefits are the primary offsets for enduring decades of extraordinarily arduous service conditions. Military retirees pay huge “up front” health premiums through 20-30 years of service and sacrifice. Recruiting problems show few Americans are willing to pay that heavy premium required to earn the military benefit.

Proposed increases are grossly out of line with benefit levels enacted by Congress. Proposed increases would have far outstripped annual retired pay increases and greatly eroded retired compensation value. Congress knew enacting TRICARE For Life wouldn’t be cheap. Don’t penalize retirees for Congress’ action.

Penalizing 20-30-year military retirees is inconsistent with past Congressional action. For four years, Congress has rejected far smaller VA fee increases for nondisabled veterans who had served as few as two years. Big fee hikes for those who served 20-30 years in uniform would be even more inappropriate.

The Nation’s obligation to military retirees exceeds corporate obligations. The government has a moral and practical reciprocal obligation to provide benefits commensurate with the extraordinary commitments it requires from career service members. Mid-career military losses can’t be replaced like civilians can.

Eroding career service benefits undermines long-term retention and readiness. Today’s troops are very conscious of Congress’ actions on their future benefits. Surveys by FRA and the Military Officers Association of America (MOAA) indicate that fee hikes are a morale issue for career service members and most active members oppose such increases. Reducing military retirement benefits for an overstressed force raises retention risk.

The priority should be fixing TRICARE, not charging more for it. Doctors say TRICARE is one of the lowest-paying plans in the country and imposes more administrative hassles than other plans. Beneficiaries at many locations have difficulty finding providers willing to take them. *See next page for a list of needed fixes.*

Defense health costs inflated by military requirements and inefficiencies. Multiple overlapping medical systems are inherently inefficient; GAO says military medical cost accounting is broken; deployment of medical staff forces patients to more costly civilian providers. Those aren’t beneficiaries’ responsibilities.

This isn’t an accounting issue, it’s an earnings issue. Rather than focusing on how much cost can be shifted to beneficiaries, Congress should establish what benefits career service members earn for their “up-front” premium of 20-30 years of service and sacrifice. Other compensation standards are established in law, but most health fees are left to the discretion of the Secretary of Defense, unless Congress intervenes.

The country can afford to pay for **both weapons and military health care**. Today's wartime defense budget is only about 4% of GDP – vs. the 5.7% *peacetime* average since World War II. The world's richest country doesn't need to make military retirees pay for weapons. DoD has many alternative options to contain costs without penalizing beneficiaries. See reverse for a list of cost-saving options.

Recommendation: *Reject DoD-proposed fee hikes for FY10 and support bills establishing fee limits.
House: Cosponsor Reps. Edwards' and Jones' H.R. 816
Senate: Contact Sen. Lautenberg to cosponsor similar pending bill*

TRICARE Problems Requiring Fixes

- 1) Many providers refuse to accept new TRICARE Standard patients.
- 2) Doctors say TRICARE is one of the lowest-paying insurance programs in America.
- 3) TRICARE payment rates are scheduled to decline further under current law, which will encourage more providers to drop TRICARE patients.
- 4) TRICARE contractors (whose goal is to sign up providers for the HMO-style TRICARE Prime at discounted rates) have little incentive to recruit TRICARE Standard providers.
- 5) TRICARE imposes more administrative hassles for providers vs. other programs, especially for those with relatively few TRICARE patients.
- 6) TRICARE Standard imposes much higher retiree co-pays for inpatient care than civilian insurance plans (lesser of \$535 per day or 25% of billed charges).
- 7) TRICARE provides little assistance to beneficiaries who are not enrolled in TRICARE's HMO-style Prime program and who have trouble finding a TRICARE provider.

Options to Reduce DoD Health Costs Without Adverse Beneficiary Impact

- 1) Exempt medications/services for chronic diseases (e.g., diabetes, asthma) from deductibles and co-pays to reduce long-term health costs (studies show even modest co-pay deterrents needed care).
- 2) Encourage retention of other health insurance by making TRICARE a true second-payer to other insurance (TRICARE now often pays nothing; paying the other insurance's co-pay would be far cheaper than having the beneficiary migrate to TRICARE).
- 3) Stimulate use of lower-cost mail-order pharmacy by eliminating all mail-order co-pays.
- 4) Change electronic claim system to reject errors in real time to help providers submit "clean" claims and to reduce delays and multiple submissions.
- 5) Do more to educate beneficiaries and providers on advantages of mail-order pharmacy.
- 6) Simplify TRICARE pre-authorization and referral requirements to reduce contractor overhead.
- 7) Reduce TRICARE Reserve Select costs by allowing members the option of a government subsidy (at cost capped below cost of providing TRICARE) for payment of civilian employer health premiums during periods of mobilization.
- 8) Eliminate DoD-unique administrative requirements that compel contractors to assume more overhead costs (and charge higher fees) than entailed in other insurance programs.
- 9) Offer special care management services to beneficiaries with chronic and expensive conditions.
- 10) Establish centralized DoD "high-cost pharmacy" for central ordering and filling of prescriptions for exceptionally high-cost drugs (AF model has been successful).
- 11) Realign military treatment facility pharmacy budget process for centralized funding, with greater emphasis on accountability and cost-shifting.
- 12) Consider test of voluntary participation in Medicare Advantage Regional PPO to foster chronic care improvement and disease management programs.
- 13) Size military facilities (least costly care option) to reduce reliance on civilian Prime networks (most costly care option) and treat more retirees under age 65.
- 14) Examine further savings options available from consolidation of additional aspects now performed by separate Army, Navy, Air Force medical services.

Mr. BARNES. Thank you, sir.

Mr. FARR. Thank you very much. We really appreciate your testimony.

Mr. BARNES. Thank you.

Mr. FARR. The next witness is from the National Association for Uniformed Services, Rick Jones. Mr. Jones joined the National Association for Uniformed Services as its legislative director in 2005. Before this position, he served 5 years as the national legislative director for AMVETS. He is an Army veteran who served as a medical specialist during the Vietnam War.

Welcome back.

THURSDAY, APRIL 23, 2009.

NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

WITNESS

RICK JONES

STATEMENT OF RICK JONES

Mr. JONES. Thank you, sir. Thank you, Vice Chairman Farr. Appreciate being here.

Thank you, Ranking Member Wamp.

We want to, first of all, express our deep gratitude to you, Vice Chairman, and Chairman Edwards, and Ranking Member Wamp, and all of the members of this subcommittee for your deep concern and your expressed interest in assuring that veterans were a number-one priority over the past 3 years.

You have done a superb job of marking up the bill and providing the funds that are needed to care for our men and women who serve this country and defend our cherished freedoms. Thank you so very much.

Mr. FARR. And we will continue to do so.

Mr. JONES. I was pleased also to hear your interest in sustaining TRICARE. As Mr. Barnes presented, I know that is not an issue that is before you, but we are very pleased to hear your interest. It is a very important earned benefit for those who serve more than 20 years in the military and the uniformed services. Your attention is deeply appreciated.

On military construction—and we strongly recommend that you continue to develop BRAC realignment accounts, which included housing and barracks, medical facilities, childcare, training facilities, make sure they are in place, please, for our returning troops.

If facilities are not ready, as you know, and funding construction will be delayed or deficient, there will be insufficient housing, insufficient barracks. Childcare will go wanting. So these are needed when they are needed, and we trust that you will understand this, as you have in the past provided adequate funding in these accounts. There are more that need to be done. There is more that needs to be done.

While we haven't yet received the full budget from the administration regarding the Department of Veterans Affairs, we can't really build on the comments and recommendations of the president, but we can, however, and do endorse the Independent Budget

document, which has been formulated by four of the major veteran service organizations and vets, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars, which you will hear from later today in this hearing for public witnesses.

At a minimum, we recommend that you increase the Department of Veterans Affairs' budget approximately to \$54.6 billion. That is an increase of \$4.3 billion over current funding, about as much is being requested by the Independent Budget.

I recognize that the administration's initial outline of this budget increases the funding an additional billion dollars. We are yet to see those details. And what details we have seen to this date have been somewhat suspect. One of those details was the third-party funding for war-injured wounded veterans, which we are thankful has been taken off the table, so we have been informed.

We also support research initiatives in the areas that have directly benefited not only veterans, but the public at large. And we also support lifting the ban on access to V.A. health care for our Priority 8 veterans. And denying access really only devalues the service of those who seek care.

And we do recognize and are pleased to see the additional funding that has been provided for some 550,000 Priority 8 veterans over the next 3 years, but more can be done. There are many priority veterans—Priority 8 veterans who can't identify private or public health insurance. And we would like to see that insurance brought into the system. We think that is one way to bolster funding for the care of these Priority 8 veterans.

We urge this subcommittee to take action to honor our obligation to these men and women and not force V.A. to ration, deny or delay care.

At the close of March, regarding disability claims benefits, VBA had more than 697 claims pending. That is a 30,000 claim increase over this time last year. We recognize that there are problems over there, and there are deep problems. We recognize that you have provided funding, and additional claims adjudicators are in process to deal with these claims.

But yet we need to pay attention to that and not fall backward on the advances that you have made already to date in providing the funding that is necessary to upgrade the benefit claims process.

Seamless transition. The president has made himself very clear on this issue. We are very pleased to see the president and yourselves in line regarding the electronic health record. You know, this goes back to Chuck Percy, a senator from Ohio, who in 1982, directed the Department of Veterans Affairs and the Department of Defense to come together and provide this sort of electronic health record.

The stove piping in the Department of Defense has been a very serious problem and one that hopefully you will take care of.

Again, I thank you so very much for giving us the opportunity to testify today. We deeply appreciate your care of the men and women who serve this country.

[The prepared statement of Rick Jones follows:]



TESTIMONY
of
NATIONAL ASSOCIATION FOR UNIFORMED SERVICES
on

Military Construction and Veterans Affairs

before the

House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs
and Related Agencies

presented by

Rick Jones, Legislative Director,
National Association for Uniformed Services

Thursday, April 23, 2009
H-143 Capitol

Chairman Edwards, Ranking Member Wamp, and members of the Committee:

I am pleased today to present testimony on behalf of the National Association for Uniformed Services (NAUS) on selected fiscal year 2010 issues before the Military Construction, Veterans Affairs, and Related Agencies Subcommittee. My name is Richard Jones, legislative director for NAUS.

First and foremost as the Servicemember's Voice in Government, the National Association for Uniformed Services wants to express our deep gratitude to you, Mr. Chairman, and the members of this Subcommittee for working so hard with House leadership to make veterans the #1 priority over the past three years. Your accomplishments have helped address the critical medical care needs facing our service men and women as they return home.

Your attention to ensure that the VA is adequately funded for the care and treatment to our veterans and troops returning from Iraq and Afghanistan is greatly appreciated. It reflects the nation's gratitude to these special people who have served in uniform and fought so courageously to protect and preserve the liberties we cherish. Thank you.

Among the top issues that we will address today are continued provision of quality service and benefits for the Department of Veterans Affairs (VA) health care and appropriate resources to train and maintain a support staff sufficient to reduce VA's disability claims backlog. We also have a number of related priority concerns such as the diagnosis and care of troops returning with Post Traumatic Stress Disorder (PTSD), the need for enhanced priority in the area of prosthetics research and traumatic brain injury, and providing improved seamless transition for returning troops between the Department of Defense (DoD) and VA.

Base Realignment and Closure Accounts

The National Association for Uniformed Services strongly recommends that as you continue to develop our BRAC realignment accounts, please assure that housing, barracks, medical facilities, childcare and training facilities are in place and prepared for returning troops. While working to

support our military presence overseas, Congress must also address the issue of support for our troops and their families at home. The timely provision of construction funding is essential for our men and women in uniform as they come back from Iraq and Afghanistan.

We need to be prepared for the total impact at our CONUS bases and forts when military personnel and family members make adjustments under the Status of Forces Agreement and related changes from scheduled overseas stations. If facilities are not ready because funding for construction is delayed or deficient, housing, barracks, child-care centers, medical treatment facilities and health care will go wanting at exactly the time they are most needed. We urge that this matter be closely monitored to ensure adequate funding for military construction and quality of life initiatives is in place for returning troops and their families.

Funding for the Department of Veterans Affairs (VA) Health Care

The National Association for Uniformed Services is encouraged that the administration's overall recommendation for VA resources continues to move in the right direction, building upon the strides taken over the recent past years. It is important that we not backtrack from what is necessary in the provision of health care for sick and disabled veterans, and for the number of troops returning from Iraq and Afghanistan.

The National Association for Uniformed Services is concerned that we have not received the full budget at this time. We have been provided only an outline of the President's budget request for the Department. So we cannot build comments from this absent document. We can, however, and we do, endorse *The Independent Budget*, formulated by AMVETS, the Disabled Veterans of America, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States.

The Department of Veterans Affairs (VA) requires, at a minimum, approximately \$54.6 billion to support its medical care operations in fiscal year 2010, an increase of \$4.3 billion over current year funding. We urge the Subcommittee to recognize the unique specialized care provided at VA facilities and to provide the resources needed for VA to treat sick and disabled veterans.

The National Association for Uniformed Services urges the Subcommittee's support to ensure veterans have access to quality health care from VA. The Department's Veterans Health Administration (VHA) is a world-class leader in advanced care medicine and in the provision of primary care. In addition, VHA has consistently pioneered research initiatives in areas that have directly benefited not only veterans, but also our entire population.

We also support lifting the ban on access to VA health care for certain veterans classified as Priority 8 veterans. Denying access only devalues the service of those who seek care with VA. We are pleased to see resources provided to open health care eligibility to an additional 550,000 Priority 8 veterans over the next three years. But more should be done. We strongly recommend restoring Priority 8 access with the enrollment of those veterans who can identify private- or public-health insurance. In this way, we would make certain that VA would receive reimbursement and third-party payers would be used to the fullest extent.

At this point the National Association for Uniformed Services notes its strong opposition to any proposal intended to alter current law to allow the Department of Veterans Affairs to bill third-party insurers of veterans who are being treated for service-connected disabilities, wounds, illness or injury. As President Barack Obama recently said, "Caring for veterans is a responsibility and duty for all Americans, and the employees at the Department of Veterans Affairs are those who are charged with repaying 'that debt of honor.'"

The National Association for Uniformed Services firmly believes that the veterans healthcare system is an irreplaceable national investment, critical to the nation and its veterans. The provision of quality, timely care is considered one of the most important benefits afforded veterans. And our citizens have benefited from the advances made in medical care through VA research and through VA innovations as well, such as the electronic medical record.

We urge the Subcommittee to take the actions necessary to honor our obligation to those men and women who have worn the nation's military uniform. Clearly, when VA does not receive adequate funding, it is forced to ration, delay or deny care.

Department of Veterans Affairs, Disability Claims Backlog

The National Association for Uniformed Services strongly supports the provision of timely benefits to disabled veterans and their families. These benefits help offset the economic effects of disability and are one of the essential functions of the Department of Veterans Affairs (VA). The capacity of the disabled veteran to afford the necessities of life is oftentimes dependent on these benefits, so delays in the resolution of a claim is a matter of serious concern.

Despite VA's best efforts to deliver benefits to entitled veterans, the claims workload of the Veterans Benefits Administration (VBA) continues to increase. Simply stated, VBA is falling farther behind.

At the close of March, VBA had more than 697,000 compensation and pension claims pending decision, an increase of more than 30,000 from this time last year. In addition, more than 20 percent (20.9%) of these pending claims have been in the VBA system for more than 180 days. The backlog of pending claims has continued to grow larger over the past year. We need to make headway to overcome the chronic claims backlog and consequent protracted delays in claims disposition. Every effort must be made to gain ground on the problem.

The problem is deeply troubling, but it can be corrected. Sufficient funds must be achieved to provide adequate training and application of technical support to ensure progress can be found to bring down the number of pending claims and shorten the waiting period for decision.

The National Association for Uniformed Services calls on lawmakers to make the VBA a priority within the national budget. The challenge is to provide timely decisions on claims submitted by veterans who suffer disability as a result of their military service. And the solution is to ensure that VBA has adequate funding to reduce the backlog and achieve the mission of providing timely claims adjudication.

Department of Veterans Affairs, Seamless Transition Between the DoD and VA

Congress must direct the Pentagon to get out of its stovepipe mentality and agree to transfer servicemembers' medical records to VA. The current roadblocks between DoD and VA, mostly found within the Pentagon, serve only to delay or block the transition of servicemembers to veteran status. Good communication between the two Departments means VA can better identify, locate and follow up with injured servicemembers separated from the military.

We believe it is time for our national government to set the medical care for our wounded warriors ahead of nitpicking disputes between agencies charged with their care. We hear encouragement from the VA-DoD Senior Oversight Committee (SOC), established following the upsetting circumstances at Walter Reed Army Medical Center to coordinate care for America's returning wounded warriors. However, the provision of a seamless transition for recently discharged military is critically important for medical reasons, particularly for the most severely injured patients.

Most important in the calculus of a seamless transition is the capacity to share information at the earliest possible moment prior to separation or discharge. It is essential that surprises be reduced to a minimum to ensure that all troops receive timely, quality health care and other benefits earned in military service.

To improve DoD/VA exchange, the hand-off should include a detailed history of care provided and an assessment of what each patient may require in the future, including mental health services. No veteran leaving military service should fall through the bureaucratic cracks.

Another area that would enhance a seamless transition for our uniformed services is the further expansion of single-stop separation physical examinations. A servicemember takes a physical exam when he is discharged. While progress is being made in this area, we recommend expanding VA's Benefit Delivery at Discharge (BDD) program to all discharge locations in making determination of VA benefits before separation. This will allow more disabled veterans to receive their service-connected benefits sooner.

The National Association for Uniformed Services compliments VA and DoD for following through on establishing benefits representatives at military hospitals. This is an important step and can often reduce the amount of frustration inherent in the separation process for service members and their families.

We urge Congress to pursue aggressively joint lifetime electronic health and benefits records for service members and veterans. We have seen progress over the past year, and we urge you to motivate DoD and VA, through whatever levers you possess, to end red-tape resistance and to get the job done.

Department of Veterans Affairs, Medical and Prosthetic Research

As Congress moves forward in consideration of funding for fiscal 2010, the National Association for Uniformed Services encourages a strong effort to provide for the Department of Veterans Affairs (VA) medical research mission, especially in the area of prosthetic research. *The Independent Budget* recommends \$575 million, \$65 million dollars more than the current year level of \$510 million. The National Association for Uniformed Services supports increasing medical and prosthetic research to continue support for new research initiatives and to maintain a stable, predictable funding stream for advances under this account.

Clearly, care for our troops with limb loss and special needs is a matter of national concern. In order to help meet the challenge, VA research must be adequately funded to continue its intent on treatment of troops surviving this war with grievous injuries. The research program also requires funding for continued development of advanced prosthesis that will focus on the use of prosthetics with microprocessors that will perform more like the natural limb.

The National Association for Uniformed Services encourages the Subcommittee to ensure that funding for VA's medical and prosthetic research supports the full range of programs needed to meet current and future health challenges facing wounded veterans.

Department of Veterans Affairs, Post Traumatic Stress Disorder (PTSD)

The National Association for Uniformed Services supports a higher priority on VA care of troops demonstrating symptoms of mental health disorders and treatment for PTSD.

Over the past several years, VA has dedicated a higher level of attention to veterans who exhibit PTSD symptoms. The National Association for Uniformed Services applauds the extent of help provided by VA. The programs for treatment of veterans exhibiting PTSD symptoms are essential for the recovery and restoration of many of those who must deal with the debilitating effects of mental injuries, which are as inevitable in combat as gunshot and shrapnel wounds.

While many new approaches to treatments have been developed and are available to veterans, the National Association for Uniformed Services is concerned that VA's capacity to serve the mental health needs of returning veterans remains below the level needed.

The National Association for Uniformed Services encourages the members of the Subcommittee to increase funding for mental health to meet the surging need of servicemembers returning from fields of combat. We simply must have substantial numbers of providers who are trained and certified to deliver care for post-combat PTSD and major depression.

While VA and Congressional leaders have taken important steps to move VA toward better care for veterans with mental health problems, many challenges still remain. The National Association for Uniformed Services urges the development of a consistent, seamless, and working approach that allows VA and DOD to screen returning service members and provide more effective early intervention that leads to healing.

VA requires additional funds to expand its specialized mental health programs, to provide additional capacity for inpatient psychiatric and residential care, to ensure effective treatment for post-traumatic stress and to help families deal with their loved ones return to civilian life.

Department of Veterans Affairs, Medicare Reimbursement

The National Association for Uniformed Services supports legislation to authorize Medicare reimbursement for health care services provided Medicare-eligible veterans in VA facilities. Medicare subvention will benefit veterans, taxpayers and VA.

The National Association for Uniformed Services sees an all around win-win-win for establishment of Medicare subvention. VA would receive additional, non-appropriated funding. Medicare-eligible veterans would receive world-class medical treatment in the system our government provided for their care. Scarce resources would be saved because medical services can be delivered for less cost at VA than in the private sector.

In addition, direct billing between VA and the Centers for Medicare and Medicaid Services (CMS) would reduce opportunities for waste, fraud and abuse losses in the Medicare system.

The National Association for Uniformed Services encourages the Subcommittee to permit Medicare-eligible veterans to use their Medicare entitlement for care at local VA medical facilities.

Military Quality of Life, Allowances

The National Association for Uniformed Services urges the Subcommittee to provide adequate funding for military construction and family housing accounts used by DoD to provide our service members and their families quality housing. Terrific strides have been made over the last several years to improve on-base housing and the troops are pleased. However, many enlisted personnel face steep challenge in providing themselves and their families with affordable off-base housing and utility expenses.

The Basic Allowance for Housing (BAH) simply must ensure that rates keep pace with housing costs in communities where military members serve and reside. The funds for base allowance and housing should ensure that those serving our country are able to afford to live in quality housing whether on or off the base. We need to be particularly alert to this challenge as we continue to implement BRAC and related rebasing changes.

Armed Forces Retirement Home

The National Association for Uniformed Services is pleased to note the Subcommittee's continued interest in providing funds for the Armed Forces Retirement Home (AFRH). We urge the Subcommittee to meet the challenge in providing adequate funding for the facility in Washington, DC, and Gulfport, Mississippi.

And we thank the Subcommittee for the provision of more than \$200 million to build a new Armed Forces Retirement Home near the present location in Gulfport, Mississippi, and to demolish the hurricane damaged tower and older buildings. We witnessed with you the long-anticipated groundbreaking on the future Gulfport home last year in March. And we look forward to the completion of the home scheduled for June 2010. When completed, the facility will provide independent living, assisted living and long-term care to 584 residents.

The National Association for Uniformed Services also applauds the recognition of the Washington AFRH as a historic national treasure. And we look forward to working with the Subcommittee to continue providing a residence for and quality-of-life support to these deserving veterans without turning over large portions of this campus, just four miles from the nation's Capitol, to developers.

Appreciation for Opportunity to Testify

As a staunch advocate for military retirees and veterans, the National Association for Uniformed Services represents all ranks, branches and components of uniformed services, their families and survivors. The Association recognizes that these brave men and women did not fail us in their service to country, and we, in turn, must not fail them in providing the benefits and services they *earned* through honorable military service.

Mr. Chairman, the National Association for Uniformed Services appreciates the Subcommittee's hard work. We ask that your work continue in good faith to put the dollars where they are most needed in our nation's highest priority areas, which include veterans health care and benefits

services, housing for our military troops and their families, particularly in time of war and when we are increasing our troop level in Afghanistan.

The National Association for Uniformed Services is confident you will take special care of our nation's greatest assets: the men and women who serve and have served in uniform. We are proud of the service they give, and we recognize that the price we pay for their earned benefits will never equal the value their service provides our nation.

Again, the National Association for Uniformed Services deeply appreciates the opportunity to present the Association's views on issues before the Military Construction, Veterans Affairs, and Related Agencies Subcommittee.

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National Association for Uniformed Services

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 The Servicemember's Voice in Government
 Established in 1968



Richard A. "Rick" Jones

Legislative Director
 National Association for Uniformed Services (NAUS)

Richard A. "Rick" Jones joined NAUS as Legislative Director on Sept. 1, 2005. As legislative director, he is the primary individual responsible for promoting the NAUS legislative, national security, and foreign affairs goals before the Departments of Defense and Veterans Affairs, and the Congress of the United States.

Rick presently serves as co-director of the National Military and Veterans Alliance (NMVA) and co-chairman of the Alliance for Military and Overseas Voting Rights (AMOVR). NMVA is composed of 31 military associations and veterans organizations with a combined membership of over 3.5 million members. AMOVR is formed to ensure that our military men and women are afforded their right to vote and to ensure their votes are counted.

Rick is an Army veteran who served as a medical specialist during the Vietnam War era. His assignments included duty at Brooke General Hospital in San Antonio, Texas; Fitzsimons General Hospital in Denver, Colorado; and Moncrief Community Hospital in Columbia, South Carolina.

Rick completed undergraduate work at Brown University prior to his Army draft and earned a Master Degree in Public Administration from East Carolina University in Greenville, North Carolina, following military service.

Prior to assuming his current position, Rick served five years as National Legislative Director for AMVETS, a major veterans service organization. He also worked nearly twenty years as a legislative staff aide in the offices of Senator Paul Coverdell, Senator Lauch Faircloth, and Senator John P. East. He also worked in the House of Representatives as a committee staff director for Representative Larry J. Hopkins and Representative Bob Stump.

In working for Rep. Stump on the House Committee on Veterans' Affairs, he served two years as minority staff director for the subcommittee on housing and memorial affairs and two years as majority professional staff on funding issues related to veterans' affairs budget and appropriations.

Rick and his wife Nancy have three children and reside in Springfield, Virginia.

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Subcommittee on Military Construction and Veterans Affairs

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Your Name, Business Address, and Telephone Number:</p> <p>Richard A. Jones, 5535 Hempstead Way, Springfield, VA 22151 (703) 750-1342 extension 1008</p>
<p>1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.</p> <p>Representing the National Association for Uniformed Services</p>
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p>No <input checked="" type="checkbox"/> X</p>
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p>

Signature:

Date: April 3, 2009



Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

Mr. FARR. Thank you very much.

Mr. Wamp.

Thank you for your service. I wanted to ask one question that was very comprehensive. In my district, we have 28,000 veterans. And we have a great veterans clinic. We also have over 6,000 men and women in uniform. We are trying to do a joint DOD-veterans clinic. And a lot of the recommendations in here, I think, were very helpful to try to do that.

One thing I would recommend that you look at is that with the bases that are growing, the new bases in the realignment, you put in your testimony about childcare and medical facilities and barracks, but it is also schools that are going to be needed.

Mr. JONES. Yes, sir. Thank you.

Mr. FARR. You need funding sources for that, this committee is learning.

Mr. JONES. Yes, sir. The marriage rate is way up, and that means children. And your understanding of that is wonderful to hear.

Mr. FARR. Thank you very much. Thank you for your testimony.

Mr. JONES. Thank you, sir.

Mr. FARR. I would like to now welcome back John Maupin, who is president of the Morehouse School of Medicine and is testifying on behalf of the Association of Minority Health Professions Schools.

Welcome back, and thank you very much. We have your testimony for the record. And if you could just summarize it, we would appreciate it.

THURSDAY, APRIL 23, 2009.

**ASSOCIATION OF MINORITY HEALTH PROFESSIONS
SCHOOLS, INC.**

WITNESS

JOHN E. MAUPIN, JR., DDS, MBA

STATEMENT OF JOHN E. MAUPIN

Mr. MAUPIN [continuing]. I have provided a corrected copy. And I will give you a quick summary.

First, let me say thank you to the committee as a whole and to yourself, Congressman Farr, and to, of course, my friend, Congressman Zach Wamp. Your involvement and engagement with the V.A. and encouraging them to have greater collaboration with the minority medical schools, specifically our AMHPS schools, has really gone a long way in terms of progress in our endeavors for full integration into the V.A. system.

Their recent report provides, as you asked, provides an overview of activities. While it does provide an overview of activities, it doesn't quite hit on some of the issues that still remain, if we are going to have an optimal relationship within the V.A. system.

In fact, I would just highlight for a moment, in one of their reports, on their report on—table one, they talk about all of the historically black colleges and universities where students and residents receive V.A. clinical training.

That report, quite frankly, is a list of all the historically black colleges that are located in a V.A. city, but that does not mean that all these schools have relationships with V.A.

So it is a little misleading and a little disconcerting that they would make that inclusion, as if there is a greater level of activity when it is not. So that shows that we still have a lot to learn about each other.

My comments today are really to provide you with some very specific recommendations that we believe will go a long ways to fostering a greater involvement of our institutions within the V.A. system.

We believe that the national V.A. should extend its efforts beyond the division level to the hospital relations level, to the hospital leadership level in each of these areas.

We know, for example, that without strong advocacy and sustained involvement of V.A. leadership at both the V.A. and the medical center level, normal competitive tensions between schools, where one institution has a longstanding relationship, the V.A. personnel often have difficulty in engaging in new collaborative relationships.

Where there have been successes, it has clearly been at both the V.A.—at the division level and at the hospital leadership level, as well.

We want to continue to encourage an increase in the number of residency positions and to ensure greater integration of our schools into core residency programs, such as medicine and surgery, and other procedural services.

We have had great involvement in primary care areas, in the out-patient areas, but very little involvement still in the in-patient areas, in particular surgery and internal medicine. We have in-patient psychiatry, for example, at Meharry, but not involvement in in-patient surgery.

There are plans for in-patient surgery, but that has been slow, in-patient medicine, that has been slow, but—and we have had very little, if at all, discussions about in-patient surgery. There is still a lot of pushback of our integration in those key areas, from an in-patient perspective.

We would also like to encourage that there be appropriate funding for attending physicians within the V.A. so that we could have both full- and part-time individuals. Right now, we have residents that are engaged in the V.A., but they are under the supervision of the existing pool of faculty. And so we believe that there ought to be an opening up of the opportunity for us to also have faculty that are a part of the V.A.

There has also been a restriction in part-time faculty use in the past by the V.A. I think it is an opportunity to expand without the full cost of full-time faculty. And so we would encourage the committee to encourage the V.A. to reconsider its restrictions on part-time faculty.

In addition, we hope that we will be able to play a leadership role in the new initiatives that the V.A. has been involved in. We are encouraged that the V.A. has made progress, for example, in women's health, and they have involved Meharry Medical College

and the leadership of the established men and women's health program there in the Nashville area.

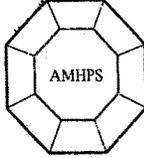
But we also know that there are other opportunities that we are uniquely suited for and have national leaders in the various disciplines, that if given the opportunity, we would love to be involved in opening up new initiatives in those areas.

We also hope that we are able to facilitate the full participation and the expansion of subspecialty services. One of the things we ran into was an additional restriction. Our schools are primary-care focused, and we have generalist training.

But even in the generalist training, we have subspecialists that are on our faculty that can provide services. There is a restriction that you cannot be involved in those areas unless you have a subspecialty training program. We think that restriction is not in the best interests of providing care and does not particularly help us, in terms of the recruitment of new faculty.

There are other areas which are in my document, and I would love to take questions from you. We have made progress. We have a lot more to do. Your involvement has meant a lot to what has happened. We need the V.A. national, division, and the local to be engaged and fully understand that this is something that must occur, in terms of full integration of our schools into the V.A. system.

[The prepared statement of John E. Maupin follows:]



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Testimony of

John E. Maupin, Jr., D.D.S, M.B.A.
President of

Morehouse School of Medicine
Atlanta, Georgia

On behalf of the

ASSOCIATION OF MINORITY HEALTH PROFESSIONS
SCHOOLS

Before the

Military Construction, Veterans Affairs, and Related Agencies
Subcommittee
Committee on Appropriations
United States House of Representatives

“Addressing Healthcare Workforce Issues in the VA Healthcare
System”

On

Thursday, April 23rd, 2009

Chairman Edwards, Ranking Member Wamp, and members of the Subcommittee, thank you once again for the opportunity to present the views of the Association of Minority Health Professions Schools (AMHPS) as it concerns our collaboration with the health care facilities of the Department of Veterans Affairs (VA).

AMHPS is a consortium of our nation's twelve (12) historically black medical, dental, pharmacy, and veterinary schools. The members include Morehouse School of Medicine (MSM) in Atlanta where I currently serve as president. Congressman Wamp will also remember that I was president at Meharry Medical College in Nashville. I am a Desert Storm veteran.

Historically, the AMHPS institutions have collectively trained 50% of the African American physicians and dentists, 60% of its African American pharmacists, and 75% of its African American veterinarians. Our institutions are a national resource and make a concerted effort of helping the healthcare workforce look like America.

Mr. Chairman, the background on this topic goes back to the early 1980's. While serving as president of our Association in 1982, then President of MSM and now former HHS Secretary Dr. Louis Sullivan met with the chief medical officer for the VA, to seek an opportunity for MSM to provide health care to veterans by way of residency positions and research opportunities for MSM faculty and students. However, Dr. Sullivan was told at that time that the VA had a policy which instructed its satellite hospitals and facilities to have only one academic affiliation per VA facility.

In other words, Dr. Sullivan was told that MSM could not have a relationship with the Atlanta VA at that time because that VA already had a relationship with the Emory School of Medicine. As a result, MSM, based in Atlanta, Georgia, was forced to forge a relationship with the Tuskegee, Alabama VA some two and a half hours away. In addition to the two and half hour commute, MSM had to provide housing for the residents while they were in Tuskegee. This was and continues to be an additional cost and burden for the medical school. Mr. Chairman, the MSM experience is a microcosm of the experiences that our minority serving institutions have had with the VA. That restrictive VA policy is no longer in place, but its legacy continues to encumber our full participation in residency and research opportunities.

Mr. Chairman, the VA is among the very few opportunities that exist to expand funded resident positions for medical schools in urban areas. Combined with the reality that our nation's veterans represent a highly diverse population, we stand ready to play a key role in the process of helping to expose our residents to health care and training opportunities, and in the process, serve the heroes of our nation. As the VA seeks to train more health professionals of color, we are poised to respond.

Last year, the committee included the following recommendation in the House Mil Con-VA committee report:

"Increasing Collaborations at Veterans Health Administration Facilities.—The Committee is encouraged by the progress the Department has made in increasing its collaborations with minority health schools. The Committee has heard testimony, however, about the need for increased efforts and therefore, directs the Department to provide a report to the Committees on Appropriations of both Houses of Congress by January 30, 2009 on the actions taken to improve collaboration with minority health professions schools." (p. 44, House Committee Report, Military Construction, Veterans Affairs, and Related Agencies Appropriations bill, 2009)

I thank the Subcommittee for the addition of this important recommendation. The VA has since followed your instructions by producing the "Report to Congress on Increasing Collaboration with Minority Health Professions at Veterans Health Administration Facilities." I have brought copies of the report with me today for your review. Our Association appreciates the VA's analysis of our growing collaboration and we also appreciate the fact that the VA chronicled all the meetings our membership has had with its leadership. What we welcome the most are future opportunities for collaboration.

Today, I would like to share with the Subcommittee some specific recommendations for collaboration from AMHPS, in hopes that the VA's central leadership will be able to initiate these changes in our nation's VA hospitals. Though I will use Morehouse School of Medicine as an example below, please know that my AMHPS colleagues do have similar issues and experiences across the country.

1. The national VA must encourage satellite offices and local hospital leadership to allow students from minority health professions schools more access.

In my testimony to you last year, I stated: "The national VA office must continue to encourage satellite offices to allow AMHPS institutions – specifically medical schools -- opportunities for GME training as well as become more integrated into the VA system." The encouragement from the national office must extend beyond the VISN office to include the hospital leadership in key areas—Atlanta, Nashville, Washington, DC and Los Angeles—to work toward integrating our minority health professions schools into the local VA. Such integration must include helping VA facilities with two medical schools identify practical and effective ways to work together and to collaborate with each other to provide the highest quality of care for veterans. Unless we work at helping the two medical schools work together, the tension between the two medical schools will prevent progress to full integration of the minority health professions schools. The VA may need to invest in helping to identify strategies to foster collaborative relationships between medical schools within the VA medical centers. In other words, those VA facilities where two or more medical schools have collaborated for years are continuing to collaborate well today. However, those VA facilities where one institution has been the primary provider personnel have difficulty with collaboration. This is the issue we must resolve.

2. Minority health professions schools must have access to residency training in surgery and other procedural based specialties.

Although, MSM has made advances with the Atlanta VA—in psychiatry and CBOC – much work is needed to assure MSM integration into "core" residency programs such as medicine and surgery. These are the major opportunities our institutions seek, and these are the circumstances we have the most difficulty overcoming.

MSM has plans to open an inpatient internal medicine GME rotation in July 2010 but the progress is slow at best. As of yet, we have not been able to open a dialogue about expanding our efforts with the Atlanta VA to include surgery. The VA is an important site for GME training in surgery and other procedural based specialties. Without that access, our involvement is marginal.

3. Residency training positions are important, but funding for faculty positions to support resident supervision and providing medical care to veterans is also essential.

Again, we have made progress with GME opportunities at the VA. We have made far less progress related to funding support for MSM faculty physicians who provide supervision of our residents and medical care for veterans. There is a need to push for VA clinical faculty positions and work out mechanisms for faculty physicians to split their time between the VA location and their institutional obligations. As the VA has become stricter about time keeping for medical school faculty physicians, opportunities for faculty physician support has become more complex. The complexity should not be the barrier. For us, faculty physician support is important because at we want to continue to have some input into the training of our residents at the VA and not just get the GME rotation while then depending on Emory to train MSM residents.

4. HBCU medical schools are uniquely positioned to take the lead on new women's health initiatives.

Because the women's health initiatives at the VA represent new activities, development of such programs may offer an opportunity for minority health professions schools to take a leadership role in the development of women's health initiatives at the VA. Many of the women veterans returning to the US are women of color. Our institutions are uniquely suited with well established leaders in woman's health. We are encouraged that the VA has made progress in establishing such a women's health center on MMC's campus, and we are optimistic that our institutions can continue to be helpful in this field.

5. Full integration of medical schools in the VA must include patient care opportunities as well as resident training.

At MSM, we are exploring opportunities for arrangements with the VA to provide sub-specialty medical care in selected areas to veterans. In our case, we want to open a sub-specialty clinic in an MSM facility adjacent to the East Point CBOC to provide selected specialty care. We talked with the VA and identified urology and orthopedics as areas the VA needed in additional services. Subsequently, we learned that sole source contracts are available if the service is linked to resident education of residents in the given sub-specialty. The problem is that because of our missions, our institutions focus on primary care, not specialties. Mr. Chairman, we ask the Committee to provide recommendations that allow medical

schools such as ours who do not have sub-specialty training programs to use sole source contracts to provide services and allows residents other than residents in the subspecialty to fulfill the requirements for residency training as part of a sole source contract.

Mr. Chairman, progress has been made since my testimony last year. MSM has made strides with the opening of our CBOC facility in East Point. MMC has seen the creation of a CBOC actually on their campus, the first of its kind on at an HBCU; and MMC has been helpful in new women's health initiatives. Charles Drew University in Los Angeles, a minority health professions school not mentioned in the VA's report, has had positive discussion and support concerning their soon-to-open nursing program. Howard University continues to see promising collaborative areas for their students and faculty.

AMHPS institutions want to serve to our nation's men and women whom have worn our country's uniform. They have risked their lives for us, and our institutions are prepared to deliver their expertise and cultural sensitivity to assist the VA system. AMHPS institutions seek equal opportunity in resident and research positions at the VA facilities. We are pleased for the recently expanded opportunities, primarily at smaller satellite facilities—but these opportunities should eventually include full access to residency training in medicine and surgery, resident faculty training funding, and full integration at some of the landmark VA facilities located in the same cities where our institutions are located.

Mr. Chairman, thank you for the opportunity to engage you and the Subcommittee on this important topic.

Principal Investigator/Program Director (Last, First,
Middle)

BIOGRAPHICAL SKETCH

Provide the following information for the key personnel and other significant contributors in the order listed on Form Page 2.
Follow this format for each person. **DO NOT EXCEED FOUR PAGES.**

NAME		POSITION TITLE	
Maupin, John E. Jr.		Principal Investigator	
eRA COMMONS USER NAME		President, Morehouse School of Medicine	
jmaupin			
EDUCATION/TRAINING (Begin with baccalaureate or other initial professional education, such as nursing, and include			
INSTITUTION AND LOCATION	DEGREE (if applicable)	YEAR(s)	FIELD OF STUDY
San Jose State College, San Jose, CA	N/A	1964-68	Biology/Business
Meharry Medical College, Nashville, TN	D.D.S.	1968-72	Dentistry
Provident Hospital, Baltimore, MD	Residency Certificate	1972-73	General Dentistry
Loyola College, Baltimore, MD	M.B.A.	1977-79	Business

A. POSITIONS AND HONORS.

Positions and Employment

1973-1976 General Dentistry Officer, Walter Reed Medical Center, Washington, D.C.
 1976-1987 General Dentistry, Private Practice, Baltimore, MD
 1976-1980 Dental Director, West Baltimore Community Healthcare Corporation, Baltimore, MD
 1981-1984 Assistant Commissioner, Clinical Services, Baltimore City Health Department, Baltimore, MD
 1984-1987 Deputy Commissioner of Health, Baltimore City Health Department, Baltimore, MD
 1987-1989 Chief Executive Officer, Southside Healthcare, Inc., Atlanta, GA
 1989-1994 Executive Vice President, Morehouse School of Medicine, Atlanta, GA
 1994-07/06 President, Meharry Medical College, Nashville, TN
 07/06-Present President, Morehouse School of Medicine, Atlanta, GA

Scientific Boards and Advisory Panels:

2002-2006 Member, National Advisory Research Resources Council, National Center for Research Resources, National Institutes of Health, Washington, DC
 2000 Member, National Search Committee for the Director, National Institute for Dental and Craniofacial Research, National Institutes for Health, Washington, DC
 1994-1998 Member, National Advisory Dental Research Council, National Institute of Dental Research, National Institutes of Health, Washington, DC
 1992 Member, Blue Ribbon Panel on Envisioning the Future of the Intramural Research Program, National Institute on Dental Research, National Institutes for Health, Atlanta, GA
 1992 Member, Special Review Committee, Regional Research Centers for Minority Oral Health, National Institute of Dental Research, Bethesda, MD

- 1991-1994 Member, Hospital Infection Control Practices Advisory Committee
National Center for Infectious Diseases, Centers for Disease Control,
Atlanta, GA
- 1989-1994 Member, Board of Scientific Counselors, National Center for Infectious
Diseases, Centers for Disease Control, Atlanta, GA

Professional Activities/Organizations:

- 2005 Member, Governor's Task Force on Healthcare Safety Net, Nashville, TN
- 2003 -2006 Member, Board of Directors, Nashville Healthcare Council, Nashville, TN
- 2002 -2004 President, Council of Presidents of the Historically Black Colleges and
Universities of the United Methodist Church, Nashville, TN
- 2001 -2005 President, Association of Minority Health Professions Schools (AMHPS),
Washington, DC
- 2000-2002 Member, National Advisory Committee, Communities in Charge Project, Robert
Wood Johnson Foundation, Cleveland, OH
- 2000 Member, Blue Ribbon Panel to Increase Seat Belt Use Among African
Americans, U. S. Dept. of Transportation, Washington, DC
- 1998-present Member, Board of Overseers, Vanderbilt-Ingram Cancer Center
Nashville, TN
- 1994 – present Member, National Medical Association, Washington, DC
- 1990 – present Member, Georgia State Medical Association, Atlanta, GA
- 1987- present Member, National Association of Health Care Executives, Washington, DC
- 1985-1987 Member, Mayor's Task Force on Childhood Lead Poisoning, Mayor William
Schaefer, Baltimore, MD
- 1985-1987 Member: Governor's Task Force on AIDS
Baltimore, MD
- 1984 –1985 President, National Dental Association, Washington, DC
- 1972 – present Member, National Dental Association, Washington, DC
National President, 1984
Chairman, Board of Trustees – 1983
General Chairman, Annual Scientific Meeting and Convention - 1983
Vice President – 1982
Treasurer – 1979-1982

Academic/Professional Awards and Honors (Selected List):

- 2006 National Dental Association Trailblazer Award for Exemplary Professional Achievement and
Service
- 1996 Omicron Kappa Upsilon National Dental Honorary Society
- 1996 Honorary Doctor of Laws, Virginia Union University
- 1995 Honorary Doctor of Science, Morehouse School of Medicine

Other Awards and Honors (Selected List)

- 2005 Silver Beaver Award for Outstanding Service to Youth
Boy Scouts of America, Nashville, TN
- 2005 Humanitarian of the Year Award
National Conference for Community and Justice, Nashville, TN
- 2003 Father of the Year, American Diabetes Association, Nashville, TN
- 2002 Urban League of Middle Tennessee Equal Opportunity Education Award
Awarded for outstanding accomplishments in the field of education

B. RESEARCH SUPPORT

Please see attachments

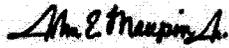
VA-Military Construction

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Your Name, Business Address, and Telephone Number:</p> <p>Dr. John E. Maupin, Jr., DDS, MBA President, Morehouse School of Medicine 720 Westview Drive Atlanta, Georgia 30310 (404) 752-1740</p>
<p>1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.</p> <p>Dr. Maupin is appearing on behalf of Morehouse School of Medicine as well as other Association of Minority Health Professions Schools.</p>
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p><input checked="" type="checkbox"/> Yes No</p>
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p> <p>Please see attachments</p>

Signature:



Date: April 1, 2009

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

Morehouse School of Medicine FY 07 Federal Awards						Total Awarded for FY 07
Award Begin	Award End	Sponsor Full Name	Program			
10/1/2006	9/30/2007	CDC/Fulton County				\$25,000
4/1/2007	6/15/2007	National Library of Medicine				\$5,000
2/1/2007	6/30/2007	Department of Housing and Urban Development	Special Project Grant - Construction			\$49,500
7/16/2007	8/31/2007	Department of Health and Human Services				\$5,000
6/1/2007	6/30/2010	National Heart, Lung and Blood Institute	Clinical Trial			\$3,450
10/1/2006	9/30/2008	Department of Education	Historical Black Graduate Institutions			\$11,834,100
1/1/2007	12/31/2009	National Institute of Diabetes and Digestive and Kidney Diseases	Research Project			\$17,938
3/16/2007	3/15/2011	National Heart, Lung and Blood Institute	Research Project			\$300
7/1/2007	3/31/2009	National Heart, Lung and Blood Institute	Research Project			\$107,756
1/15/2007	12/31/2011	National Heart, Lung and Blood Institute	Research Project			\$355,000
2/1/2007	1/31/2010	National Institute of Neurological Disorders and Stroke	Research Project			\$41,000
1/1/2007	12/31/2007	National Cancer Institute	Conference			\$5,000
1/1/2007	5/31/2008	National Cancer Institute	Cooperative Clinical Research			\$15,000
3/1/2007	2/29/2008	National Institute of Neurological Disorders and Stroke	Research Project - Cooperative Agreement			\$17,000
6/1/2007	5/30/2008	National Cancer Institute	Cooperative Clinical Research			\$42,600
1/1/2007	12/31/2007	CDC/Association of Minority Health Professions Schools	Special Cooperative Investigations/Assessment of Control/Prevention Methods			\$447,229
1/1/2007	12/31/2007	CDC/Association of Minority Health Professions Schools	Special Cooperative Investigations/Assessment of Control/Prevention Methods			\$3,948

Morehouse School of Medicine FY 08 Federal Awards						Total Awarded for FY 08
Award Begin	Award End	Sponsor Full Name	Program			
10/1/2007	9/30/2008	National Library of Medicine	Prevention and Intervention Program		\$10,000	
10/1/2007	9/30/2009	Department of Justice	Special Project Grant - Construction		\$500,000	
2/1/2007	6/30/2007	Department of Housing and Urban Development	Special Project Grant - Construction		\$99,000	
2/1/2007	6/30/2007	Department of Housing and Urban Development	Special Project Grant - Construction		\$198,000	
7/1/2007	6/30/2010	Health Resources & Services Administration	Preventive Medicine Residency Training Grant		\$250,000	
7/1/2007	6/30/2010	Health Resources & Services Administration	Residency Training In Primary Care		\$329,890	
9/1/2007	8/31/2008	Georgia Institute of Technology	Faculty Collaborative Research Award		\$52,605	
9/1/2007	8/31/2008	Georgia Institute of Technology	Faculty Collaborative Research Award		\$5,000	
7/1/2007	6/30/2008	Center for Behavioral Neuroscience	Center for Behavioral Neuroscience		\$9,100	
9/28/2007	9/27/2012	Emory University	National Children's Study		\$158,220	
9/28/2007	9/27/2012	Emory University	National Children's Study		\$101,036	
8/27/2007	8/26/2008	National Library of Medicine	National Children's Study		\$5,000	
7/16/2007	8/31/2007	Department of Health and Human Services	National Children's Study		\$5,000	
9/17/2007	5/31/2012	Emory University	National Children's Study		\$138,136	
1/1/2008	12/31/2011	NASA/National Space Biomedical Research Institute	Mentored Career Development Award		\$96,868	
4/1/2008	9/30/2008	NASA/National Space Biomedical Research Institute	Education Grant		\$24,300	
10/1/2008	9/30/2008	Department of Education	Education Grant		\$11,753,020	
8/27/2007	6/30/2008	University of Alabama at Birmingham	Historical Black Graduate Institutions		\$56,000	
9/29/2007	7/31/2010	National Cancer Institute	SPORE Program		\$185,020	
9/30/2007	8/31/2008	National Center on Minority Health and Health Disparities	Exploratory Grants		\$434,185	
9/1/2007	9/21/2008	Emory University	Exploratory Grants		\$17,151	
9/1/2007	8/31/2008	Emory University	Exploratory Grants		\$47,151	
9/30/2007	6/30/2008	UAB Birmingham	Exploratory Grants		\$42,381	
3/1/2007	2/28/2009	University of Alabama at Birmingham	Center Core Grants		\$50,000	
			Specialized Center			

3/1/2008	2/28/2009	University of Alabama at Birmingham	Specialized Center	\$50,000
9/1/2007	2/28/2009	University of Alabama at Birmingham	Specialized Center	\$50,000
3/1/2008	8/31/2009	National Institute on Alcohol Abuse and Alcoholism	Research Project	\$63,329
1/1/2007	12/31/2009	National Institute of Diabetes and Digestive and Kidney Diseases	Research Project	\$38,592
9/1/2007	8/31/2012	Emory University	Research Project	\$35,500
9/30/2007	8/31/2012	National Eye Institute	Research Project	\$289,764
7/1/2007	3/31/2009	Yale University	Research Project	\$143,674
1/15/2007	12/31/2011	National Heart, Lung and Blood Institute	Research Project	\$355,000
8/1/2007	7/31/2008	University of Mississippi Medical Center	Research Project	\$59,360
7/15/2007	6/30/2011	National Institute of Neurological Disorders and Stroke	Research Project	\$279,400
9/30/2007	2/29/2008	National Heart, Lung and Blood Institute	Exploratory/Developmental Grants	\$43,197
7/1/2007	6/30/2008	National Cancer Institute	Exploratory/Developmental Grants	\$68,755
9/1/2007	8/31/2009	National Center for Research Resources	Exploratory/Developmental Grants	\$175,000
3/1/2008	2/28/2011	National Institute of Mental Health	Education Project	\$287,825
8/15/2007	6/30/2012	National Institute of Neurological Disorders and Stroke	Minority Biomedical Research Support Thematic Project Grants	\$245,000
4/3/2008	3/31/2012	National Institute of Diabetes and Digestive and Kidney Diseases	Support of Competitive Research Program	\$280,000
9/27/2007	6/30/2010	National Institute of General Medical Sciences	Support of Competitive Research Program	\$105,000
9/17/2007	5/31/2012	Emory University	Linked Training Award	\$97,156
9/27/2007	7/31/2012	National Jewish Health	Research Project - Cooperative Agreement	\$196,091
6/30/2007	7/15/2008	University of Kentucky Center for Poverty Research	Research Project - Cooperative Agreement	\$100,000
9/1/2007	6/30/2012	National Heart, Lung and Blood Institute	Research Project - Cooperative Agreement	\$350,000
3/1/2007	2/29/2008	The Trustees of Columbia University in the City of NY	Research Project - Cooperative Agreement	\$260
8/31/2007	8/30/2010	National Center for Chronic Disease Prevention and Health Promotion	Research Project - Cooperative Agreement	\$60,000
1/1/2007	12/31/2007	Association of Minority Health Professions Schools	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$126,279
1/1/2008	12/31/2008	Association of Minority Health Professions Schools	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$189,250

1/1/2008	12/31/2008	Minority Health Professions Foundation	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$6,489
7/1/2007	12/31/2007	Minority Health Professions Foundation	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$13,100
3/1/2008	12/31/2008	National Indian Health Board	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$77,614
7/15/2007	6/30/2008	Charles R. Drew University of Medicine and Sciences	Specialized Center - Cooperative Agreements	\$359,857
9/30/2007	7/31/2009	National Institute of Child Health and Human Development	Specialized Center - Cooperative Agreements	\$417,170
6/1/2008	5/30/2013	National Institute of Neurological Disorders and Stroke	Specialized Center - Cooperative Agreements	\$1,414,930
9/30/2007	9/29/2012	National Center for Chronic Disease Prevention and Health Promotion	Chronic Disease Control Cooperative Agreement	\$850,000
9/30/2007	9/29/2008	Meharry Medical College	Cooperative Agreements for Fetal Alcohol Syndrome Prevention Research Programs	\$115,576
9/30/2007	9/29/2012	Center for Substance Abuse Treatment	Mental Health and/or Substance Abuse KD&A Cooperative Agreement	\$600,000
5/1/2008	12/31/2008	Emory University	Linked Specialized Center Cooperative Agreement	\$35,000
9/17/2007	5/31/2012	Emory University	Linked Specialized Center Cooperative Agreement	\$1,304,772

Morehouse School of Medicine FY 09 Federal Awards					Total Awarded for FY 09
Award Begin	Award End	Sponsor Full Name	Program		
7/1/2008	6/30/2009	NSF/Center for Behavioral Neuroscience	Center for Behavioral Neuroscience		\$24,368
9/30/2007	9/29/2012	National Center for Chronic Disease Prevention and Health Promotion	Chronic Disease Control Cooperative Agreement		\$844,284
9/1/2008	8/31/2009	Howard University	Community Mental Health Center Conversion Grants		\$100,000
8/31/2007	8/30/2010	National Center for Chronic Disease Prevention and Health Promotion	Conference Cooperative Agreement		\$80,000
4/1/2009	3/31/2014	Centers for Disease Control and Prevention	Cooperative Agreement for Model Construction Safety and Health Programs		\$50,000
9/30/2008	9/29/2011	Meharry Medical College	Cooperative Agreements for Fetal Alcohol Syndrome Prevention Research Programs		\$9,976
9/30/2008	9/30/2011	Meharry Medical College	Cooperative Agreements for Fetal Alcohol Syndrome Prevention Research Programs		\$9,976
7/1/2008	6/30/2009	Health Resources & Services Administration	Development Training Program		\$65,334
9/1/2008	8/31/2011	Department of Defense	DoD Breast Cancer Research Program Idea Award		\$140,000
3/16/2009	3/15/2012	Department of Defense	DoD Prostate Cancer Idea Development Award		\$175,000
9/15/2008	9/14/2011	Department of Defense	DoD Prostate Cancer Research Program Idea Development Award		\$175,000
3/1/2009	2/28/2013	National Institute on General Medical Sciences	Education Projects		\$568,626
3/1/2008	2/28/2011	National Institute of Mental Health	Education Projects		\$266,346
9/1/2008	7/31/2013	National Center for Research Resources	Education Projects		\$537,525
1/1/2008	12/31/2011	NASA/National Space Biomedical Research Institute	Education Projects		\$124,106
9/29/2007	7/31/2010	National Cancer Institute	Exploratory Grants		\$186,871
9/19/2008	8/31/2009	National Center on Minority Health and Health Disparities	Exploratory Grants		\$375,000

9/1/2007	8/31/2009	National Center for Research Resources	Exploratory/Development Grants	\$205,800
9/17/2007	5/31/2012	Emory University	Linked Specialized Center Cooperative Agreement	\$1,156,634
9/17/2007	5/31/2012	Emory University	Linked Training Award	\$55,267
9/30/2007	9/29/2012	Center for Substance Abuse Treatment	Mental Health and/or Substance Abuse KD&A Cooperative Agreement	\$600,000
9/30/2008	9/29/2011	Substance Abuse and Mental Health Services Administration	Mental Health and/or Substance Abuse Services Grants	\$500,000
9/17/2007	5/31/2012	Emory University	Mentored Career Development Award	\$138,136
9/12/2008	8/31/2011	Health Resources & Services Administration	Minority AIDS Education and Prevention Demonstrations Program: Community Organizations	\$200,000
8/15/2007	6/30/2012	National Institute of Neurological Disorders and Stroke	Minority Biomedical Research Support Thematic Project Grants	\$245,000
9/1/2008	8/31/2011	Health Resources & Services Administration	Model Minority Health Professions Education Program - Cooperative Agreements	\$246,331
10/1/2008	9/30/2009	National Library of Medicine	National Children's Study	\$5,000
9/28/2007	9/27/2012	Emory University	National Children's Study	\$162,225
9/28/2007	9/27/2012	Emory University	National Children's Study	\$103,567
9/27/2008	9/27/2013	Emory University	National Children's Study	\$35,193
9/28/2008	9/27/2013	Emory University	National Children's Study	\$118,887
9/30/2008	9/29/2009	Department of Health and Human Services	OMH 2006 Directed Umbrella Cooperative Agreement	\$100,000
9/30/2008	8/31/2010	Department of Health and Human Services	OMH 2006 Directed Umbrella Cooperative Agreement	\$50,000
10/1/2007	9/30/2009	Department of Justice	Prevention and Intervention Program	\$500,000
7/1/2007	6/30/2010	Health Resources & Services Administration	Preventive Medicine Residency Training Grant	\$250,000
9/1/2008	8/31/2011	National Center on Minority Health and Health Disparities	Research and Institutional Resources Health Disparities Endowment Grants - Capacity Building	\$4,781,250
3/1/2008	8/31/2009	National Institute on Alcohol Abuse and Alcoholism	Research Project	\$91,731
9/30/2007	8/31/2012	National Eye Institute	Research Project	\$274,400

1/15/2007	12/31/2011	National Heart, Lung and Blood Institute	Research Project	\$355,000
7/15/2007	6/30/2011	National Institute of Neurological Disorders and Stroke	Research Project	\$282,600
9/1/2008	12/31/2011	University of Alabama at Birmingham	Research Project	\$55,426
9/1/2007	8/31/2012	Emory University	Research Project	\$34,790
3/1/2009	12/31/2012	Colorado State University	Research Project	\$9,033
8/26/2008	7/31/2009	University of Kentucky	Research Project - Cooperative Agreement	\$50,000
9/1/2007	6/30/2012	National Heart, Lung and Blood Institute	Research Project - Cooperative Agreement	\$386,831
9/27/2007	7/31/2012	National Jewish Health	Research Project - Cooperative Agreement	\$58,621
7/16/2008	5/31/2009	Duke University	Research Project - Cooperative Agreement	\$900
7/1/2008	5/31/2013	National Heart, Lung and Blood Institute	Research Scientist Development Award - Research and Training	\$130,077
7/1/2008	6/30/2013	National Heart, Lung and Blood Institute	Research Scientist Development Award - Research and Training	\$141,993
7/1/2007	6/30/2010	Health Resources & Services Administration	Residency Training in Primary Care	\$329,890
2/1/2009	5/31/2010	National Institute on Drug Abuse	Resource-Related Research Projects	\$28,903
7/1/2008	5/31/2013	National Institute on Drug Abuse	Resource-Related Research Projects	\$462,556
7/1/2008	5/31/2013	National Institute on Drug Abuse	Resource-Related Research Projects	\$28,903
8/1/2008	7/31/2009	HRSA/Grady Healthcare System	Resource-Related Research Projects	\$26,852
1/1/2009	12/31/2009	Minority Health Professions Foundation	Ryan White Project	\$115,200
1/1/2009	12/31/2009	CDC/Association of Minority Health Professions Schools	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$188,700
1/5/2009	9/29/2009	National Indian Health Board	Special Cooperative Investigations/Assessment of Control/Prevention Methods	\$90,142
1/1/2009	5/31/2011	National Institute of Neurological Disorders and Stroke	Specialized Center - Cooperative Agreements	\$30,957
6/1/2008	5/30/2013	National Institute of Neurological Disorders and Stroke	Specialized Center - Cooperative Agreements	\$1,394,380

7/1/2008	6/30/2009	Charles R. Drew University of Medicine and Sciences	Specialized Center - Cooperative Agreements	\$398,675
4/3/2008	3/31/2012	National Institute of Diabetes and Digestive and Kidney Diseases	Support of Competitive Research Program	\$280,000
7/1/2008	6/30/2012	National Heart, Lung and Blood Institute	Support of Competitive Research Program	\$280,000
9/27/2007	6/30/2010	National Institute of General Medical Sciences	Support of Competitive Research Program	\$105,000
8/1/2008	6/30/2011	National Institute of General Medical Sciences	Support of Competitive Research Program	\$105,000
8/29/2008	7/31/2013	National Cancer Institute	Support of Competitive Research Program	\$280,000
9/1/2008	8/31/2009	Centers for Disease Control and Prevention	Inter Personnel Agreement/CDC	\$35,390

Mr. FARR. Thank you very much. Appreciate you coming back this year. And, again, your testimony is very helpful.

Mr. WAMP. All I would say is that I support Dr. Maupin's request. As a matter of fact, it is on my Web site, a written request for the coming years that these things are honored by this committee and that everyone is encouraged to do exactly what he just testified.

Mr. FARR. Okay, thank you. We will put your revised copy in the record.

Thank you very much.

Mr. Edwards has arrived, so he will chair his committee.

Mr. EDWARDS [presiding]. Let me first thank Mr. Farr and Mr. Wamp for keeping this subcommittee in good hands. I was working on a project that has been 68,000 years in the making. A lot of mammoths had to die in my district nearly 70,000 years ago, and we are trying to protect that with the National Park Service.

I am very glad to be back. But thank you for conducting the hearing this morning.

We are honored to have Patrick Campbell with the Iraq and Afghanistan Veterans of America. Appreciate very much your service to our country and your continued service speaking out on behalf of America's veterans.

And I would like to recognize you for 5 minutes at this point.

THURSDAY, APRIL 23, 2009.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA

WITNESS

PATRICK CAMPBELL

STATEMENT OF PATRICK CAMPBELL

Mr. CAMPBELL. Well, thank you.

This is a new thing for me. I have never been down here before. I feel—

Mr. EDWARDS. It is much more comfortable—

Mr. CAMPBELL [continuing]. Much more comfortable—

Mr. EDWARDS [continuing]. Than the other—

Mr. CAMPBELL. Actually, it is a little more intimate, a little more intimate than the other hearing—well, if I am here to say anything—I read a lot of the testimony; you have probably about 500 pages worth of paper to read after all this—and that is to say thank you.

You know, the people that I represent are men and women who are currently serving in Iraq and Afghanistan who are thinking about what it is going to be like when they come home. And for the last 7 years, we have been fighting a war, but this country hasn't been prepared to deal with those people coming home.

And 2 years ago, this Congress said we are going to make a commitment to veterans. And you started fully funding the V.A. for the first time in 77 years. And I just want to say thank you for that commitment, because that commitment is making all the difference.

Unfortunately, it was just the beginning. I mean, right now, as you know, we surged into Iraq, and we are surging into Afghanistan, but soon that soldier is going to be coming home. And what that foundation that you have built over the past 2 years of fully funding the V.A. is just building a baseline.

This is not the end point. We need it to keep growing and keep building, because we have one opportunity to get in front of these veterans and give them an opportunity to transition into, you know, a good future.

As you know, I served in Iraq in 2004–2005. And even to this day, I am still suffering from some of the issues that I dealt with over there. It has a profound effect on my work and an even more profound effect on my relationships.

And I utilize the V.A. I utilize the veterans centers as an opportunity for me to transition back into the world that I left.

The soldier that is coming home, we have one opportunity to get ahead on traumatic brain injury. We need to develop through the centers of excellence an effective screen before and after so that we have an idea, when someone like myself drops a tank hatch on my head—I didn't tell you I was the smartest person ever—when I drop a tank hatch on my head and I knock myself out for a minute, that I don't find out that, you know, through some random test that I take on later that I am suffering from severe short-term memory loss.

I should be finding that through the V.A. When I go access the V.A., they should be testing me, saying, "Did you have any explosions?" When I was in Iraq, we got blown up 13 times. I was in five car accidents, and I dropped a tank hatch on my head and knocked myself out, but I have never once been screened by the V.A. for the traumatic brain injury. I think that is a problem.

It took members of the House Veterans Affairs Committee staff to convince me to go get counseling. I think that is a problem. And we are not creating a problem where the V.A. is actually reaching out and getting veterans and bringing them into the system. The V.A. is still a passive system, sitting and waiting.

The V.A. has started to put its toe into the waters of doing outreach. You might have seen the bus ads that they had around here, but it is still kind of almost an afterthought.

And if I could ask any one thing about this committee that you haven't already been paying attention to is that we need to have a direct line item for outreach, and it needs to be a part of everything that we do, where the V.A. is aggressively marketing the benefits that already exist.

The other thing that we need to work on—and this is something I know this committee is getting into the jurisdiction of is we will start giving the V.A. the resources and the opportunity to spend those resources effectively.

And I know, Mr. Chairman, you and I have talked about advance appropriations before, and I think that this is the way in which you help veterans like veteran Marine Ray Real in southwest Texas, who has to drive 6 hours to go to his PTSD appointment.

When Ray wants to set up an appointment, he has to call like a U2 concert ticket on the first day of every month to sign up from

the 2 days a week that they have PTSD counseling, and he has to drive 6 hours once he actually does get that appointment.

And if he misses out on that appointment, if he doesn't get that appointment then, he has to wait a whole other month.

Now—all of a sudden make sure he gets it, but that might mean they will have one more day. They will be able to use their dollars, stretch them a little bit wider and maybe provide one more day of services for someone like Ray Real.

And to take this even farther, Ray—he tried to get an appointment recently. And he was denied, because they didn't have space. And recently he got in a fight, and, unfortunately, killed the person he was dealing with, and is now spending the rest of his lifetime in jail. This is someone who reached out for help and was turned away at the door.

So this is something that, if we don't deal with it now, we are going to lose these veterans as we go along.

We need to make sure that we are taking care of our female vets, which was something that is new to this generation. Eleven percent of Iraq and Afghanistan vets are female, and we need to make sure that they have the facilities they need.

And, obviously, I care a little bit about the G.I. Bill. We need to make sure that the G.I. Bill is done right. I know that the actual benefits itself are not done through this committee, but giving them the resources they need to implement it is done through this committee.

And thank you very much for the opportunity to be here.

[The prepared statement of Patrick Campbell follows:]



**IRAQ *and* AFGHANISTAN
VETERANS *of* AMERICA**

**MILITARY CONSTRUCTION AND VETERANS AFFAIRS APPROPRIATIONS SUBCOMMITTEE,
OUTSIDE WITNESS
APRIL 23, 2009**

**IAVA TESTIMONY
PATRICK CAMPBELL, CHIEF LEGISLATIVE COUNSEL
OPERATION IRAQI FREEDOM (2004-2005)**

Mr. Chairman, Ranking Member, and members of the Committee, thank you for inviting Iraq and Afghanistan Veterans of America (IAVA) to present our Legislative Agenda. On behalf of IAVA and our more than 125,000 members and supporters, we would like to thank both committees for your unwavering commitment to our nation's veterans.

The past two years Congress has shown, in words and in action, that caring for veterans is a top priority. We are truly grateful that last year's Congress fully-funded the VA and passed the historic Post 9/11 GI Bill. You have built a solid foundation for revitalizing the Department of Veterans Affairs, and it could not have come at a better time.

Two years ago, we sent a surge of troops into Iraq. Now, the Obama Administration has begun the long process of drawing down our combat forces. Our men and women in uniform have performed their duties overseas valiantly, and we must repay that service by being prepared for the surge home. More than half of the Iraq and Afghanistan veterans still serve on active duty and less than half of those veterans who have separated have accessed the VA. As more servicemembers are deployed each day, the pressure behind the dam is building. With your help, the VA will be ready for the flood of new veterans coming home.

We must be ready to provide the quality of care these veterans have earned. We will only have one opportunity to employ preventive measures such as effective TBI screens, mandatory mental health counseling and streamlined claims processing. If we as a community can get ahead of these issues, we can begin to resolve their long-term effects, including the sky-rocketing rates of suicide, divorce and drug abuse.

We are hopeful the new Administration, and the new Congress, will continue to focus on veterans issues. Our 2009 IAVA Legislative Agenda (<http://iava.org/iava-in-washington/legislative-agenda>) makes recommendations in four areas crucial to today's veterans: Mental Health, Homecoming, Healthcare and Government Accountability. At this time, I'd like to highlight just a few of the most urgent issues facing Iraq and Afghanistan veterans.

Ensure Thorough, Professional, and Confidential Screening for Invisible Injuries.
IAVA supports mandatory, face-to-face and confidential mental health and TBI screening by a licensed medical professional, for all servicemembers, before and after their combat tour.

Advance-Fund Veterans' Health Care.

The best way to ensure timely funding of veterans' health care is to fully fund the Department of Veterans Affairs (VA) health care budget one year in advance. In addition, IAVA endorses the annual Independent Budget, produced by leading veterans' organizations (including IAVA), as a blueprint for the VA funding levels.

End the Passive VA System.

The VA has traditionally been a passive, inward-looking system. Veterans must overcome tremendous bureaucratic obstacles to get the benefits and services that the VA provides. Many veterans do not even know what benefits they are eligible for. The VA must develop a national strategy to promote the use of its services, including advertising VA benefits, expanding VA outreach, and modernizing the VA's online presence.

Correctly Implement the New GI Bill.

The historic post-9/11 GI Bill, passed last year, included a provision to allow servicemembers to transfer their GI Bill education funding to a spouse or dependent. But Congress and the Administration can and must keep the bureaucracy moving to make this benefit a reality.

Eradicate Homelessness Among Veterans.

About 150,000 veterans are homeless on any given night, and foreclosure rates in military towns are increasing at four times the national average. IAVA calls for 20,000 new HUD-VA Supportive Housing vouchers, an increase in the Grant and Per Diem allowances for community organizations to help homeless veterans, and an extensive outreach campaign to promote VA home loan and financial counseling services.

Improve Health Care for Female Veterans.

11 percent of Iraq and Afghanistan veterans are women. They deserve the same access to health care as any other American veteran. IAVA supports prioritized hiring of female practitioners and outreach specialists, increased funding for specialized inpatient women-only PTSD clinics, and significant expansion of the resources available to women coping with Military Sexual Trauma.

Mr. EDWARDS. Patrick, thank you for your testimony and, obviously, we will do a lot of follow up to the points you have made. I just want to say you complimented this committee. The accomplishments we have had over the last several years, you and your organization have certainly been a critical part of that. So thank you for the difference you are making.

And I was under the impression now that V.A. did screen every veteran coming in, for whatever reason they are coming in to the V.A. hospitals, that they are being screened for TBI and PTSD.

Mr. CAMPBELL. Only if you go to a V.A. medical center, and it is a paper screen. This gets back to, we have not developed an appropriate screen that actually effectively detects. But if you go to a vet center, you don't do that screen. And so, you know, lots of people are using—I call the vet centers the gateway to—you know, into the V.A. And, you know, we need to be expanding those programs for the vet center.

Mr. EDWARDS. We will follow up on that.

Any questions, Mr. Wamp.

Mr. WAMP. Gratitude for Patrick and all the people he represents. No questions. Thank you for your testimony.

Mr. CAMPBELL. Thank you.

Mr. EDWARDS. Thank you. You have been a great spokesman for our veterans.

Any questions?

Mr. FARR. Yes, one. Thank you. Your testimony and your list here is very helpful. We certainly will implement it.

I would like to follow up on why we can't get that veteran PTSD services in his hometown.

Mr. CAMPBELL. I agree.

Mr. FARR. There is no reason you have to go that far to our clinical psychologist who can provide that service.

Mr. CAMPBELL. All it takes is a standard. And right now, the V.A.—it is individually based that says, you know, each regional officer gets to make a decision on whether or not that is too far to drive. And when you make it individually based, you know, people are going to do what they can to save money.

And—if you drive over 70 miles to get counseling, that is too far. You know, I am not going to say something that is going to cause everyone here—we need to privatize health care, but what we do need is we need a clear, bright-line standard: This is too far to drive. This is too far to go.

And then give them the discretion for anything that is closer. And that will help answer, so everyone will know what is appropriate and what isn't.

Mr. FARR. It is a good suggestion. Thank you very much.

Mr. EDWARDS. Thank you. Thank you for your testimony.

We would now like to call Dr. Stanley Appel with the ALS Therapy Development Institute.

Dr. Appel, thank you for being here today. I would like to recognize you for 5 minutes.

And I think it has been said, assuming everyone was here and heard it, that your full testimony will be made part of the record. And then we ask each witness to limit their comments to 5 minutes.

Thank you. Thank you, Dr. Appel.

THURSDAY, APRIL 23, 2009.

ALS THERAPY DEVELOPMENT INSTITUTE

WITNESS

STANLEY APPEL, MD

STATEMENT OF STANLEY APPEL

Dr. APPEL. Thank you very much, Mr. Chairman. I would like to thank you and the subcommittee for allowing me to talk about one of the scourges of our servicemen coming back from their service, namely Amyotrophic Lateral Sclerosis, Lou Gehrig's disease.

I also want to acknowledge the support of several of your colleagues, Congressman Capuano, who has been tireless in championing a therapy program for ALS, Congressman Brown of the Veterans Affairs Committee, Chairman Spratt have also recognized the value of a targeted therapy program, and they are both friends of General Mikolajcik of South Carolina who, unfortunately, has ALS and couldn't be here today.

And I would also like to acknowledge that Congressman Patrick Kennedy sits in the Appropriations Committee with you and has a personal interest in ALS.

Let me make several points. One is, the importance of ALS to the military. It turns out that, if you served in the first Gulf War, you have twice the chance of developing ALS than if you served any place else, an incredible statistic.

If, in fact, you serve in the military, you have an increased likelihood, a 60 percent likelihood of developing ALS than if you didn't serve in the military.

Now, what is ALS? ALS is the most horrific, devastating disease. I happen to have been chairman of neurology at Duke University and Baylor College of Medicine for 27 years. I chair the department of neurology at Methodist Hospital in Houston now. And I will tell you, of all the diseases we take care of, nothing matches ALS with the devastation.

You can't walk, so you are in a wheelchair. Then you can't use your arms. Then you can't talk. Then you can't swallow. Then you can't breathe and you die in 3 to 5 years.

And we have no cure for this disease, and it is over-represented in our military, and that is the major point that I want to address to your subcommittee, because it is key and critical that we have a comprehensive approach.

It doesn't mean that, in my laboratory, which is basic science and applied, that we aren't doing individual things as goes on and my colleagues at Hopkins, at Harvard, et cetera, but it does mean that there is no comprehensive approach to the development of therapies. There is no comprehensive approach.

So ALS Therapy Development Institute in Boston is a nonprofit, almost biotech-like company in developing therapy development approaches. It is a group of 30 scientists who are culled from pharmaceutical companies who have a passion and motivation to solve this.

Pharmaceutical companies aren't interested in this. This is "an orphan disease." They are not particularly interested whether it affects more military people than anyone else, but they themselves hopefully will be able to get some of the developments that go on at places like ALS TDI to our patients, because, once you have got a drug or a good drug, then they will spend \$100 million or \$200 million that is necessary to take it there.

But we absolutely need to declare war on ALS. And that is something—NIH hasn't declared war on ALS. But because it is over-represented in the military population, I really urge you all to consider that.

We have a lot of servicemen coming back from Iraq, Afghanistan, the Gulf War, and many of them will develop ALS, and we have very little to offer them. So I urge you to consider a comprehensive program like this.

I am not here to ask for funding for ALS TDI. What I am here to do is to ask you all to develop a comprehensive program. ALS TDI does it, but there are other ways. But it is most critical that you focus on this very needy population of our veterans coming back.

They have been in the battle. Many of them have won the battles. They are losing this.

ALS is not an incurable disease. It is an underfunded disease. These folks coming back are, in fact, in a war, and they don't have the tools, they don't have the ammunition to get the enemy, namely ALS.

Thank you.

[The prepared statement of Stanley Appel follows:]



TESTIMONY OF DR. STANLEY APPEL

**DIRECTOR OF THE MUSCULAR DYSTROPHY
ASSOCIATION'S ALS RESEARCH AND CLINICAL CENTER**

CHAIR OF THE DEPARTMENT OF NEUROLOGY, THE METHODIST HOSPITAL

CO-DIRECTOR, THE METHODIST NEUROLOGICAL INSTITUTE

ON BEHALF OF ALS THERAPY DEVELOPMENT INSTITUTE

**TO THE
SUBCOMMITTEE
ON MILITARY, CONSTRUCTION, VETERAN'S AFFAIRS
AND RELATED AGENCIES**

**OF THE
HOUSE APPROPRIATIONS COMMITTEE**

**THURSDAY, APRIL 23, 2009
10:00 AM**

Good Morning. My name is Dr. Stanley Appel. I would like to thank the Chairman and the Subcommittee for holding this hearing and allowing me the opportunity to address you today about the absence of a robust government funded program to develop therapies for Amyotrophic Lateral Sclerosis (ALS).

I am the Chair of the Department of Neurology at The Methodist Hospital in Houston, and the Co-Director of The Methodist Neurological Institute; where I am also Director of the Muscular Dystrophy Association's ALS Research and Clinical Center. Through these roles, I am engaged in both research and clinical treatment of ALS. Over the last 20 years I have been privileged to participate in the care of over 3000 patients with ALS. The experience has been made all the more meaningful because our ALS patients are extremely giving, and a deep well of courage fuels their daily actions.

Their inner strength has been a source of inspiration to us all, and has motivated me to help translate advances in the basic science laboratory to the bedside. My goal as a physician scientist is help ALS patients transform a profile in courage into a disease-free future.

I am here before this subcommittee responsible for supporting our veterans because this disease continues to take an inordinate toll on our nation's veterans.

Since 2000, research has continued to find that those with a history of military service are at a greater risk of developing ALS than those who have not served. A study jointly funded by the VA and DOD found that those serving in the first Gulf War were nearly twice as likely to develop ALS as those not serving in the Gulf. In 2005, The Harvard School of Public Health broadened the case for military relevance. Its epidemiological study found that those with a history of any military service in the last century were 60% more likely to die of ALS than those in the general population. In 2006, the Department of Veterans Affairs requested an independent assessment of the relationship between military service and ALS. Assigned with the task, The Institute of Medicine issued its report, supporting existing evidence of an association between military service and the later development of ALS. And most recently, the Research Advisory Committee on Gulf War Veterans Illnesses' report has called for a renewed federal commitment to identify effective treatments for Gulf War Illnesses, including ALS.

ALS, often known as Lou Gehrig's Disease, is a progressive neurodegenerative disease that affects motor neurons in the brain and spinal cord. Motor neurons extend from the brain to the spinal cord, and to the muscles throughout the body. Eventually, in ALS, they die; disallowing the brain to initiate or control muscle movement. Ultimately, patients become paralyzed, and lose their ability to breathe independently or swallow. Throughout the course of the disease, the mind remains intact and unaffected. The patient becomes 'trapped' inside their own body.

In our country, it is estimated that ALS strikes between 5000 and 7000 people a year. The incidence rate is similar to that of Multiple Sclerosis, yet ALS patients seldom live beyond three to five years of their diagnoses, leaving at least 30,000 Americans suffering at any one time.

Though ALS was 'discovered' over 130 years ago, we have yet to offer a cure. Only one drug has ever been brought to market; offering no more than the hope for a few months of average life extension, and no improvement in quality of life.

I know this Committee has seen the evidence for itself. Many American heroes have sat in witness chairs, and wheelchairs, to ask Congress for help. Major Michael Donnelly was the first to bring attention to the issue. Major Donnelly was a Gulf War fighter pilot, awarded four Air Medals for completing 44 combat missions over Iraq in Operation Desert Storm. The Major worked successfully for the last years of his life to convince the government that his illness was service based. He died at 36. Four Star Brigadier General Tom Mikolajcik, USAF Ret., sat before you in July of 2007 imploring Congress to increase funding for the treatment of ALS, knowing that a treatment would come too late for him. The General is not well enough to be with us today, but conveys his appreciation for the Department of Veterans Affairs new regulations recognizing service connection to all veterans facing ALS.

At its inception (2003), the VA's voluntary ALS Registry registered 2000 veterans suffering from ALS. While most of those heroes have passed away, the numbers imply that at least one out of fifteen ALS patients has a history of military service. This is quite staggering. These veterans, and all the patients I treat, are facing a horrifying illness; a battle with no armor. Physically, emotionally, and financially the plight is overwhelming. The cost of caring for an ALS patient can reach \$250,000 a year...yet we offer them no hope.

For these veterans, their families, and on behalf of all ALS patients, I urge the VA to consider a comprehensive approach to developing therapies.

There is often a gap in the process of bringing a drug to a patient's bedside. Translational research takes the excellent work done by the NIH and academic/basic researchers (my being one), and translates their findings toward the development of therapeutic targets. This is a particularly expensive and risky phase of research. Pharmaceutical companies; the entities that traditionally build drugs are not incentivized to assume this cost and risk, especially in the case of orphan diseases, such as ALS.

The ALS Therapy Development Institute (ALS TDI) in Cambridge, Massachusetts bridges this gap. It is the world's largest ALS research program; with a state of the art lab and a full time scientific staff of thirty working solely on developing therapeutics for the treatment of ALS.

I have been on the Board of Directors of The Muscular Dystrophy Association since the 1970's, chaired its Scientific Advisory Committee, and now chair its Medical Advisory Committee. I think you should know that the MDA believes so strongly in the work at ALS TDI that we committed the largest sum in our organization's history to support its program.

The ALS Therapy Development Institute is effectively a biotech company, although is set up as a non-profit. Its scientific team comes from industry, with team leaders bringing an average of 15 + years of experience from firms such as Biogen Idec, Genzyme, Wyeth, and AstraZeneca. Thus, this team, unlike any other, brings true pharmaceutical experience in building drugs to this effort.

The Institute's approach represents a multi-faceted methodology to understanding disease progression from a preclinical animal model, and efficiently translates findings to ALS clinical samples. Their capability to employ unbiased gene expression, proteomics, and genetics technologies will speed the identification of biological mechanisms amenable to therapeutic development. This type of comprehensive strategy has never before been applied to ALS research.

ALSTDI rigorously addresses the specific issues that can impact the quality of life for veterans predisposed to the possibility of developing ALS. Their program works to develop prognostic and diagnostic biomarkers to facilitate rapid treatment options, and offers a process to understand disease onset and progression. It is through such an approach that we stand the best chance to develop impactful treatments quickly.

I am not here to ask for funding for ALS TDI, although your support would accelerate the progress that I am convinced is forthcoming. I am here to at least urge your subcommittee to consider the benefits of adopting this approach.

We have the responsibility to arm our service members in the final battle they are currently only to lose. The thousands who have recently returned from engagement, and those soon to come home, may in fact encounter a final new enemy in ALS.

ALS is not an incurable disease. It is an underfunded disease. The science is ready, the technology is ready, we clinicians are ready.

Mr. EDWARDS. Thank you, Dr. Appel. Could I ask you, is there speculation or has research indicated why men and women serving in the military would have such a higher percentage of having ALS than those who have not served?

Dr. APPEL. It is absolutely key and critical that there are environmental factors that are triggering this. I would like to tell you from all our investigation, epidemiologically or through the V.A. registry, that we have identified those.

We have identified some of them, maybe the toxins that our servicemen were exposed to in the Gulf War, but it is not clear that that is the sole environmental factor. So it is key that they are encountering environmental factors.

And the second issue, obviously, there is some susceptibility. And we have recognized. We have done genome-wide—what we call SNP, single-nucleotide polymorphism, looking for this. And we have identified 50 or 100 genes, but it is not at a point where we can apply it through our V.A. to our servicemen to identify that. So it is a complex mixture, and yet it is factual.

But you don't need to identify the cause. Penicillin has cured an awful lot of people before we understood how it worked. We need to have a comprehensive program that will target therapy development, and that is what we don't have in the United States, and we don't have in our V.A. system.

Mr. EDWARDS. Thank you.

Mr. Wamp.

Mr. WAMP. Well, just briefly, if you take the numbers of veterans that we have and you assume that there is some similar outcome with the current wars in Iraq and Afghanistan as you had with Desert Storm, what kind of population are you expecting to end up with ALS, based on our current warfighting strength?

Dr. APPEL. I don't have the specific answer to that, because that is a great question that requires a specific number based on this. But if you look in the United States, there are 40,000 patients living with ALS.

This disease everyone thinks is a rare orphan disease. It is not. It is because the patients die so quickly that, when you sample the populations, you don't see them. But we will try and get those numbers for you, because I think that is important information.

[The information follows:]

Your question is somewhat difficult to answer, as the reasons for the increased incidence rate of ALS in military veterans are not understood. For now, I can tell you that the lowest possible number of future ALS diagnoses of those who have served in the War on Terror would be about 100. That number clearly understates the potential magnitude of the problem. We do not yet know what is causing this increase in incidence, and we do not know the time interval between the exposure and the development of first symptoms. That latency could be as much as several decades. As a result, the figure will be considerably higher since exposures in this particular region, or factors of contemporary warfare may have more of an effect on these soldiers than we presently realize. In the 2008 Report of the Research Advisory Committee on Gulf War Veterans' Illnesses, the panel expressed its "great concern that the full impact of this disease on Gulf War veterans might not be known for decades." When you consider that the incidence around the world is 1–2 cases per 100,000 individuals, I am certain you can appreciate that even 100 cases represents an extremely large cohort. To put this range into perspective it is important to note that during this same period there have been roughly 1,000 amputations resulting from combat.

I ask you to remember, too, that research has also found that ALS is striking veterans at considerably younger ages than the national average.

Mr. WAMP. Thank you.

Mr. EDWARDS. Thank you very much.

Dr. APPEL. Thank you, sir.

Mr. EDWARDS. Sam.

Mr. FARR. Just one question.

Dr. APPEL. Yes, sir.

Mr. FARR. In the comprehensive strategy that you are urging, is there another modality, another disease where we do have that comprehensive strategy?

Dr. APPEL. There are a number of diseases where it is financially profitable for the pharmaceutical company to invest the kind of resources that would do it. Heart disease, stroke, hypertension, hyperlipidemia, but not in a disease like this, where those aren't the risk factors and where hundreds and hundreds of millions of dollars are not being invested—

Mr. FARR. A comprehensive strategy?

Dr. APPEL. Well, we are talking about \$100 million program at a minimum, in terms of doing it. And yet the benefit for our servicemen is they will have a disease-free future. And that is something that I think all our servicemen should be promised.

Mr. FARR. Thank you.

Mr. EDWARDS. Thank you.

Thank you, Dr. Appel.

We are very honored to have a city council member from Vicenza, Italy, Ms. Cinzia Bottene. Help me with the pronunciations, and forgive me for any mispronunciations.

But we know that your community has been a partner with the United States in defending Europe, fighting for security throughout the world, and we are honored to have you here.

THURSDAY, APRIL 23, 2009.

CITY COUNCIL MEMBER, VICENZA, ITALY

WITNESS

CINZIA BOTTENE

STATEMENT OF CINZIA BOTTENE

Ms. BOTTENE. Thank you, Chairman and members of the committee.

My name is Cinzia Bottene, and I am a city council member, and I am here representing the citizens opposed to the new U.S. military base in Vicenza, Italy.

Since I don't speak English very well, Stephanie Westbrook will read my testimony and help with any questions.

We welcome this occasion to illustrate the concerns of the citizens, meeting with members of the Congress over what we think is a serious mistake.

We ask you not to make this mistake, because Vicenza is a city of 120,000 people. It is a UNESCO World Heritage Site and showcase of architect Andrea Palladio, whose work inspired icons of American democracy, such as the Capitol building.

The site of the new base is located in a residual area, completely surrounded by houses, and just one mile from the historical city center, with 35 Palladian buildings. The area is the last remaining open space in our city, and this alone is reason for it to be protected and reserved for public use.

We ask the members to try to imagine building a military base in Central Park or right here on the mall. One look at the photo included with our testimony should be enough to understand just one of the many reasons for the opposition to the base.

We ask you not to make this mistake, because the site also lies just a few feet above one of the three most important groundwater sources in Europe. The project for the new base includes thousands of pylons that will go over 80 feet into the ground, as you can see in the photos included, and this poses a serious risk to our water source.

We ask you not to make this mistake because the location of the base is in violation of a number of European Community directives on protected natural habitats, and cases are currently pending before the European Community.

Despite having been formally requested several times by the mayor, and by the citizens of Vicenza, an Environmental Impact Assessment has been continually denied.

The initial negotiation for the new base dates back to 2001, though the citizens and most city council members were kept in the dark until May 2006. The information concerned together with this lack of transparency led ordinary citizens of all ages and from across political, social and cultural boundaries to mobilize in opposition, which has continued for 3 years now.

There has been an endless succession of nonviolent demonstrations, bringing as many as 150,000 people to the street. Citizens have been back on lobbying trips to Rome, to European Parliament in Brussels, and twice before to Washington, D.C.

The widespread opposition to the new base also led to a political shift in Vicenza. In April 2008, after decades of governing the city, the ruling coalition was voted out. The new administration ran on a platform opposing the base, promising a vote in city council and a local referendum.

In July 2008, city council voted with 25 opposed to the base and 2 in favor. The local referendum was 13 October, 2008. Over 95 percent voted against the base.

We ask you not to make this mistake, because Vicenza already has seven U.S. military installations, including Camp Ederle, dating back to 1955.

Numerous Defense Department publications highlight the importance of maintaining good host nation relations, but how can you possibly think to maintain good relations knowing that the new base has already caused a deep divide between the Vicenza community and the U.S. military?

Imposing this decision will do nothing but create an inhospitable climate. How can you proceed knowing that the base will be built in a protected natural habitat directly above an important groundwater source and without any environmental impact assessment?

We ask members of this committee to respect our city and territory, to respect the wishes of local residents, to respect our chil-

dren's future. We ask that Vicenza be treated with the same respect as any city in your country where a similar project would be unthinkable.

After 3 years of investing more time and energy than you can imagine in opposing this base, I am more convinced than ever the people of Vicenza will simply never accept it. Even yesterday and today, people in Vicenza are demonstrating against the base, even now, while we are sitting here in front of you.

We strongly ask this committee to block funding for the new base, to reconsider the entire project, and find an alternative solution that takes the concerns of the local population into account.

On behalf of the citizens of Vicenza, I thank you, Mr. Chairman and committee members, for the opportunity to appear before you today. And I will be happy to answer any questions.

[The prepared statement of Cinzia Bottene follows:]

Testimony of Cinzia Bottene
City Council Member- Vicenza (Italy)

Outside Witness Hearing for the US House of Representatives
Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
April 23rd 2009

Chairman Edwards and distinguished Members of the Committee, I want to thank you for the opportunity to testify regarding construction of a new U.S. Military Base in Vicenza, Italy. I am a member of the City Council of Vicenza and am here representing the citizens opposed to the new base.

As English is not my native language and I, unfortunately, do not have a command of the language suitable for this setting, Stephanie Westbrook will read my testimony before the committee and help with translations for any questions.

On two previous trips to Washington, we learned that not all members are aware of the situation in Vicenza. Knowing that the Committee would want to hear from all sides, we welcome the occasion to illustrate the concerns of the citizens, which have been recognized as valid in meetings with members of Congress, over what we retain is a serious mistake and risks wiping away over 60 years of goodwill demonstrated by the city of Vicenza in hosting numerous U.S. military installations.

BACKGROUND

Vicenza, a city of 120,000 citizens just 40 miles from Venice, is a UNESCO World Heritage site and showcase of renowned Renaissance architect Andrea Palladio, whose work inspired icons of American democracy right here in Washington, including the Capitol Building and the White House. Aside from the Palladian buildings, Vicenza is also rich in Roman and Medieval treasures. Ruins of an ancient Roman aqueduct are present in the area selected for the new U.S. base. Vicenza is not unlike its neighbor Venice when it comes to art and cultural heritage, and it is just as precious.

The initial negotiations for the new base date back to 2001, with an agreement between the Bush administration and Italian Prime Minister Berlusconi. The citizens of Vicenza, including most City Council members, were unfortunately kept in the dark on this project until news began to leak out in May of 2006.

URBAN IMPACT AND ENVIRONMENTAL CONCERNS

The site of the new base is located in a residential area completely surrounded by houses and just 1 mile from the historic city center where 35 Palladian buildings are located. In addition, the area is the last remaining open space in our city and this alone is reason for it to be protected and reserved for public use. We ask the members to try to imagine building a military base in Central Park or right here on the Mall.

The site also lies above one of the three most important groundwater sources in Europe. The aquifer comprises a complex system of water sheets, with an upper source that is just 6-12 feet below the surface, coupled together with a lower source that goes down to a level of nearly 1,000 feet. The construction project for the new base includes thousands of pylons that will go over 80 feet into the ground. This interference with the water source will undoubtedly

pose a serious risk this complex system vital for not only the city of Vicenza, but other major cities of northeast Italy.

It is a well-known fact that military bases, due to their nature, are sources of pollution and contamination. Lists of the most contaminated sites in the U.S. as compiled by the EPA, in fact, include dozens of former military bases, many of which include groundwater contamination, posing serious health risks to the local community.

The site of the base includes an area that runs for over a mile along the Bacchiglione River, which is classified under Italian law as a "second class ecologic corridor". Under this classification, no installations are allowed within 500 feet of the river. However, an area of approximately 59 acres of the new military base would fall within these bounds.

The project for the new base covers a total area of 19,7 acres and includes more than 40 buildings over 75 feet in height and 300 feet long, with a built volume of over 3 million cubic feet. The new base would include close to 140,000 square feet of military vehicle maintenance and repair facilities complete with approximately 860,000 square feet of parking for more than 1,000 heavy vehicles. In addition, the project comprises 2 multi-story parking garages with a capacity of more than 1,600 automobiles.

The European Community (EC), with the objective of preserving the natural habitat for flora and fauna and in accordance with the program "Natura 2000", has introduced two types of protected zones under the EC Directives 92/43 and 79/409: *Sites of Community Interest (SCI)* and *Special Protected Zones (SPZ)*. The area selected for this base installation is adjacent to the Site of Community Interest IT3220040 and located just 2 miles from the Special Protected Zone IT320013.

A number of cases concerning violations of these EC directives as regards the new U.S. military base in Vicenza have been brought to the attention of the European Community and are currently pending.

Despite having been formally requested several times by the Mayor and by the citizens of Vicenza, an Environmental Impact Assessment has been continually denied by the Italian government. The Environmental Impact Assessment is something that is generally seen as an indispensable part of the construction process here in the U.S., and in Italy it is also mandatory for projects of far lesser impact.

WIDESPREAD POPULAR OPPOSITION

As word of the new base began to leak out in May 2006, the concerns illustrated above led ordinary citizens of all ages and from across political, social and cultural boundaries to mobilize in opposition to this project. The mobilization has continued for close to 3 years now and the citizens are determined to defend their city and territory. Various citizens committees were formed in opposition to the base and in January 2007, an encampment was set up on the edge of the site that has operated 7 days a week, 24 hours a day ever since. There has been an endless succession of non-violent protests and demonstrations, bringing as many as 150,000 people to the streets. Citizens have embarked on lobbying trips to Rome to speak with Italian government officials, to Brussels to speak with European Parliament members (September 2008) and twice before to Washington DC (May, 2007 and March 2009), in addition to this current trip.

The widespread opposition to the new base also led to a political shift in Vicenza in April 2008. After decades of governing the city, the ruling coalition was voted out, which also represented a break with national trends.

The new Administration ran on platform opposing the base, promising a vote in City Council on the base as well as a local referendum, something the people had been requesting from the start. In July 2008, City council voted on the base, with 25 opposed and 2 in favor.

The local referendum was held in October 2008 and organized in cooperation between the citizens and the Mayor, allowing the people of Vicenza to finally express themselves. **Over 95% voted against the base.**

THE STRAW THAT BROKE THE CAMEL'S BACK

Vicenza already hosts several U.S. military installations, including Camp Ederle (dating back to 1955), Site Pluto as well as another five U.S. military sites. Camp Ederle is approximately 5 miles away from the site of the new base at Dal Molin and will require new roads to connect the two bases. The city has lived peacefully with the existing installations for decades. Our concern is that insisting on a project that has been amply demonstrated as unwanted by the local population could compromise what have always been good relations between the Vicenza community and the U.S. military.

Numerous Defense Department publications highlight the importance of maintaining good host nation relations. In Secretary Army's testimony before this very Committee in April 2008, this important aspect of overseas bases was once again emphasized.

CONCLUSIONS

We ask members of this Committee to respect our city. We ask that the opinion of local residents be respected. We ask that our territory be respected. We ask that our children's future be respected.

We ask that Vicenza be treated with the same respect as any city in your country, where a similar project would be unthinkable.

Our two countries have a long history of friendship and collaboration: The United States has always been an example of democracy for the entire world and in a democracy, respect for the opinions of others is fundamental. As President Obama stressed in his speech on November 4, 2008, "I will listen to you, especially when we disagree." And on her recent trip to Italy, Speaker Pelosi talked of "a new era of cooperation," stating that "there is no way that we will establish a policy that then imposes upon others obligations for which they have no consultation."

We are here today to ask that funding for the new base be blocked and that the entire project be reconsidered, together with the City of Vicenza. We call on Committee to block additional funds for the new base in order to allow for a reassessment of the project and find an alternative solution that takes the local population's concerns into account.

The plans for the new base at Dal Molin represent a momentous error that could weigh heavily in the years to come with serious consequences for our city, a world heritage site, and on the relations between the citizens and the U.S. troops hosted in Vicenza.

We are certain of your good faith, but we are just as convinced of the error being committed and for this very reason we are asking that members assume the very important

responsibility of stopping a process that has been put in motion, taking the time to step back and reconsider the project.

On behalf of the citizens of Vicenza, I thank you, Mr. Chairman and committee members, for the opportunity to appear before you today.

SOURCES:

- 1) VENETO REGION COMI.PAR. MEETING FY 06 OUT-OF-CYCLE CHAPTER I SUBMITTAL
Issued by: DEPARTMENT OF THE ARMY-U.S. ARMY GARRISON – VICENZA
The project issued on March 2006 is signed by: KAMBIZ RAZZAGHI-Director of Public Works
- 2) Italian Law 42/2004, article 142, paragraph 1/C
- 3) Architectural drawings issued by Ai&P from Italy and ROSSER from United States on October 2008 and January 2009, ordered by the NAVFAC ENGINEERING COMMAND
- 4) Final Project Description issued by Ai&P from Italy and ROSSER from United States from October 2008 ordered by the NAVFAC ENGINEERING COMMAND

ATTACHMENT: PHOTO OF THE DAL MOLIN AREA



Mr. EDWARDS. Let me first thank you for coming and for the excellent testimony.

The fact that you have come this far to make this statement certainly is an expression of the strength of your feelings. And I know those feelings must obviously represent many citizens in your community.

Ms. BOTTENE. Can I tell—

Mr. EDWARDS. Please.

Ms. BOTTENE. Thank you.

We thank you that we have been able to express deeply how serious the problem is in our town. The photo we enclose and the water source that you can see in the enclosed photo can express very well which is the product of the problem.

And there is another photo very important which shows how close—this is Basilica Palladiana, and this less than one mile from the city center.

Mr. EDWARDS. How far away are our present military installations in the Vicenza area?

Ms. BOTTENE. Six miles.

Mr. EDWARDS. Six miles?

Ms. BOTTENE. Yes, but there is no Air Force there.

Mr. EDWARDS. Is the local community support the present military installation there?

Ms. BOTTENE. Yes. Camp Ederle is there from—since 1955. And the relations between the community and the military have always been perfect, but now, since we know that this—there will be another military base and so close to Vicenza, to citizens, and on the water source, of course, citizens are moved in another direction.

Mr. EDWARDS. Has there been any sort of agreement signed between our two federal governments?

Ms. BOTTENE. Yes, surely some. But the first step was between the Bush administration and the Berlusconi administration. Then in Italy, we had Prodi administration, the other side. And in that moment, they told us that there would be a sort of reconsideration of this problem.

So the Parisi, the defense minister, spoke to Spogli, which was the ambassador of United States in Rome. And after that, Spogli gave a sort of ultimatum to Vicenza to say yes or no. And in 9 days, we had to give an answer, and the answer to agree, because it is difficult, you can imagine, for our country to say no to United States.

Mr. EDWARDS. Let me ask Walter, can you update us before we address any other questions, any other members of the committee, can you update us on your understanding of this installation, where we are in the process? So the project is underway? Okay.

Well, let me see if Mr. Wamp or other members of the committee would like to ask any questions.

Mr. Farr.

Mr. FARR. No, I had the opportunity to have them in my office. We spent over an hour and got very concerned about this.

I thought it was going to be used as an air base, but it is a housing base. And it is very difficult but I share their concerns.

One question I have, though, in the architecture. Does the city get to approve the architecture? Do you have any involvement in that so that it—

Ms. BOTTENE. You mean in the project?

Mr. FARR. Yes.

Ms. BOTTENE. It is not a problem of project of architecture. It is a problem of sight and of being so close to the city center. It doesn't matter what is the architecture.

Mr. FARR. But these are houses. These are houses around here, are they not? It is for housing.

Ms. BOTTENE. Yes, only—

Mr. FARR. The base will be used only for housing.

Ms. BOTTENE. That is not true. We have some numbers here.

Mr. EDWARDS. What other purposes would the base be used for? Would it be used for military exercises or as an airport—

Ms. BOTTENE. It is an old Air Force base that is being—it is abandoned airport. It is being revitalized for housing.

We—we have left, you can see there are—the new basing—140,000 square meters—facilities complete with approximately 860,000 square meters of parking and more than 1,000 heavy vehicles. In addition, the projects comprises two multi-story parking garage with a capacity of more than 1,600 vehicles.

Mr. EDWARDS. You know—

Ms. BOTTENE. And there is also a space for plane.

Mr. EDWARDS. Okay.

Ms. BOTTENE. Yes.

Mr. EDWARDS. I don't know what the probabilities are of changing the decision, given that this project initially received local approval and construction has begun.

But I was not aware of the local opposition, and perhaps other members of Congress were not. We will be happy, out of respect of the partnership your community and our country have had for many years, to ask the leadership at the Pentagon about this.

Ms. BOTTENE. The leadership?

Mr. EDWARDS. The leadership of the Pentagon, key people, key people at the Pentagon—

Ms. BOTTENE. Yes.

Mr. EDWARDS [continuing]. Whether they took into account local opposition. We will ask the Pentagon whether it is being reconsidered or if they are moving ahead.

But we ought to treat each other with respect. And we will certainly make a good-faith effort to try to get answers.

Ms. BOTTENE. So you are—I am sorry. I say it back to you to be sure I have understood. You are trying to ask the Pentagon people to reconsider the project and—

Mr. EDWARDS. No, I don't have enough information today to make a recommendation yes or no on the project. But out of respect to your visit here—

Ms. BOTTENE. Thank you.

Mr. EDWARDS. And the fact that you represent your constituents as we represent our constituents, we will ask the Pentagon how far along this project is. Have they taken into account the local opposition to the project? And is it possible to stop or are they committed to moving ahead?

So we will raise questions. I don't know if we can change the outcome, but we will ask questions and then communicate back with you.

Ms. BOTTENE. Thank you.

We thank you very much. And we hope that intelligence also allow to understand when a mistake is committed. So this could leave room and place for discussion for reconsidering everything and, most of all, for listening to what local people are definitely saying in the last 3 years.

Mr. EDWARDS. Well, thank you for speaking up on behalf of your citizens. Thank you. It is an honor to have you here. Thank you. Thank you for your excellent presentation.

I would now like to recognize Mr. Michael Houlemard, who is president of the Association of Defense Communities. He is also executive officer of the Fort Ord Reuse Authority, guiding the planning, implementation, and financing of the redevelopment of the former Fort Ord military reservation, an issue of great interest to Mr. Farr.

Mr. FARR. I think this committee knows about everything there is to know about Fort Ord, but you haven't heard what it is like for a community, as Mr. Houlemard represents the association of space reuse communities.

THURSDAY, APRIL 23, 2009.

ASSOCIATION OF DEFENSE COMMUNITIES

WITNESS

MICHAEL HOULEMARD

STATEMENT OF MICHAEL HOULEMARD

Mr. HOULEMARD. Thank you very much. I appreciate it.

Chairman Edwards, Vice Chairman Farr, Ranking Member Wamp, Congressman Berry, thank you very much for the opportunity to speak today. I very much appreciate this opportunity, because the key issues that are facing the defense communities of this nation are severely impacted by the economic downturn that the nation is experiencing right now, and communities across the country have asked that we, on their behalf, speak up loudly and succinctly about what their problems are.

First of all, a little bit about the association. We have 1,200 members. And those members provide a home to our nation's troops, their families, the veterans, and the others that are the civilian support network for our military.

We are the nation's premier organization supporting those communities with active, growing, and closed installations, especially about mission enhancement, realignment, community installation partnerships, all the private partnerships that are going on across the nation. We have been doing that for over 30 years.

The testimony I am going to give today is going to focus on three areas that I think are of particular interest to us at this time.

First—and I think the subcommittee is well aware of this from other testimony it has received and what other colleagues have said earlier today—the BRAC 2005 round, as it is the largest and

most complex round of base closures and realignments, is very important to the nation.

Now, we are reading a recent Government Accountability Office report. And in that GAO report, they describe several significant challenges which will adversely impact the department's ability to complete the 2005 round of closure, especially by the September 15th deadline.

In particular, we are concerned that, to ensure the services can accomplish the deadline that ADC recommends, that they get full funding for the programs included in the BRAC 2005 account.

What I am particularly concerned about and what we received a lot of comment about has to do with growth communities and the potential massive local infrastructure requirements, especially for schools, that will be required as part of realignments and reassignments in the 2005 closure and with soldiers coming back from Iraq and Afghanistan.

Second, the Department of Defense has estimated it has about a \$3.5 billion backlog in environmental remediation work that has to be done for properties across the nation. Local communities have been working on redeveloping these lands, working closely with the Navy, the Air Force, the Army, the Corps of Engineers, and the Marine Corps on how that environmental restoration is going to take place.

Certainly, the military's use of those properties were at a military time, but they are now potentially proposed for civilian reuse, requiring a significant amount of activity—and I will call it restoration activity—for them to be used for productive purposes for our communities.

I am particularly concerned that those environmental remediation activities focus on the safety of the adjacent communities. Those communities have existing veterans and ongoing experiences with facilities that are still supporting the military's work, and our children are still exposed to remnant hazards, including munitions and explosives.

It is important that the full environmental requirement be funded for these properties to be transferred to local communities. The House of Representatives recommended \$300 million in the American Recovery and Reinvestment Act. That funding did not survive the joint committee's recommendations, and so therefore it was not included.

That \$300 million is only a small part, but that \$300 million needs to be restored, and our members would suggest that it should be carried forward in the 2010 budget. If the House can do that and this subcommittee could recommend, we would appreciate it.

My third point promotes the expeditious transfer of closed military installations to federally recognized local redevelopment authorities with an emphasis on using the no-cost economic development conveyance mechanism available in law. We are asking that it be emphasized more than just be a part of multiple opportunities for transfers.

As a little bit of background, the BRAC commission was created to consolidate and increase efficiency in DOD facilities. Part of that commitment to Congress was that the BRAC process would help

closed bases transition in a quick way so that they would be available for local reuse.

Over five rounds of BRAC have occurred, and hundreds of military installations have been decommissioned or downsized with the expectation that these properties would be available to local communities for economic recovery and economic development.

However, despite reports to the contrary, recent evidence continues to support our 1999 testimony that the inconsistent and uneven and time-consuming transfer process by the military department still leaves thousands of acres of former installation property unused, with fallow acreage hampering many other community economic redevelopment activities.

In fact——

Mr. EDWARDS. Could I ask that you take about 30 seconds to finalize? And I apologize for——

Mr. HOULEMARD. I certainly can. On this particular point, Chairman, we have a very distinct philosophical difference with the Department of Defense, because they are emphasizing market-rate sales, and we are emphasizing local economic recovery and job creation. We have to have the land to be able to do that, and that is our emphasis.

I would like to say, on behalf of all of ADC in the nation, we really want to thank this subcommittee for its continuing work and support for veterans, for the soldiers, and for their families. Defense communities are at the core of what our program does. And you have heard others say what we need done in both BRAC and in the investment in environmental restoration.

So I appreciate the time, sir.

[The prepared statement of Michael Houlemard follows:]

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**Testimony Before the
House Appropriations Subcommittee on Military Construction,**

April 23, 2009

**Prepared Statement by
Michael Houlemard
President, Association of Defense Communities**

Chairman Edwards, Ranking Member Wamp, and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss key issues facing defense communities during these challenging economic times.

The Association of Defense Communities' (ADC) members are home to the nation's troops, families, and civilian support network. As President of ADC, I express my gratitude for the support the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies has provided to implement the various programs that are critical to the mutual success of the Department of Defense (DOD) and defense communities.

Specifically, in the area of base closures and realignments, the Subcommittee has consistently recognized the needs of DOD and communities by recommending full funding for the Base Realignment and Closure (BRAC) accounts over the years. However, as a political transition occurs in both the Administration and Congress, uncertainties arise in terms of funding priorities both in FY2010 and beyond. It is therefore imperative that appropriators sustain focus on important ongoing matters such as BRAC and related programs.

Accordingly, I'd like to focus my remarks today on the following items under the jurisdiction of this Subcommittee:

- (1) BRAC 2005 Account: Implementation and Schedule;**
- (2) BRAC 1990 Account: Environmental Cleanup of Legacy Bases; and**
- (3) BRAC Property Disposal: No-Cost Economic Development Conveyances**

Before beginning with the substance of my comments, I'd like to share a bit of my personal background in order to add context to my testimony. My experience with military-community interaction dates back for two decades and involves the closure of the Fort Ord Military Installation and the ongoing connections with the Naval Postgraduate School and the Defense Language Institute in Monterey, Calif. I have served as the Executive Officer of the Fort Ord

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Reuse Authority (FORA) for the past 12 years. FORA is responsible for the redevelopment of the former Fort Ord, which was listed for closure as a part of the 1991 BRAC round, and is a 45-square mile facility located on the Monterey Peninsula, including the cities of Marina, Monterey, Seaside and Del Rey Oaks. Portions of the former Fort Ord provide support for the ongoing military mission in our community. In addition to my role at Fort Ord, I also serve as President of the Association of Defense Communities, the nation's premiere organization supporting and advocating for communities that host DOD installations and whose priorities are my primary reason for appearing before you today.

1. BRAC 2005 Account: Implementation and Schedule

As this Subcommittee is well aware, the BRAC 2005 round is the largest and perhaps most complex round of base closures and realignments undertaken by the Department of Defense to date. BRAC 2005 affects over 800 locations across the country and includes 24 major closures, 24 major realignments, and 765 lesser actions. The Defense Base Closure and Realignment Act of 1990, as amended, requires DOD to complete implementation of all BRAC 2005 recommendations by September 15, 2011. However, according to a January 2009 Government Accountability Office (GAO) report, the GAO described several significant challenges which will likely adversely impact the Department's ability to complete BRAC implementation by the statutory deadline.¹ Apart from major challenges such as synchronization of realignments and movement of personnel, full and timely funding of the BRAC 2005 account is required to ensure that the recommendations are implemented on schedule and on budget.

In his FY2010 budget blueprint released on February 26th, President Obama indicated that “the Administration will request sufficient funding to enable the Department to continue its efforts to meet the requirements of the BRAC 2005 Commission, which will help to align DOD's domestic bases while meeting operational needs.”² ADC is very pleased with this pledge from the new President and encourages this Subcommittee to support such sufficient BRAC funding when it begins marking up the FY2010 Military Construction appropriations bill in the coming months.

The following table prepared by DOD for its FY09 Budget submittal indicates that FY09 was the peak year of funding for BRAC 2005 implementation. Funding for FY2010 is estimated at \$5.7 billion and FY2011 \$2.2 billion. As supported by the President and historically by this Subcommittee, ADC recommends the full and timely funding of the BRAC 2005 account in order to meet the September 15, 2001 statutory deadline, a deadline which has been relied on by many local and state authorities and elected officials for community planning and financing purposes.

¹ Government Accountability Office, *Military Base Realignments and Closures: DOD Faces Challenges in Implementing Recommendations on Time and Is Not Consistently Updating Savings Estimates*. GAO-09-217, January 30, 2009

² President Obama FY2010 Budget Blueprint, *A New Era of Responsibility: Renewing America's Promise*, February 16, 2009. http://www.whitehouse.gov/omb/assets/fy2010_new_era/Department_of_Defense.pdf

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Table 1. DOD FY 2009 Budget Estimates for the BRAC 2005 Appropriations Account³

DOD Summary	2006	2007	2008	2009	2010	2011	2006-2011
Implementation Costs							
Military Construction	1,143.7	4,897.4	6,481.8	7,224.8	2,916.3	101.2	22,765.268
Family Housing –							
Construction	0.000	0.000	9.000	0.000	11.900	0.000	20.900
Operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Environmental	78.437	33.957	76.883	74.944	168.195	92.095	524.511
Operations & Maintenance	258.463	600.027	1,288.9	1,329.3	1,886.9	1,770.8	7,134.4
Military Personnel – PCS	0.000	39.810	23.755	16.571	7.851	2.934	90.921
Other	21.873	51.656	293.914	419.755	564.458	209.100	1,560.756
Homeowners Asst Program	0.000	0.000	0.000	0.000	2.139	0.555	2.694
Total One-Time Costs	1,502.5	5,622.9	8,174.3	9,065.4	5,557.7	2,176.7	32,099.5
Estimated Land Revenues	0.000	0.000	0.000	0.000	0.000	(72.867)	(72.867)
Budget Request	1,502.5	5,622.9	8,174.3	9,065.4	5,557.7	2,103.8	32,026.6
DOD Summary (Contd)	2006	2007	2008	2009	2010	2011	2006-2011
Undistributed Reduction	0.000	0.000	(938.724)	0.000	0.000	0.000	(938.724)
Total Budget Request	0.000	0.000	7,235.591	9,065.4	5,557.7	2,103.8	31,087.9
Total One-Time Costs							
Outside of the Account	27.993	5.771	7.003	87.169	143.215	135.754	406.905
Grand Total One-Time							
Implementation Costs	1,530.5	5,628.6	8,181.3	9,152.6	5,700.96	2,239.6	32,433.5

In addition to sufficient and timely funding of the BRAC 2005 account, ADC communities also remain concerned about the associated impacts that BRAC and related programs will have on the ability of ADC growth communities to accommodate increased demands for off-base infrastructure such as schools, utilities, housing, and transportation needs. ADC thanks this Subcommittee for the legislative language you inserted in the FY09 Military Construction appropriations report (House Rept. 110-775) that directed DOD to keep Congress fully informed about the effects of force structure changes on base populations as well as updated projections for base population increases at those installations that will add at least 1,000 permanent party military personnel under BRAC, and related programs.

While these congressionally directed reports from your Committee are welcome steps in the right direction, ADC growth communities remain concerned about the adequacy of appropriations and the coordination among federal agencies that are required to implement the needs of growing installations. Accordingly, we applaud the recent prepared statement by Ashton Carter – Obama administration nominee to be DOD Undersecretary for Acquisition, Logistics, and Technology – before the Senate Armed Services Committee in which he stated that he would review “the possible use of DoD appropriated funds beyond the state and local organizing and planning activities these funds have supported to date” to address growth issues that would require funding coordination with the U.S. Departments of Commerce, Transportation, Education, Labor, Agriculture, among others. (emphasis added)

We commend Nominee Carter and your Subcommittee’s emphasis on the issue because the funding shortfalls and necessary resource needs speak for themselves. According to a recent

³ DOD FY09 Budget Justification and Supporting Materials, *FY09 Budget Estimates Base Realignment and Closure 2005 Commission Defense-Wide*.
http://www.defenselink.mil/comptroller/defbudget/fy2009/budget_justification/pdfs/05_BRAC/BRAC%202005%20DEFENSE-WIDE.pdf

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November 2008 report conducted by the DOD Office of Economic Adjustment, communities face very substantial funding gaps, as described in the following text and corresponding table:

Communities face an immediate \$1.6 billion funding gap associated with 58 critical mission growth related projects worth \$2.1 billion that are otherwise ready-to-move; that is, key community projects with sufficiently advanced planning, engineering design and cost estimates to seek Federal grant implementation funds, if such were available. Communities identified another 303 mission growth related projects worth \$6.8 billion that are in various stages of design/development, many fast-approaching the ready-to-move phase, and for which funding is uncertain. Consequently, the funding gap is expected to grow. Transportation projects account for over 85% of identified and projected funding needs. Although communities are tapping into Federal funding wherever possible, existing Federal programs and resources cannot accommodate either the level of need or the urgency of military mission growth.⁴ (emphasis added)

Table 2. Funding Gap for Defense Growth Community Infrastructure Requirements⁵

Category	Ready Projects	Cost of Projects	Funding Available	Funding Gap
Transportation	46	\$1,981,949,340	\$486,695,000	\$1,495,254,340
Education	7	\$95,832,842	\$3,500,000	\$92,332,842
Water & Sewer	4	\$46,351,000	\$0	\$46,351,000
Workforce	1	\$8,000,000	\$0	\$8,000,000
TOTALS	58	\$2,132,133,182	\$490,195,000	\$1,641,938,182

Clearly, given such challenging funding of growth community requirements, clear and timely information from DOD, flexibility of state and federal programs, and streamlined federal support will give communities and states the needed boost to become self-sustaining in the future.

Additionally, with regard to specific local school construction needs of growth communities, we would like to applaud the House Appropriations Committee for the leadership role it played in securing \$100 million in new funding for Impact Aid under the American Recovery and Reinvestment Act of 2009 (ARRA). Fort Benning is expected to see a 13 percent increase with the arrival of nearly 5,400 new students.⁶ The National Association of Federally Impacted Schools (NAFIS) estimates that Muscogee County School District – the school district which will house the influx of Fort Benning dependents – will require two (2) Elementary schools at \$15 million each; one (1) Middle school @ \$25 million; one (1) High school at \$35 million; for a total school construction cost of \$85 million in Muscogee County.⁷

⁴ Department of Defense, Office of Economic Adjustment, Growth Project Needs Assessment (PNA) August 2008 Snapshot: *Identifying a Federal Funding Gap for Local Economic Adjustment Projects*. August 2008 available at: <http://www.nga.org/Files/pdf/0808PNASNAPSHOT.PDF>

⁵ *Id.*

⁶ National Governors Association, *Issue Brief: State Education Activities to Support Mission Growth*. March 16, 2009. available at: <http://www.nga.org/Files/pdf/0903MISSIONGROWTHEDUCATION.PDF>

⁷ National Association of Federally Impacted Schools, *Impact Aid School Districts: Compilation of Pending Projects for School Construction, Modernization, Renovation, Repair, and Energy Improvement*. November 2008 available at: <http://nafisd.org/ModernizationCompilationI.pdf>

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2. BRAC 1990 Account: Environmental Cleanup of Legacy Bases

The DOD roughly estimates a \$3.5 billion backlog in environmental cleanup obligations, which would go towards remediation to help local communities redevelop those lands. Environmental restoration has the potential to slow the transfer of unneeded base property freed up by the BRAC process to communities surrounding those bases, which has adverse effects on BRAC communities, as properties cannot be put to productive reuse until cleanup is substantially completed. In this regard, ADC believes it is imperative that DOD adequately plan for and Congress adequately fund environmental restoration requirements, especially privatized cleanup efforts, to expedite transfer of surplus property for beneficial local reuse.

Table 3. Environmental Cleanup Costs by BRAC Round through FY2007⁸

BRAC	Costs Through FY2007	Costs FY2008 to Completion	Total
1988	\$1,442,335,000	\$488,607,000	\$1,930,942,000
1991	\$2,219,968,000	\$1,322,851,000	\$3,542,819,000
1993	\$1,763,241,000	\$474,159,000	\$2,237,400,000
1995	\$1,803,356,000	\$1,208,167,000	\$3,011,523,000
2005	\$34,385,000	\$386,244,000	\$420,629,000
All Rounds	\$7,263,285,000	\$3,880,028,000	\$11,143,313,000

ADC recommends substantial funding for the BRAC 1990 account above the fiscal year 2009 enacted level. In addition, ADC supports policy resolutions from our partner organizations, the National Governors Association (NGA) and the National League of Cities (NLC), with respect to BRAC legacy funding for environmental cleanup. NLC has stated that “with the downsizing of the nation’s military structure and its conversion to civilian use, NLC believes Congress and the administration should adopt the following environmental cleanup policies ... Provide full and timely funding and appropriation for the cleanup of federally owned or operated contaminated facilities and sites.”⁹ NGA similarly holds that “the Governors recommend that adequate federal funds be made available to bring former military sites into compliance with state standards in a quick and expeditious manner. If a site is transferred before the cleanup is complete, then the funds should be available to the transferee to ensure compliance with state standards.”¹⁰

ADC is well-aware that there is an extensive backlog of remaining environmental requirements for closed legacy BRAC installations dating back to the 1988 round. We are particularly cognizant of the challenges and uncertainties that have arisen in the area of cleanup of unexploded ordnance (UXO), and we have been in dialogue with our state members and regulators at the Environmental Protection Agency. There are many technical and process-oriented dialogues that are occurring among various stakeholders to address the issue of legacy

⁸ DOD, Defense Environmental Programs Fiscal Year 2007 Annual Report to Congress, March 2007, Appendix K, pp. K-8 — K-12.

⁹ National League of Cities. Energy Environment and Transportation Policy. 2009.

<http://www.nlc.org/ASSETS/BA8E0B1F439E404C8EEE847C9B3E582B/2%20EENR%20NMP%202009.pdf>

¹⁰ National Governors Association. Environmental Compliance at Federal Facilities Policy.

<http://www.nga.org/portal/site/nga/menuitem.8358ec82f5b198d18a278110501010a0/?vgnextoid=c920a99b94168110VgnVCM1000001a01010aRCRD>

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BRAC cleanup, but from past experience, ADC believes that the ultimate impediment to success is the lack of adequate Presidential budget requests and resulting insufficient funding of the BRAC 1990 account by Congressional appropriators. The House recommended \$300 million in American Recovery and Reinvestment Act funding for legacy base needs – which did not survive the joint committee recommendations. That \$300 million, at the very minimum, should be carried forward by the House in the FY 2010 budget.

The FY 2009 budget request includes \$393.4 million of new budget authority for environmental restoration and caretaker costs for facilities closed under the previous four rounds of base closure authority. This funding will ensure bases are continuing to be cleaned efficiently to speed the transfer of property to redevelopment authorities. Unobligated land sale revenue of \$24.9 million will be used to offset a portion of the Department's FY 2009 environmental and caretaker total requirements of \$393.4 million.

Ultimately, ADC agrees with recent sentiments of this Subcommittee that lengthy delays in completing environmental cleanup at shuttered bases hamper the ability of communities to put valuable property to economically and socially productive uses, and that more robust funding for the BRAC 1990 account will help to accelerate the cleanup and reuse of these bases. Moreover, BRAC legacy environmental cleanup funding could create hundreds of new environmental-related jobs immediately. BRAC legacy cleanup can be characterized as a “green initiative” in multiple ways: (1) fulfilling the Government’s responsibility to remediate military waste; (2) allowing early completion of legal compliance milestones; and (3) enabling long-term sustainable reuse.

3. BRAC Property Disposal: The Case for No-Cost Economic Development Conveyances as Jobs-Centered Property Disposal

ADC promotes the expeditious transfer of closed DOD bases to federally-recognized local redevelopment authorities (LRAs) with an emphasis on using the No Cost Economic Development Conveyance (No Cost EDC) mechanism as the most equitable of all the tools currently defined under law. As background, the BRAC Commission was created to consolidate and increase efficiency of DOD facilities. Part of DOD’s commitment to Congress was that the BRAC process would help closed bases transition quickly to civilian reuse. As a result of five (5) BRAC rounds, hundreds of military installations have been decommissioned or downsized with the expectation that the properties would be available for local reuse and economic development. However, recent evidence continues to support our 1999 position that the inconsistent/uneven and time consuming transfer process by the military departments has left thousands of acres of former installation property in federal ownership, with the fallow acreage hampering host community economic recovery. In fact, some closed former military properties have been awaiting transfer for over a decade, properties in which the delay is not the result of an environmental cleanup schedule.¹¹ Ultimately, as long as unneeded properties remain in DOD possession, communities are denied the full economic benefit of property reuse and DOD continues to incur ongoing caretaker costs.

¹¹ General Services Administration, 2006 BRAC Oversight Report, indicates that “64% of unconveyed Legacy Base acres are unrelated to environmental cleanup”. January 2007

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The bureaucratic and inconsistent transfer process for closed military bases has delayed property transfers that would enable earlier redevelopment and investment. Despite the establishment in 1993 of the Economic Development Conveyance, the mid-1990s BRAC transfer discussions between the DOD and LRAs was primarily characterized by lengthy appraisal processes and contentious negotiations over DOD's interpretation of the requirement to transfer property "at or below fair market value." In response, in order to break the logjam of property conveyances by ending the debate over market value and focusing on (i) the cost savings of a timely transfer and (ii) the economic stimulus that transferring these properties would generate, in 1999 the Congress amended the BRAC Statute to direct the use of the No Cost EDC as a preferred property disposal mechanism. Immediately thereafter, in 1999, the DOD established a policy that implemented the No Cost EDC and directed that closed bases be transferred at no cost to an LRA if the use of the property created jobs and spurred economic development. The rate of property transfer increased by almost 200 percent in the years following this legislation. This resulted in the conveyance of thousands of acres to LRAs and the creation of thousands of new jobs. In other cases, renegotiated transactions resulted in expediting planned recovery programs that remain a model for successful reuse efforts.

In a 2002 report, the GAO identified more than 75,000 acres at 46 installations that were conveyed via the jobs-centered No Cost Economic Development Conveyance. The Office of Economic Adjustment estimated that these conveyances generated hundreds of thousands of jobs around the country. OEA and GAO documented many specific success stories of generation of new jobs at closed BRAC properties, specifically through the no cost economic development conveyance mechanism, including, to name a few: Myrtle Beach Air Force Base and Charleston Naval Base, South Carolina; Fitzsimmons Army Medical Center and Lowry Air Force Base, Colorado; Fort Devens, Massachusetts; Loring Air Force Base, Maine; Chase Field Naval Air Station and Kelly Air Force Base, Texas; Cecil Field Naval Air Station, Florida; Griffis Air Force Base and Plattsburgh Air Force Base, New York; Fort Ord and McClellan Air Force Base, California; and, Philadelphia Naval Complex, Pennsylvania. A central tenant of Congress' agreement to the No Cost EDC was the commitment from DOD that the BRAC process would help those communities unfortunate enough to face a base closure by swiftly transitioning the closed base to civilian reuse.

While current federal law and regulations allow No-Cost EDCs, the DOD has been unwilling, almost without exception, to utilize the tool during the past 8 years. During that time, property conveyances to LRAs and local communities (as opposed to other grantee mechanisms such as federal to federal transfers, conservation conveyances or special legislation) have reduced significantly. There is tremendous risk that in the current economic climate, with property values at their lowest position in the past decade and absent an emphasis on the use of No Cost EDCs, that these properties will sit fallow for years. This is entirely contradictory with Congress' consistent mandate that the BRAC process should expedite productive economic reuse by the local communities. At a time in which economic stimulus is needed, this jobs-centered transfer approach can result in multiple benefits to local communities and the nation as a whole, including:

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- Incentives for local and regional private and public investment in billions of dollars of infrastructure improvements;
- Generation of hundreds of thousands of jobs; and
- Generation of billions in state and local tax revenues from investment and redevelopment.

For purposes of this subcommittee hearing and the focus on appropriations items, it is important to note that revising BRAC authorities to encourage the use of No-Cost EDCs does not require any appropriated funds, but has the potential to save DOD and Congress from expending future DOD appropriations by reducing the significant overhead costs associated with the operation and maintenance, valuation, negotiation and sale of complex contaminated surplus property. Further, with respect to Subcommittee recommendations for funding and oversight jurisdiction with regard to BRAC implementation and reuse, we believe that it is important that you understand the virtues of pursuing No-Cost EDCs as a tool for property disposal, job creation and local economic redevelopment, while at the same time reducing the future appropriations obligations (under DOD and MILCON appropriations bills).

Conclusion

On behalf of ADC, I thank the Subcommittee for the opportunity to provide some insight into BRAC 2005 implementation, legacy BRAC cleanup, and the need for no-cost economic development conveyances. For communities, whether coping with closures or growth, BRAC recommendations have tremendous impacts not only on real estate, but also on people, jobs and quality of life — issues that impact all aspects of a community.

In order for communities to adequately address the impacts of BRAC, there must be collaboration between all parties. We are encouraged by the work of the House Appropriations Subcommittee on Military Construction to address the needs of defense communities with respect to the BRAC accounts and property disposal mechanisms.

Thank you again for the opportunity to appear today.

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APPENDIX A

**Association of Defense Communities
Background Information**

ADC is the nation's premier membership organization supporting communities with active, closed and closing defense installations. Our 1,200 members unite the diverse interests of communities, the private sector and the military on issues of mission enhancement, realignment, community-installation partnerships, public-private partnerships and closure/redevelopment. For more than 30 years, ADC has been the voice of communities addressing the challenges and opportunities of active and closed military installations. ADC was originally known as the National Association of Installation Developers, formed by a group of airport managers at former military facilities in Kansas, Oklahoma, and Texas. These individuals organized the Airpark Development Study Conference in Clinton, Oklahoma, to provide managers and owners of former military bases the opportunity to exchange ideas, discuss experiences and learn new techniques for operating and identifying reuse opportunities for former military installations.

Shortly after that first meeting, with assistance from the Defense Department's Office of Economic Adjustment (OEA), the association was organized by operators of former military installations in the Midwest and communities where bases had been scheduled for closure in April 1973. Several years ago, the organization changed its name to the Association of Defense Communities, or ADC, to reflect an expanded mission that has evolved to address issues at all defense communities — communities redeveloping former military bases as well as those with active military installations.

Today, ADC's members include communities responding to the full range of BRAC impacts, including major base closure, mission growth and realignment. Our membership also counts numerous communities affected by previous BRAC rounds still coping with the impact of closure and environmental problems. ADC's diverse membership places us in a unique position to address the successes, challenges and concerns of defense communities.

Mr. EDWARDS. Well, thank you. And as someone who represented Fort Hood for 14 years, I have seen firsthand the importance of our defense communities. And thank you for leading them, for what you do. Thank you for sending Sam Farr to Congress. He has been a great spokesman for our communities on this issue and the issue of transfers.

I have a feeling this is going to be an issue we are going to do a lot more talking about.

Mr. Wamp.

Mr. WAMP. Well, we spent all morning on BRAC yesterday, and he is exactly right. And I think we are going to follow through on all of it, so I thank you for your testimony.

Mr. HOULEMARD. Appreciate the time, sir.

Mr. EDWARDS. Thank you.

Mr. Farr.

Mr. FARR. Yes, what is the one thing you think that DOD could do to ease the growth pains? And is one service better than the other at transferring property?

Mr. HOULEMARD. I am biased because I work mostly with the United States Army, but I think all of the services will show you models of success. All services can also show you areas where they would have wanted to do better.

So I can't say that I would point to anyone better than the other, but I will say this: With respect to growth communities, sir, there is current authority under law that the Department of Defense could provide support for communities for the front-end infrastructure and schools needs that would help.

When soldiers return and their young children need to find places in classrooms to be in and other facilities to get back—

Mr. FARR. So Mr. Bishop was here yesterday. And his problem is that he has a growth community. There is no funding for schools. The Department of Defense says, "Well, that's taken care of in the local infrastructure funding." Many of us on this committee disagree.

And you say there is a tool that DOD can use to up front this—

Mr. HOULEMARD. There remains authority in law for the Office of Economic Adjustment to provide for capital needs. This was done before. It was created when the Trident submarine program many years ago, I think both in the state of Washington and the state of Georgia where that was deployed, and that authority still exists today.

So this is always a question of priorities, sir, but I can't imagine a better priority than for the communities now left to provide educational services for soldiers, families, as they return from overseas.

Mr. FARR. Thank you.

Mr. EDWARDS. Thank you very much for your testimony.

Now I would like to recognize Mr. Ben Redmond, with the National Association of OEW Contractors.

Mr. Redmond, welcome. And I would like to recognize you for 5 minutes.

THURSDAY, APRIL 23, 2009.

NATIONAL ASSOCIATION OF OEW CONTRACTORS**WITNESS****BEN REDMOND**

STATEMENT OF BEN REDMOND

Mr. REDMOND. Thank you, Mr. Chairman and committee members.

I am honored to be here today to represent the National Association of Ordnance and Explosive Waste Contractors, commonly known as NAOC. NAOC is a trade association for firms involved in the detection and cleanup of unexploded ordnance on active military bases, formerly used defense sites, and base realignment and closure sites.

It includes 65 member companies, employing more than 250,000 people in every state of the union. Our member companies participate in the entire spectrum of cleanup, from development of detection technologies to the actual cleanup of UXO sites.

I am here today to speak about the environmental restoration and cleanup on BRAC sites. According to the 2007 defense environmental program's annual report to Congress, over the past 10 years, Congress has provided \$5.8 billion for environmental activities at BRAC installations.

Annual appropriations for cleanup of BRAC sites have remained consistent. However, the total amount for environmental cleanup on BRAC sites is only approximately \$60 million per year for military munitions cleanup. This is a rough number, as there is no requirement to report funding or expenditures for munitions cleanup separately from traditional hazardous waste cleanup.

This funding, however consistent, is woefully inadequate to address the problem. Currently, there are 92 legacy BRAC sites, and there are 37 current BRAC 2005 military munitions response sites, with a total cost to complete of almost \$1 billion. A detailed list is included as an attachment to my testimony.

The backlog on cleanup of legacy BRAC sites is a problem that has been addressed by this body itself. The problem was specifically addressed in a Senate report and House report, which accompanied the fiscal year 2009 Military Construction and Veteran Affairs Appropriations bill.

When installations are closed, the local economy has little chance to recover until these sites have been transferred to allow safe use for their intended purpose. Limited funding delays that require cleanup, which delays the transfer of this land from the Department of Defense to private entities and municipalities for non-military use and tax-generating economic activities.

With a weakening economy and a possible prolonged recession, the timely cleanup of transferred and transferring sites which protect the public and provide for economic development is extremely important.

Though some BRAC sites have been transferred, previous reports from the Government Accountability Office have noticed that environmental cleanup requirements present the primary challenge to

transferring the properties. A good example is the BRAC installation that has remaining sites to be cleaned up is Fort Ord, which is one of the most beautiful sites in the country, with high-value real estate ripe for redevelopment.

Fort Ord was closed in BRAC 1991, with expectation to clean up and turn over the site within a few years. This has not happened.

Other high-value sites that need additional funding which could be redeveloped and bring new jobs and increase the tax base include sites in Colorado, Washington, Alaska, Tennessee, Texas, Louisiana, and many other states.

An area of concern that NAOC has identified is there is not a detailed aggregation of data on BRAC sites. Currently, site data is not collected and reported at a precise enough level to allow for proper budget formulation and cataloging of sites.

We believe this has hampered funding, privatization, and contributes to an underestimation of the remediation required in associated backlog. NAOC recommends that DOD be required to collect data in smaller data sets, such as a county or the individual state's equivalent of a county for all MRP sites.

In summary, it is in our national interest to appropriate funds for the timely, complete cleanup of unexploded ordnance on BRAC sites for both legacy BRAC and for BRAC 2005.

I am grateful for this opportunity to speak with you on behalf of NAOC about this important issue. I want to thank Chairman Edwards for his leadership and for holding this hearing.

I would also like to thank Ranking Member Wamp for his service on the committee.

In addition, I would like to thank Congressman Farr for championing these issues.

Thank you, sir.

[The prepared statement of Michael Houleward follows:]

Testimony of
Ben Redmond
Member, Board of Directors
National Association of Ordnance and Explosive Waste Contractors (NAOC)

Before the Subcommittee on Military Construction and Veterans Affairs

April 23, 2009

Mr. Chairman and Committee members, my name is Ben Redmond and I am honored to be here today representing the National Association of Ordnance and Explosive Waste Contractors commonly known as NAOC. NAOC is the trade association for firms involved in the detection and cleanup of unexploded ordnance on active military bases, Formerly Used Defense Sites (FUDS) and Base Realignment and Closure (BRAC) sites. NAOC includes 65 member companies, employing more than 250,000 people in every state of the Union. Our member companies participate in the entire spectrum of cleanup from the development of detection technologies to the actual cleanup of UXO sites.

I am grateful for the opportunity to speak to you on behalf of NAOC about this important issue. I want to thank Chairman Edwards for his leadership and for holding this hearing. I would also like to thank Ranking Member Wamp for his service on this Subcommittee. In addition I would like to thank Congressman Farr for championing these issues.

I am here today to speak about environmental restoration and cleanup on Base Realignment and Closure (BRAC) sites. According to the 2007 Defense Environmental Programs Annual Report to Congress (DEPARC) over the past 10 years, Congress has provided \$5.8 billion for environmental activities at BRAC installations. Annual appropriations for cleanup of BRAC sites have remained consistent; however, of the total amount appropriated for environmental cleanup on BRAC sites, only approximately \$60 million per year is for Military Munitions Cleanup. This is a rough number as there is no requirement to report funding or expenditures for munitions cleanup separately from traditional hazardous waste cleanup. This funding, however consistent, is woefully inadequate to address the problem. Currently there are 92 Legacy BRAC Military Munitions Response Sites with a total Cost -to- Complete of \$658M. BRAC 2005 includes 37 Military Munitions Response Sites with a Cost-to-Complete of \$289M. A detailed list is included as an attachment to my testimony.

The backlog on cleanup of Legacy BRAC sites is a problem that has been address by this body itself. The problem was specifically addressed in S. Rep. 110-428 and H. Rep. 110-775 which accompanied the FY

2009 Military Construction and Veterans Affairs Appropriations bills. In the Senate version it was stated:

“The Committee remains concerned about the backlog of environmental remediation activities required to complete the cleanup of U.S. military installations closed during previous BRAC rounds. The most recent estimate of the cost to complete the cleanup of these bases is approximately \$3,000,000,000. The Committee recognizes that lengthy delays in completing environmental cleanup at shuttered bases hamper the ability of communities to put valuable property to economically and socially productive uses and it believes a more robust funding for the BRAC 1990 account will help to accelerate the cleanup and reuse of these bases.”

When installations are closed, the local economy has little chance of recovery until those sites have been transferred to allow safe use for their intended purpose. Limited funding delays the required cleanup, which delays the transfer of this land from the Department of Defense (DoD) to private entities and municipalities for non-military use and tax generating economic activities. With a weakening economy and a possible prolonged recession, the timely cleanup of transferred and transferring sites, which protect the public and provides for economic development, is extremely important. Though some BRAC sites have been transferred, previous reports from the Government Account Office (GAO) have noted that environmental cleanup requirements present the primary challenge to transferring the remaining property.

Currently, the DoD is spending approximately \$60M annually to address military munitions cleanup on these BRAC sites (i.e., Legacy BRAC and BRAC 2005). At this rate, the program will take approximately 16 years to complete. Many sites are projected for completion in 2015 and beyond, in several cases over 20 years after the installations were identified for closure. This was not the intent of the BRAC legislation. A good example of a BRAC installation that has remaining sites awaiting cleanup is Ft. Ord located in California. Fort Ord is one of the most beautiful BRAC sites in the country with high value real estate ripe for redevelopment. As reported by the DoD, the remaining cost to complete cleanup at Ft. Ord is \$205 million, with some of the sites within the installation having completion dates listed as far into the future as 2015. Fort Ord was closed in BRAC 1991, with the expectation to cleanup and turn over the property the Fort Ord Redevelopment Authority within a few years. While much progress has been made, there is still much to do. Other high value sites that need additional funding, which could be redeveloped and bring new jobs and increase the tax base include sites in Colorado, Washington, Alaska, Illinois, Tennessee, Texas, Louisiana, and many other states.

Another area of concern NAOOC has identified, is that there is not a detailed aggregation of data on sites. Currently site data is not collected and reported at a precise enough level to allow for proper budget formulation and cataloguing of sites. We believe this has hampered funding prioritization and contributes to an underestimation of the remediation required and associated backlog. NAOOC recommends that DoD be required to collect data in smaller data sets such as county or the individual state's equivalent of county for all MMRP sites.

In summary, it is in our national and economic interest to appropriate funds for the timely and complete cleanup of UXO on BRAC sites for both legacy BRAC and BRAC 2005.

Again, the National Association of Ordnance and Explosive Waste Contractors appreciates the opportunity to appear before this subcommittee and to provide you with information on the pace of clean up on BRAC sites and the challenges we are facing in accomplishing the task of completing this cleanup.

Attachment 1 – Legacy BRAC

Legacy BRAC					
Installation Name	State	Component	BRAC Round	Estimated Completion Date	Cost-to-Complete (\$K)
FORT MCCLELLAN	Alabama	ARMY	IV	2028	47,321
FORT MCCLELLAN	Alabama	ARMY	IV	2027	78,345
FORT MCCLELLAN	Alabama	ARMY	IV	2006	461
ADAK NAS	Alaska	NAVY	IV	2014	86,332
FORT ORD	California	ARMY	II	2011	3,213
FORT ORD	California	ARMY	II	2011	3,322
FORT ORD	California	ARMY	II	2010	438
FORT ORD	California	ARMY	II	2017	16,204
FORT ORD	California	ARMY	II	2015	7,712
FORT ORD	California	ARMY	II	2003	315
FORT ORD	California	ARMY	II	2015	2,956
FORT ORD	California	ARMY	II	2003	490
FORT ORD	California	ARMY	II	2015	1,181
FORT ORD	California	ARMY	II	2015	5,460
FORT ORD	California	ARMY	II	2015	6,719
FORT ORD	California	ARMY	II	2006	198
FORT ORD	California	ARMY	II	2008	1,084
FORT ORD	California	ARMY	II	2016	114,642
FORT ORD	California	ARMY	II	2008	865
FORT ORD	California	ARMY	II	2015	5,053
FORT ORD	California	ARMY	II	2006	224
FORT ORD	California	ARMY	II	2016	14,083
FORT ORD	California	ARMY	II	2015	913
FORT ORD	California	ARMY	II	2015	16,041
FORT ORD	California	ARMY	II	2012	825
FORT ORD	California	ARMY	II	2015	825
GEORGE AFB	California	AF	I	2009	3
GEORGE AFB	California	AF	I	2009	3
GEORGE AFB	California	AF	I	2009	3
GEORGE AFB	California	AF	I	2009	4
GEORGE AFB	California	AF	I	2009	3
MCCLELLAN AFB	California	AF	IV	2011	287
MARE ISLAND NSY	California	NAVY	III	2009	504
MARE ISLAND NSY	California	NAVY	III	2012	1,347
MARE ISLAND NSY	California	NAVY	III	2012	13,415
MARE ISLAND NSY	California	NAVY	III	2011	9,002
MARE ISLAND NSY	California	NAVY	III	2009	4,483

MARE ISLAND NSY	California	NAVY	III	2009	106
MARE ISLAND NSY	California	NAVY	III	2010	6,605
MARE ISLAND NSY	California	NAVY	III	2010	3,342
MARE ISLAND NSY	California	NAVY	III	2010	1,169
SIERRA ARMY DEPOT	California	ARMY	IV	2017	15,227
LOWRY AFB	Colorado	AF	II	2006	600
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2015	2,826
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2014	675
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2016	5,217
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2015	1,729
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2016	2,516
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2015	1,443
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2015	904
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2020	4,221
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2020	1,680
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2013	4,729
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2013	939
PUEBLO CHEMICAL DEPOT	Colorado	ARMY	I	2015	5,758
CHANUTE AFB	Illinois	AF	I	2010	907
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2011	331
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2014	1,294
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2016	3,797
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2014	1,079
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2016	331
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2016	331
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2018	18,476

SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2011	331
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2014	2,799
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2016	870
SAVANNA DEPOT ACTIVITY	Illinois	ARMY	IV	2012	829
GRISSOM AIR FORCE BASE	Indiana	AF	II	1997	65
GRISSOM AIR FORCE BASE	Indiana	AF	II	1998	65
ENGLAND AFB	Louisiana	AF	II	2009	171
ENGLAND AFB	Louisiana	AF	II	2009	171
FORT RITCHIE	Maryland	ARMY	IV	2003	2,830
FORT GEORGE G MEADE	Maryland	ARMY	I	1990	1,428
FORT GEORGE G MEADE	Maryland	ARMY	I	2003	233
SOUTH WEYMOUTH NAS	Massachusetts	NAVY	IV	2007	3,276
FORT MONMOUTH	New Jersey	ARMY	III	2017	1,094
FORT WINGATE DEPOT ACTIVITY	New Mexico	ARMY	I	2016	11,162
FORT WINGATE DEPOT ACTIVITY	New Mexico	ARMY	I	2017	63,227
FORT WINGATE DEPOT ACTIVITY	New Mexico	ARMY	I	2017	8,296
SENECA ARMY DEPOT ACTIVITY	New York	ARMY	IV	2008	274
SENECA ARMY DEPOT ACTIVITY	New York	ARMY	IV	2008	25
SENECA ARMY DEPOT ACTIVITY	New York	ARMY	IV	2013	644
SENECA ARMY DEPOT ACTIVITY	New York	ARMY	IV	2017	21,549
SENECA ARMY DEPOT ACTIVITY	New York	ARMY	IV	2008	25
UMATILLA CHEMICAL DEPOT	Oregon	ARMY	I	2010	1,015
CHARLESTON NS	South Carolina	NAVY	III	2007	85
MEMPHIS NAS	Tennessee	NAVY	III	2008	77
MEMPHIS NAS	Tennessee	NAVY	III	2008	77
REESE AFB	Texas	AF	IV	2000	5
RED RIVER ARMY DEPOT	Texas	ARMY	IV	2014	1,853

RED RIVER ARMY DEPOT	Texas	ARMY	IV	2014	3,089
CAMP BONNEVILLE	Washington	ARMY	IV	2010	2,000

Attachment 2 - BRAC 2005

BRAC 2005					
Installation Name	State	Component	BRAC Round	Estimated Completion Date	Cost-to-Complete (\$K)
GALENA AIRPORT	Alaska	AF	V	2013	2,809
CONCORD NWS	California	NAVY	V	2010	2,035
CONCORD NWS	California	NAVY	V	2013	3,044
CONCORD NWS	California	NAVY	V	2010	3,457
CONCORD NWS	California	NAVY	V	2010	855
CONCORD NWS	California	NAVY	V	2012	2,556
CONCORD NWS	California	NAVY	V	2015	2,500
NEWPORT CHEMICAL DEPOT	Indiana	ARMY	V	2017	3,563
KANSAS ARMY AMMUNITION PLANT	Kansas	ARMY	V	2011	2,115
BRUNSWICK NAS	Maine	NAVY	V	2007	1,934
BRUNSWICK NAS	Maine	NAVY	V	2010	196
BRUNSWICK NAS	Maine	NAVY	V	2009	141
MISSISSIPPI ARMY AMMUNITION PLANT	Mississippi	ARMY	V	2018	4,639
MISSISSIPPI ARMY AMMUNITION PLANT	Mississippi	ARMY	V	2017	2,228
DESERET CHEMICAL DEPOT	Utah	ARMY	V	2016	5,026
DESERET CHEMICAL DEPOT	Utah	ARMY	V	2016	44,808
DESERET CHEMICAL DEPOT	Utah	ARMY	V	2017	18,496
DESERET CHEMICAL DEPOT	Utah	ARMY	V	2014	9,673
DESERET CHEMICAL DEPOT	Utah	ARMY	V	2016	104,301
FORT MONROE	Virginia	ARMY	V	2011	1,363
FORT MONROE	Virginia	ARMY	V	2011	1,446
FORT MONROE	Virginia	ARMY	V	2011	1,213
FORT MONROE	Virginia	ARMY	V	2011	1,176
FORT MONROE	Virginia	ARMY	V	2011	1,213
FORT MONROE	Virginia	ARMY	V	2017	16,276
FORT MONROE	Virginia	ARMY	V	2017	32,354
FORT MONROE	Virginia	ARMY	V	2011	1,073
FORT MONROE	Virginia	ARMY	V	2011	1,748
FORT MONROE	Virginia	ARMY	V	2011	631
FORT MONROE	Virginia	ARMY	V	2011	1,213
FORT MONROE	Virginia	ARMY	V	2011	1,097
VANCOUVER BARRACKS	Washington	ARMY	V	2017	2,147
VANCOUVER BARRACKS	Washington	ARMY	V	2023	4,773

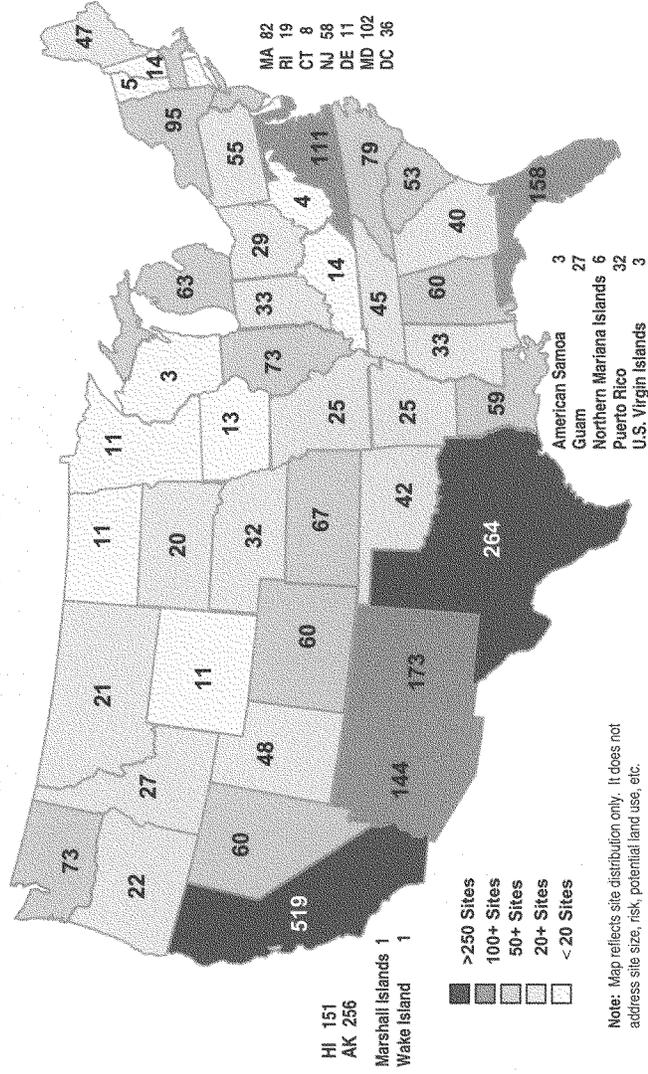
VANCOUVER BARRACKS	Washington	ARMY	V	2023	2,686
VANCOUVER BARRACKS	Washington	ARMY	V	2017	2,468
FORT LAWTON USAR COMPLEX	Washington	ARMY	V	2012	894
FORT LAWTON USAR COMPLEX	Washington	ARMY	V	2012	1,086



National Association of DEW Contractors

Military Munitions Response Program Sites

3,537 sites reported in the 2007 Defense Environmental Programs Annual Report to Congress



Note: Map reflects site distribution only. It does not address site size, risk, potential land use, etc.

Mr. EDWARDS. Mr. Redmond, thank you very much for your testimony and also for what you and the members of NAOC do, the important work that you do.

Mr. Wamp.

Mr. WAMP. No questions, thank you.

Mr. EDWARDS. Mr. Farr.

Mr. FARR. You know, I have one. Mr. Redmond, yesterday we heard from DOD that you can't absorb any more funding, that they are moving as fast as you can possibly clean up, and that there is no need to put more money into it because it can't go any faster than it already is.

Can you comment on this?

Mr. REDMOND. Yes, sir, I can.

Secretary Beale over at OSD—he has since moved on—but he asked NAOC 3 years ago, how much additional funding could we absorb with the personnel we currently have? With the slowdown of operations in Iraq, that number is over \$2 billion a year. The current funding is around \$500 million a year. So NAOC does not agree with the Department of Defense—

Mr. FARR. Would you get us some specifics on that?

Mr. REDMOND. Certainly.

Mr. FARR. I really appreciate it. We have got to get that into the record. I mean, it is too bad they are not here today to respond.

[The information follows:]



May 12, 2009

The Honorable Chet Edwards
Chairman
Subcommittee on Military Construction and Veterans Affairs and Related Agencies
H-143 the Capitol
Washington, DC 20515

Dear Chairman Edwards:

This letter is in response to a question posed by Congressman Sam Farr to Mr. Ben Redmond of the National Association of Ordnance and Explosive Waste Contractors (NAOC) at the hearing of the Subcommittee on Military Construction, Veterans Affairs and Related Agencies on April 23, 2009.

During this hearing Congressman Sam Farr indicated that in testimony received the previous day from the Department of Defense, it was suggested that the industry could not absorb any more funding for the cleanup of unexploded ordnance (UXO), that DoD was working as fast as they possibly could to cleanup outstanding sites, and that there was no need to be pouring more money into cleanup because it could not go any faster than it already is. NAOC, as the representative of the companies that make up the UXO industry, respectfully disagrees. The companies performing this work have significant untapped capacity.

It is our estimate that the industry can currently support funding of approximately \$1.5 billion per year, while the DoD funding for the cleanup of UXO has traditionally been approximately \$500 million per year. Regarding the availability of manpower, the industry currently employs well over a 1000 qualified UXO technicians. Each year, the Texas Engineering and Extension Services (TEEX), located at Texas A&M University trains and graduates an additional 140 UXO technicians. This figure does not include Explosive Ordnance Disposal technicians leaving Active Duty who seek employment in private industry.

This estimate is provided to you with the understanding that munitions response projects are comprised of many phases, including project management, regulatory and stakeholder communications/meetings, site characterization and reconnaissance, geophysical surveys, environmental sampling, intrusive investigation, munitions and explosives of concern (MEC) removal, construction support, and/or institutional controls. Many of these phases are not dependent upon the availability of large numbers of UXO Technicians, and multiple, simultaneous projects are often in different phases of execution, easing the burden on these resources. In addition, many companies have hired UXO-qualified personnel as permanent staff to augment the pool of available UXO technicians. As the program grows, industry's capabilities will grow as well.

Additionally, as operations in Iraq slowdown the industry's capacity will increase. Companies have proven the ability to manage and execute surge capacity as demonstrated in 2003-2008 when they executed roughly \$1.7 billion supporting the Captured Enemy Ammunition/Coalition Munitions Clearance program for the US Army Corps of Engineers. These efforts were accomplished in addition to the domestic cleanup projects being simultaneously conducted and were executed by large and small businesses alike.

To restate, after a survey of our membership, we are confident that large businesses can comfortably support \$800 million per year of MEC work, small businesses \$600 million per year, and very small businesses \$120

million per year, equating to the \$1.5B capacity. This not only helps to solve the problem of a backlog of cleanup, but it also serves to provide additional employment opportunities around the country. This being said we understand the UXO industry also includes DOD employees as well as federal, state and local regulatory bodies. We cannot speak to the capacity of these additional components of the UXO industry, but know when needed, they often reach out to the companies that NAOC represents to augment capabilities.

The National Association of Ordnance and Explosive Waste Contractors appreciate the opportunity to testify on behalf of the UXO industry. We stand ready to provide any additional assistance or answer any further questions you might have.

Sincerely,

A handwritten signature in black ink that reads "Heather Polinsky". The signature is written in a cursive style with a large initial 'H'.

Heather Polinsky
President - NAOC

cc: The Honorable Sam Farr

Mr. REDMOND. Yes.

Mr. FARR. But they were adamant that, “We are just doing as fast”—you know, I don’t believe that. It is the same thing we heard with public works, is that we couldn’t fund—no more building of roads because there weren’t enough tractors and personnel out there to do it. But it seems to me there is capacity and the government is underestimating that capacity.

Mr. REDMOND. Well, I think the stimulus program is currently showing with the construction of new roads, there is capacity that is unused. And certainly within NAOC, there is capacity which could be applied immediately, if the funding was available.

Mr. FARR. And that is job-intensive.

Mr. REDMOND. It is labor-intensive, yes, sir. It creates jobs. And it is a small investment for the return, because when these lands were returned to the communities, they can be redeveloped for industrial use in bringing even more jobs and increase the tax base. It is a good deal.

Mr. FARR. Thank you.

Mr. REDMOND. Yes, sir.

Mr. EDWARDS. Thank you, Mr. Redmond. Appreciate it.

I would like to now call forward Steve Robertson with the American Legion.

Steve, welcome back.

Mr. ROBERTSON. It is good to be back.

Mr. EDWARDS. Did somebody twist you too hard?

Mr. ROBERTSON. I wish I could say I did something glamorous, but it was pure clumsy during a visit of a college. I missed a step and landed on all fours.

Mr. EDWARDS. That elderly lady that you saved from falling down those steps—

Mr. ROBERTSON. That is now—I will swear to that, if you will.

Mr. EDWARDS. Welcome back to the committee, and thanks for all your work and the Legion’s work with our committee in the 2 years that I have had the privilege of chairing the committee. And I would like to recognize you now for your opening statement.

THURSDAY, APRIL 23, 2009.

THE AMERICAN LEGION

WITNESS

STEVE ROBERTSON

STATEMENT OF STEVE ROBERTSON

Mr. ROBERTSON. Thank you, Mr. Chairman. I would like my full testimony to be submitted for the record.

Mr. EDWARDS. Without objection, so ordered.

Mr. ROBERTSON. I wanted to start with thanking the committee for the funding that we got last year. And the most important part was that we got it on time. I can’t begin to tell you how much we appreciate that. The entire veterans community, I think I can speak for them, to say that we greatly appreciate having it on time to give us the full year to be able to spend the resources.

We also appreciate the supplemental that brought in money to the V.A. for a lot of the work that needs to be done throughout the system.

Now, as you are well aware, we have a team that goes around the country visiting V.A. medical facilities and on-site inspections to kind of get a feel for what areas are working well and what areas need improving.

And I can tell you that we are in the middle of following up to see how the money is being spent. We are trying to follow up on non-recurring maintenance issues to make sure that those are being addressed in a timely manner.

We are also still concerned about CARES, the projects that we were supposed to have underway, seeing what kind of progress were being made on that.

We are also visiting the regional offices to see what kind of progress is being made in the claims adjudication area. I can tell you, from a couple of visits that I have made personally, that they are hiring the new claims folks. Again, it is going to be the process of getting them trained up to where they can take on the more challenging cases.

So the morale is improving at a lot of the regional offices, just the fact that they know that they have got the folks online. The problem is, is you are replacing guys and gals with 30 years' experience, and you just can't replace that experience that quickly.

Again, we are once again asking about the issue of advanced appropriations. We appreciate having it on time this time, but we would like to have it 2 years in a row. We see a big difference in the veterans world. And if it is possible to advance the idea of an advanced appropriations for the medical care, we would greatly appreciate that. We are going to continue to ask for that throughout the year.

I am going to cut this short, so if there are any questions that you all would like to ask, I will be more than happy to try to answer them.

[The prepared statement of Steve Robertson follows:]



**STATEMENT OF
STEVE ROBERTSON, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION**

BEFORE THE

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

ON

**FY 2010 APPROPRIATIONS FOR MILITARY CONSTRUCTION, DEPARTMENT OF
VETERANS AFFAIRS, AND RELATED FEDERAL AGENCIES**

APRIL 23, 2009

**STATEMENT OF
STEVE ROBERTSON, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS' AFFAIRS AND
RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
ON
FY 2010 APPROPRIATIONS FOR MILITARY CONSTRUCTION, DEPARTMENT OF
VETERANS AFFAIRS, AND RELATED FEDERAL AGENCIES**

APRIL 23, 2009

Mr. Chairman and members of the Subcommittee, The American Legion thanks you for this opportunity to present its views on Fiscal Year (FY) 2010 funding issues under your jurisdiction.

DEPARTMENT OF VETERANS AFFAIRS

As a nation at war, America has a moral, ethical and legal commitment to the men and women of the Armed Forces of the United States and their survivors. These current defenders of democracy will eventually join the ranks of their 23.5 million comrades that we refer to as veterans. The active-duty, Reserve Components and veterans continue to make up the nation's best recruiters for the Armed Forces. Young men and women across the country see service members and veterans as role models. Chances are that before enlisting in the Armed Forces, young people will continue to seek the advice of those they see in uniform or of family members who served in the Armed Forces for their recommendations on military service.

Therefore, it is absolutely critical that the entire veterans' community (active-duty, Reserve Component, and veterans) continue to remain supportive of honorable military service. No service member should ever be in doubt about:

- the quality of health care he or she will receive if injured;
- the availability of earned benefits for honorable military service upon discharge; or
- the quality of survivors' benefits should he or she pay the ultimate sacrifice.

The American Legion and many other veterans' and military service organizations are united in advocating enactment of timely, predictable and sufficient budgets for the Department of Veterans Affairs' medical care. In FY 2009, Congress passed and the President signed this budget at the start of the fiscal year. Clearly, Secretary of Veterans Affairs (VA) Eric K. Shinseki is much more fortunate than many of his colleagues in the Cabinet because he has a timely, predictable and sufficient budget with which to administer. The American Legion urges Congress to once again pass the VA budget for FY 2010 prior to the start of the fiscal year – it does make a difference!

The American Legion sincerely appreciated the introduction of H.R. 1016, Veterans Health Care Budget Reform and Transparency Act of 2009, by the Chairman of the Veterans' Affairs Committee, Representative Bob Filner. This legislation would help achieve the timeliness and predictability goals we seek, while giving us the remainder of the budget cycle to assure the sufficiency goal. Working together, the veterans' community is actively seeking additional cosponsors to this important legislation.

After reviewing the Office of Management and Budget's website with regards to the President's "top line" Budget Request for the Department of Veterans Affairs, The American Legion renders its support as follows:

- **Increases funding for the Department of Veterans Affairs by \$25 billion above baseline over the next five years. – Supported by The American Legion***
- **Dramatically increases funding for veterans health care. – Supported by The American Legion***
- **Expands eligibility for veterans' health care to over 500,000 veterans by 2013. – Supported by The American Legion***
- **Enhances outreach and services related to mental health care and cognitive injuries, including post-traumatic stress disorder and traumatic brain injury, with a focus on access for veterans in rural areas – Supported by The American Legion***
- **Invests in better technology to deliver services and benefits to veterans with the quality and efficiency they deserve. – Supported by The American Legion***
- **Provides greater benefits to veterans who are medically retired from service. – Supported by The American Legion***
- **Combats homelessness by safeguarding vulnerable veterans. – Supported by The American Legion***
- **Facilitates timely implementation of the comprehensive education benefits that veterans earn through their dedicated military service. – Supported by The American Legion***

** All support is contingent upon the release of the budget request in April.*

On September 11, 2008, National Commander David K. Rehbein testified before a joint session of the Committees on Veterans' Affairs. In that testimony, he clearly outlined funding recommendations for FY 2010. I am here today to re-emphasize that support for certain specific areas:

Program	The American Legion's Request
Medical Services	\$42.8 billion
Medical Administration	(includes medical and prosthetic research)
Medical Facilities	
Medical Care Collections	*
Medical and Prosthetics Research	\$532 million
Major Construction	\$1.8 billion
Minor Construction	\$1.5 billion
State Extended Care Facilities Grant Program	\$275 million

National Cemetery Administration	\$249 million
State Veterans' Cemetery Grants Program	\$49 million
Information Technology	\$2.7 billion
General Operating Expenses	\$2.8 billion

* Third-party reimbursements should supplement rather than offset discretionary funding.

Medical Care Collections Fund

The Balanced Budget Act of 1997, Public Law (P.L.) 105-33, established the VA Medical Care Collections Fund (MCCF), requiring amounts collected or recovered from third-party payers after June 30, 1997, be deposited into this fund. The MCCF is a depository for collections from third-party insurance, outpatient prescription co-payments and other medical charges and user fees. Funds collected may only be used to provide VA medical care and services, as well as VA expenses for identification, billing, auditing and collection of amounts owed the federal government.

The American Legion supported legislation to allow VA to bill, collect, and reinvest third-party reimbursements and co-payments; however, The American Legion adamantly opposes the scoring of MCCF as an offset to the annual discretionary appropriations since the majority of these funds come from the treatment of nonservice-connected medical conditions. Previously, these collection goals have far exceeded VA's ability to collect accounts receivable.

Since FY 2004, VHA's total collections increased from \$1.7 billion to \$2.2 billion; a 29.4 percent increase. The third-party component of VA's collections also increased from \$960,000 to \$1.26 billion; a 31.3 percent increase.

VA's ability to capture these funds is critical to its ability to provide quality and timely care to veterans. Miscalculations of VA required funding levels result in real budgetary shortfalls. Seeking an annual emergency supplemental is not the most cost-effective means of funding the nation's model health care delivery system. Government Accountability Office (GAO) reports continue to raise the issue of VHA's ability to capture insurance data in a timely and correct manner. In addition, these reports continue to express concerns of VHA's ability to maximize its third-party collections.

According to a 2008 GAO report, VA lacks policies and procedures and a full range of standardized reports for effective management oversight of VA-wide third-party billing and collection operations. Further, although VA management has undertaken several initiatives to enhance third-party revenue, many of these initiatives are open-ended or will not be implemented for several years. Until these shortcomings are addressed, VA will continue to fall short of its goal to maximize third-party revenue, thereby placing a higher financial burden on taxpayers. In addition, GAO recommended an improvement of third-party billings, follow-up on unpaid amounts, and management oversight of billing and collections. **The American Legion opposes offsetting VA discretionary funding by the MCCF goal.**

Third-Party Reimbursements

Recently, there has been some talk about VA seeking third-party reimbursements from private health care insurers for the treatment of service-connected medical conditions. The American Legion believes that this would be inconsistent with the mandate "... to care for him who shall have borne the battle...." The United States government sent these men and women into harm's

way, not private insurance companies.

Should private insurance companies be required to reimburse VA for the treatment of service-connected medical conditions, The American Legion has grave concerns over the adverse impact such a policy change would have on service-connected disabled veterans and their families. For example, depending upon the severity of the medical conditions, those medical insurance policies with a calendar year benefit maximum or a life-time benefit maximum could result in the rest of the service-connected veteran's family not receiving any health care benefits. Many health insurance companies also require deductibles to be paid before any benefits are covered.

In addition, there is concern as to what the premiums would be to cover service-connected disabled veterans and their families with private health insurance; especially those who are small business owners or are self-employed. The American Legion is also concerned about employers who may become reluctant to hire service-connected disabled veterans because of the impact their employment might have on company health care benefits.

The American Legion adamantly opposes any legislative initiative that would require third-party reimbursements from private health insurance providers for the treatment of service-connected disabled veterans by VA.

Medicare Reimbursements

As do most American workers, veterans pay into the Medicare system, without choice, throughout their working lives, including while on active duty or as active service Reservists in the Armed Forces. A portion of each earned dollar is allocated to the Medicare Trust Fund and, although veterans must pay into the Medicare system, VA is prohibited from collecting any Medicare reimbursements for the treatment of allowable, non-service-connected medical conditions. Since over half of VA's enrolled patient population is Medicare-eligible, this prohibition constitutes a multi-billion dollar annual subsidy to the Medicare Trust Fund.

The American Legion supports a legislative initiative to allow VA to bill, collect and reinvest third-party reimbursements from the Centers for Medicare and Medicaid Services for the treatment of allowable, nonservice-connected medical conditions of enrolled Medicare-eligible veterans. This legislative change would generate approximately \$3 - 5 billion in new third-party collections annually. The Congressional Budget Office predicts that enrolled veterans in Priority Groups 7 and 8 alone would generate \$12 billion from 2010 to 2014 and \$26 billion from 2010 to 2019.

Medical and Prosthetics Research

The American Legion believes VA's focus in research must remain on understanding and improving treatment for medical conditions unique to veterans. Service members are surviving catastrophically disabling blast injuries due to the superior armor they are wearing in the combat theaters and the timely access to quality combat medical care. The unique injuries sustained by the new generation of veterans clearly demand particular attention. It has been reported that VA does not have state-of-the-art prostheses like Department of Defense (DOD) and that the fitting of prostheses for women has presented problems due to their smaller stature.

The American Legion also supports other VA research activities, including basic biomedical research and bench-to-bedside projects for FY 2010. Congress and the Administration should

continue to encourage acceleration in the development and initiation of needed research on conditions that significantly affect veterans, such as prostate cancer, addictive disorders, trauma and wound healing, post-traumatic stress disorder, rehabilitation, and other research that is conducted jointly with DOD, the National Institutes of Health (NIH), other Federal agencies, and academic institutions.

The American Legion recommends \$532 million for Medical and Prosthetics Research in FY 2010.

Major VHA Construction

The CARES process identified approximately 100 major construction projects throughout the VA Medical Center System, the District of Columbia, and Puerto Rico. Construction projects are categorized as major if the estimated cost is over \$10 million. Now that VA has disclosed the plan to deliver health care through 2022, Congress has the responsibility to provide funding. The CARES plan calls for the construction of new hospitals in Orlando and Las Vegas and replacement facilities in Louisville and Denver for a total cost estimated over \$1 billion for these four facilities.

VA has not had this type of progressive construction agenda in decades. Major construction costs can be significant and proper utilization of funds must be well planned. However, if timely completion is truly a national priority, The American Legion continues to have concerns due to inadequate funding.

In addition to the cost of the proposed new facilities, there are many construction projects that have been "placed on hold" for the past several years due to inadequate funding and the moratorium placed on construction spending by the CARES process. One of the most glaring shortfalls is the neglect of the buildings sorely in need of seismic correction. This is an issue of safety. The delivery of health care in unsafe buildings cannot be tolerated and funds must be allocated to not only construct the new facilities, but also to pay for much needed upgrades at existing facilities. Gambling with the lives of veterans, their families and VA employees is absolutely unacceptable.

The American Legion believes VA has effectively shepherded the CARES process to its current state by developing the blueprint for the future delivery of VA health care – we urge Congress to fund implementation of this comprehensive and crucial undertaking.

The American Legion recommends \$1.8 billion for Major Construction in FY 2010.

Minor VA Construction

VA's minor construction program has also suffered significant neglect over the past several years. Maintaining the infrastructure of VA's buildings is no small task, due to the age of these buildings, continuous renovations, relocations and expansions. When combined with the added cost of the CARES program recommendations, it is easy to see that a major increase over the previous funding level is crucial and overdue.

The American Legion recommends \$1.5 billion for Minor Construction in FY 2010.

State Cemetery Construction Grants Program

VA's State Cemetery Grant Program is designed to complement VA's 125 national cemeteries across the country. This state cemetery grant program helps states establish new state veterans' cemeteries, and expand or improve existing state cemeteries. To date, the VA program has helped establish, expand, or improve 72 state veterans' cemeteries in 38 states, Northern Mariana Islands and Guam, which provided more than 25,000 burials in fiscal year 2008. VA has awarded 163 grants totaling more than \$344 million.

The American Legion believes States will increasingly use the State Cemetery Grants Program to supplement the needs of veteran populations that are still not well served by the "75-mile service area/170,000 veteran population" threshold that currently serves as the benchmark for establishing a new national cemetery. New state cemeteries, and expansions and improvements of existing cemeteries, are therefore likely to increase. With increasing costs, especially the high costs of land in urban areas, and increased demand, The American Legion recommends the funding for the State Cemetery Grants Program be substantially increased.

The American Legion recommends \$49 million for the State Cemetery Grants Program in FY 2010.

National Cemetery Administration

The mission of The National Cemetery Administration (NCA) is to honor veterans with final resting places in national shrines and with lasting tributes that commemorate their service to this nation. The NCA's mission is to serve all veterans and their families with the utmost dignity, respect, and compassion. Every national cemetery should be a place that inspires visitors to understand and appreciate the service and sacrifice of our nation's veterans.

The American Legion recognizes NCA's excellent record in providing timely and dignified burials to all veterans who opt to be buried in a National Cemetery. Equally noteworthy is NCA's fine record in providing memorial headstones, markers and Presidential Memorial Certificates (PMC) to all who request such benefits. We also recognize the hard work that is required to restore and maintain National Cemeteries as national shrines and applaud NCA for its commitment and success toward that endeavor.

The American Legion looks forward to evaluation results and recommendations that VA is currently conducting, and which is expected to be available soon. The evaluation will cover program outcomes and policies including the "75-mile service area/170,000 veteran population" threshold that currently serves as the benchmark for establishing a new national cemetery. The American Legion is pleased that driving (commuting) times will also be considered in this evaluation. Inner-city traffic can significantly increase travel times to distant cemeteries. Driving time needs to be a factor when trying to determine if the veteran population is being served effectively.

National Cemetery Expansion

The requested overall budget for 2010 is \$425 million, of which \$181 million and 1,603 full time equivalents (FTE) were requested for Operations and Maintenance, and \$83.4 million for cemetery expansion and improvement. According to NCA's own estimates in the President's budget request for FY 2009, which is also warranted by the opening of new national cemeteries, annual interments will increase to 111,000, a 10 percent rise from FY 2007. Interments in FY

2013 are expected to be about 109,000, a 9 percent increase from FY 2007. The total number of graves maintained is also expected to increase during the planning time frame from almost 2.8 million in FY 2007 to over 3.3 million in FY 2013.

NCA has only requested 6 additional FTEs to maintain its current 125 cemeteries and 30 FTEs to prepare for the activation of interment operations of six new national cemeteries as directed by the National Cemetery Expansion Act of 2003, Public Law 108-109. NCA has to complete fast-track parcels as part of Phase I construction of the new cemeteries in the following areas: Bakersfield, CA; Birmingham, AL; Columbia-Greenville, SC; Jacksonville, FL; Southeastern PA; and Sarasota County, FL. Full Phase I operations are underway in each cemetery now.

The American Legion recommends that monies for additional employees be included in the FY 2010 budget.

National Shrine Commitment

Maintaining cemeteries as national shrines is one of NCA's top priorities. This commitment involves raising, realigning and cleaning headstones and markers to renovate gravesites. Adequate funding is key to maintaining this very important commitment. The American Legion supported NCA's goal of completing the National Shrine Commitment within five years. VA assessed burial sections, roadways, buildings, and historic structures and identified 928 potential improvement projects at an estimated cost of \$280 million. With the addition of six new national cemeteries, of which five are included to be fast tracked between late 2008 and early 2009, and the opening of the sixth in mid-2009, resources will be strained. The American Legion recommends \$60 million be put toward the National Shrine Commitment in order to fulfill this commitment.

The American Legion recommends \$249 million for the National Cemetery Administration in FY 2010.

Information Technology (IT)

Since the data theft occurrence in May, 2006, VA has implemented a complete overhaul of its IT division nationwide. The American Legion is hopeful VA takes the appropriate steps to strengthen its IT security to renew the confidence and trust of veterans who depend on VA for the benefits they have earned.

Within VA Medical Center (VAMC) Nursing Home Care Units, it was discovered there was a conflict with IT and each respective VAMC regarding provision of Internet access to veteran residents. VA has acknowledged the Internet is a positive tool in the veteran's rehabilitation. The American Legion believes Internet access should be provided to these veterans without delay, for time is of the essence in the journey to recovery. In addition, veterans should not have to suffer due to VA's gross negligence in the matter.

The American Legion hopes Congress will not attempt to fund the solution to this problem using scarce fiscal resources allocated to the VA for health care delivery. With this in mind, The American Legion is encouraged by the fact that IT is its own line item in the budget recommendation.

The American Legion believes there should be a complete review of IT security government

wide. VA isn't the only agency within the government requiring an overhaul of its IT security protocol.

The American Legion supports the centralization of VA's IT. The quantity of work required to secure information managed by VA is immense. The American Legion urges Congress to maintain close oversight of VA's IT restructuring efforts and fund VA's IT to ensure the most rapid implementation of all proposed security measures.

The American Legion recommends \$2.7 billion for Information Technology.

State Extended Care Facility Construction Grants Program

Since 1984, nearly all planning for VA inpatient nursing home care has revolved around State Veterans' Homes (SVHs) and contracts with public and private nursing homes. Under title 38, USC, VA is authorized to make payments to states to assist in the construction and maintenance of SVHs. Today, there are 133 SVHs in 47 states with over 27,000 beds providing nursing home, hospital, and domiciliary care. Grants for Construction of State Extended Care Facilities provide funding for 65 percent of the total cost of building new veterans' homes. Recognizing the growing Long Term Care (LTC) needs of older veterans, it is essential the State Veterans' Homes Program be maintained as an important alternative health care provider to the VA system.

The American Legion opposes attempts to place a moratorium on new SVH construction grants. State authorizing legislation has been enacted and state funds have been committed. Delaying projects will result in cost overruns and may result in states deciding to cancel these much needed facilities.

The American Legion supports increasing the amount of authorized per diem payments to 50 percent for nursing home and domiciliary care provided to veterans in State Veterans' Homes; providing prescription drugs and over-the-counter medications to State Homes Aid and Attendance patients along with the payment of authorized per diem to State Veterans' Homes; and allowing full reimbursement of nursing home care to 70 percent or higher service-connected disabled veterans, if those veterans reside in a State Veterans' Home.

The American Legion recommends \$275 million for the State Extended Care Facility Construction Grants Program in FY 2010.

State Approving Agencies

The American Legion is deeply concerned that veterans, especially returning wartime veterans, receive their education benefits in a timely manner. Annually, approximately 300,000 service members (90,000 of which belong to the National Guard and Reserves) return to the civilian sector and use their earned educational benefits from VA.

Any delay in receipt of education benefits or approval of courses taken at institutions of higher learning can adversely affect a veteran's life. There are time restrictions on most veterans' education benefits; significantly, National Guardsmen and Reservists must remain in the Selected Reserve to use their earned benefits.

The American Legion believes that every effort should be made to ensure the New GI Bill education benefits are delivered without problems or delays. Veterans are unique in that they volunteer for military service; therefore, these educational benefits are earned as the thanks of a grateful nation. The American Legion believes it is a national obligation to provide timely oversight of all veterans' education programs to assure they are administered in a timely, efficient, and accurate manner.

The GAO report entitled "*VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies*" (GAO-07-384) focuses on the need to "ensure that Federal dollars are spent efficiently and effectively." GAO recommends VA require State Approving Agencies (SAAs) to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. GAO recommends VA establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. The American Legion fully agrees. Finally, GAO recommends VA collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees. VA Deputy Secretary Gordon Mansfield responded to GAO at the time that VA would initiate contact with appropriate officials at the Departments of Education and Labor to help identify any duplicate efforts.

The American Legion strongly recommends SAA funding at \$19 million in FY 2010.

Make TAP and DTAP Mandatory

The American Legion is deeply concerned with the timely manner in which veterans, especially returning wartime veterans, transition into the civilian sector. Studies indicate service members who participate in Transition Assistance Program (TAP) employment workshops find their first civilian job three weeks earlier than veterans who do not participate in TAP. The Department of Labor's Veterans Employment Training Services (DOL-VETS) ensures every TAP participant leaves the program with a draft resume, a practice interview session, and a visit to their state job board.

DOD estimates that 68 percent of separating active-duty service members attends the full Transitional Assistance Program (TAP) seminars, but only 35 percent of Reserve Components' service members attend. The American Legion believes these low attendance numbers represent a disservice to all transitioning service members, especially Reserve Component service members. In addition, many National Guard and Reserve troops have returned from the wars in Iraq and Afghanistan only to encounter difficulties with their Federal and civilian employers at home, and the number of destroyed and bankrupt businesses due to military deployment is still being realized.

In numerous cases brought to the attention of The American Legion by veterans and from other sources, many returning service members have lost jobs, promotions, businesses, homes, and cars and, in a few cases, become homeless. The American Legion strongly believes all service members would benefit greatly by having access to the resources and knowledge that Transition Assistance Program (TAP) and Disabled Transitional Assistance Program (DTAP) provide.

TAP and DTAP also need to update their programs to recognize the large number of National Guard and Reserve business owners who now require training, information and assistance while they attempt to salvage or recover a business which they abandoned to serve their country.

The American Legion strongly recommends DOD require all separating service members, including those from Reserve Components, participate in TAP and DTAP training not more than 180 days prior to their separation or retirement from the Armed Forces.

TAP Employment Workshops provided to transitioning service members at most military installations in the United States as well as in eight overseas locations consist of two and one-half day employment workshops. The training helps service members prepare a plan for obtaining meaningful civilian employment when they leave the military. The workshops focus on skills assessment, resume writing, job counseling and assistance, interviewing and networking skills, labor market information, and familiarization with America's workforce investment system.

DOL-VETS only received a modest four percent increase since 2002. Transition assistance, education, and employment are each a pillar of financial stability. They prevent homelessness; assist the veteran to compete in the private sector; and allow our nation's veterans to contribute their military skills and education to the civilian sector. By placing veterans in suitable employment quickly, the country benefits from increased income tax revenue and reduced unemployment compensation payments, thus greatly offsetting the cost of TAP training.

The American Legion recommends \$404.2 million to DOL-VETS for FY 2010.

Homelessness

The American Legion notes there are approximately 154,000 homeless veterans on the street each night. This number, compounded with 300,000 service members entering the civilian sector each year since 2001 with at least a third of them potentially suffering from mental illness, indicates that programs to prevent and assist homeless veterans are needed.

The Homeless Veterans Reintegration Program (HVRP) is a competitive grant program. Grants are awarded to states, other public entities and non-profit organizations, including faith-based organizations, to operate employment programs that reach out to homeless veterans and help them become gainfully employed. HVRP provides services to assist in reintegrating homeless veterans into meaningful employment in the labor force and stimulates the development of effective service delivery systems that address the complex problems facing homeless veterans. HVRP is the only nationwide program focused on assisting homeless veterans to reintegrate into the workforce.

The American Legion recommends \$50 million for this highly successful grant program in FY 2010.

Homeless Providers Grant and Per Diem Program Reauthorization

In 1992, VA was given authority to establish the Homeless Providers Grant and Per Diem Program under the Homeless Veterans Comprehensive Service Programs Act of 1992, P.L. 102-

590. The Grant and Per Diem Program is offered annually (as funding permits) by VA to fund community agencies providing service to homeless veterans.

VA can provide grants and per diem payments to help public and nonprofit organizations establish and operate supportive housing and/or service centers for homeless veterans. Funds are available for assistance in the form of grants to provide transitional housing (up to 24 months) with supportive services, supportive services in a service center facility for homeless veterans not in conjunction with supportive housing; or to purchase vans.

The American Legion recommends \$200 million for the Grant and Per Diem Program for FY 2010.

Veterans Workforce Investment Program (VWIP)

VWIP grants support efforts to ensure veterans' lifelong learning and skills development in programs designed to serve most-at-risk veterans, especially those with service-connected disabilities, those with significant barriers to employment, and recently separated veterans. The goal is to provide an effective mix of interventions, including training, retraining, and support services, that lead to long term, higher wage and career jobs.

The American Legion recommends \$20 million for VWIP in FY 2010.

Employment Rights and Veterans' Preference

The Uniformed Services Employment and Reemployment Rights Act (USERRA) protects civilian job rights and benefits of veterans and members of the armed forces, including National Guard and Reserve service members. USERRA prohibits employer discrimination due to military obligations and provides reemployment rights to returning service members. DOL-VETS administers this law; it conducts investigations for USERRA and Veterans' Preference cases, conducts outreach and education, and investigates complaints by service members.

Since September 11, 2001, nearly 600,000 National Guard and Reserve service members have been activated for military duty. During this same period, DOL-VETS provided USERRA assistance to over 410,000 employers and service members.

Veterans' Preference is authorized by the Veterans' Preference Act of 1944. The Veterans' Employment Opportunity Act (VEOA) of 1998 extended certain rights and remedies to recently separated veterans. DOL-VETS has the responsibility to investigate complaints filed by veterans who believe their Veterans' Preference rights have been violated and to conduct an extensive compliance assistance program.

Veterans' Preference is being unlawfully ignored by numerous federal agencies. Whereas figures indicate a decline in claims by veterans of the current conflicts compared to Gulf War I, the reality is that employment opportunities are not being properly publicized. Federal agencies, as well as federal government contractors and subcontractors, are required by law to notify the Office of Personnel Management (OPM) of job opportunities, but more often than not these job opportunities are never made available to the public. The DOL-VETS program investigates these claims and corrects unlawful practices.

The American Legion recommends \$40 million for Program Management that encompasses USERRA and VEOA in FY 2010.

Veteran-Owned and Service-Connected Disabled Veteran-Owned Small Businesses

The American Legion views small businesses as the backbone of the American economy. It is the driving force behind America's past economic growth and will continue to be the major economic growth factor as we move into the 21st Century. Currently, more than nine out of every ten businesses are small firms. They produce almost one-half of the Gross National Product. Veterans' benefits have always included assistance in creating and operating veteran-owned small businesses.

The impact of deployment on self-employed National Guard and Reserve service members is tragic, with a reported 40 percent of all businesses owned by veterans suffering financial losses and, in some cases, bankruptcy. Many other small businesses have discovered they are unable to operate, and suffer some form of financial loss, when key employees who are members of the Reserve Components are activated. The Congressional Budget Office report, "*The Effects of Reserve Call-Ups on Civilian Employers*," stated that it "expects that as many as 30,000 small businesses and 55,000 self-employed individuals may be more severely affected if their Reservist employee or owner is activated." The American Legion supports legislation that would require the Federal government close the pay gap between Reserve and National Guard service members' civilian and military pay and would also provide tax credits up to \$30,000 for small businesses with service members who are activated.

The Office of Veterans' Business Development within the Small Business Administration (SBA) is crippled and ineffective due to a token funding of \$750,000 per year. This amount, which is less than the office supply budget for the SBA, is expected to support an entire nation of veterans who are entrepreneurs. The American Legion feels this pittance is an insult to American veterans who are small business owners. This token funding also undermines the spirit and intent of P.L. 106-50 that provides small business opportunities to veteran-owned businesses.

The American Legion strongly recommends increased funding of SBA's Office of Veterans' Business Development to provide enhanced outreach and specific community-based assistance to veterans and self employed members of the Reserves and National Guard. The American Legion also supports legislation that would permit the Office of Veterans Business Development to enter into contracts, grants, and cooperative agreements to further its outreach goals and develop a nationwide community-based service delivery system specifically for veterans and members of the Reserve Components.

The American Legion recommends \$15 million in FY 2010 to implement a nationwide community-based assistance program to veterans and self employed members of the Reserves and National Guard.

Since its founding in 1919, The American Legion remains steadfast in its support of a strong national defense which is reflected in the Preamble to The American Legion Constitution, namely, "To uphold and defend the Constitution of the United States of America," and "to inculcate a sense of individual obligation to the community, state and nation." On behalf of The American Legion's 2.6 million members, we thank the committee for this opportunity to express

our views concerning issues affecting the brave men and women in our armed forces and their families and dependents.

MILITARY CONSTRUCTION

Military Construction is directly related to the quality-of-life of the service member and their dependants. As such, Military Construction must be funded to a level that meets the immediate and future needs of the Department of Defense (DOD). The cornerstone to a strong national defense is not based on weapon systems purchased or the way the force structure is organized, but rather, the way military service members and their families are treated and cared for on military installations within the continental United States and overseas. In today's All-Volunteer Armed Forces, maintaining the highest quality-of-life standards is the least we should do in the interest of national security and as the thanks of a grateful nation to those who serve.

BUDGET PROPOSALS FOR MILITARY CONSTRUCTION FOR FISCAL YEAR 2010

Current Military Construction Funding for FY 2009		The American Legion's FY 2010 Recommendations
Total Military Construction Spending	\$25.05 billion	\$26.3 billion

The \$26.3 billion recommendation is based of the current force structure of 1.75 million. This recommendation also accounts for the modest upcoming authorized increases in the sizes of the Army and Marine Corps.

In FY 2009, \$25 billion, (\$4.4 billion above FY 2008) was appropriated for Military Construction. The large increase is mostly due to the costs of implementing Base Realignment and Closure (BRAC) and plans to increase the size of the Army and Marine Corps. It should be noted that The American Legion recommends a 2.1 million man force structure as opposed to the current force size. As such, if authorization and funding for the expansion of the active-duty and reserve force increased by an additional 50,000 service members for FY2010 (in order to get closer to The American Legion's recommended force structure level), The American Legion would recommend \$31.3 billion for Military Construction Funding for the construction associated with such an expansion of forces.

Quality-of-Life and BRAC

A quality-of-life concern that must be considered is the welfare of our retired military. Often, when a service member retires from service, whether medically or by longevity, they choose to live in close proximity to a military installation. They choose this in order to have access to the benefits they earned from honorable service. Those benefits include access to base medical facilities, commissaries, exchanges and other facilities.

Whenever a Base Realignment and Closure (BRAC) is conducted, The American Legion will urge that certain base facilities (such as base medical facilities, commissaries, exchanges and other facilities) be preserved for use by active-duty and Reservist personnel and military retired veterans and their families.

One key element of quality-of-life for service members and their families is the quality of their housing, whether it be supplied for by the military in the form of on-base housing, or the availability and quality of off base housing. Long standing policy of the Department of Defense has been to rely on local community housing. This policy comes into conflict with reality where there is a localized influx of military families, whether from BRAC or "Grow the Army"-like programs.

Currently, roughly 63 percent of all military families reside in off-base, private sector housing. A further 26 percent reside in residences built under the Military Housing Privatization authorities. Of the remaining 11 percent, eight percent live in government-owned housing and three percent in (primarily overseas) leased housing. However, the transience of forces may cause localized market problems in the coming years, as changes occur resulting from BRAC, Grow the Force initiatives, global re-posturing and joint basing. Some installations may suddenly find they have a surplus of housing as a result, while in other areas housing availability may be in deficit. Ensuring that service members and their families have access to safe, affordable and sufficient housing must remain a priority in order to address the quality-of-life needs for these families.

One initiative which has received excellent reviews from the services has been the Military Housing Privatization Initiative (MHPI) which encourages high quality construction, sustainment, and renovation of military housing by leveraging capital and expertise from the private sector. Under this initiative, 94 projects have been awarded, allowing the DOD to eliminate nearly all inadequate domestic family housing. This program should be continued and expanded with additional resources.

Numerous media reports surfaced last year of troops returning from the Global War On Terrorism to barracks that were unsatisfactory. In one case, a distraught father of a soldier with the 82nd Airborne at Ft. Bragg, NC went so far as to film the living conditions and to publicize it through social networking sites. Following this renewed interest, the Army in particular began a sweeping inspection of all its living facilities and barracks to ascertain their level of need in terms of maintenance and repair. The reforms resulted in the First Sergeants Barracks Initiative (FSBI) where the barracks are continually monitored for needed repairs, and "ownership" of barracks for deployed troops is transferred to post control for the duration of the deployment. This successful innovation should be adequately funded to accomplish these needed renovations.

In October of 2007, Secretary of the Army Pete Geren initiated a program entitled the "Army Family Covenant." At the time he stated:

The Health of our all-volunteer force, our Soldier-volunteers, our Family-volunteers, depends on the health of the Family. The readiness of our all-

volunteer force depends on the health of the Families. I can assure you that your Army leadership understands the important contribution each and every one of you makes. We need to make sure we step up and provide the support families need so the army stays healthy and ready.

This covenant addressed various ways to improve family readiness by:

- Standardizing and funding existing family programs and services;
- Increasing accessibility and quality of healthcare;
- Improving Soldier and Family Housing;
- Ensuring excellence in schools, youth services, and child care; and
- Expanding education and employment opportunities for Family Members.

While we enlist soldiers, airmen, marines and navy personnel, we re-enlist families. Issues of the covenant from which funding comes under the rubric of the Military Construction appropriations should be funded fully to ensure that we maintain a high level of quality-of-life, and thereby ensure a higher rate of reenlistment for the Armed Forces.

The commitment to this program by the Army was demonstrated by the testimony of Keith Easton, Assistant Secretary of the Army for Installations before the Committee on 12 March. He noted that the Army Family Covenant Program has shown significant progress in meeting its goals since it came into existence. The program itself shows a commitment and understanding of the importance of family in our force structure and maintaining readiness and force levels. This program is another which should be expanded through adequate funding, to ensure the well being of service members and demonstrate the national commitment towards helping them individually and collectively prosper and reach their potential.

Increased spending in the area of military construction not only serves the strategic needs of the armed forces but also the needs of the service members. It takes approximately eight years to build a senior Non Commissioned Officer. To lose a member of the armed forces like that to the civilian world because they feel they can have a better quality of life for them and their family outside of the services, is a cost that can not be recouped.

The American Legion fully supports the Army Family Covenant Program and urges all of its 14,000+ local American Legion posts to become involved.

Wounded Warrior Care

All branches of the armed forces ascribe to the ethic that they “take care of their own.” Nowhere is this statement put more to the test than when dealing with the combat and severely wounded. Since the Building 18 episode at Walter Reed Army Medical Center, a well-deserved spotlight was put on the whole transition process for outgoing military personnel. The FY 2009 budget has \$3 billion to improve army barracks, military hospitals, and other facilities. The American Legion recommends a minimum of \$3.4 billion for FY 2010 in order to ensure that there are no delays in construction and improvement of living quarters and medical facilities.

Further, The American Legion advocates that Walter Reed Army Medical Center should not be closed until after the Global War on Terrorism has ended. As such Walter Reed Army Medical

Center needs to be funded at levels high enough to meet and exceed the high standards of care our service members deserve.

Uniformed Services University Of The Health Sciences

The American Legion has supported the Uniformed Services University of the Health Sciences (USU), since its establishment in 1972 as the Nation's Federal Academic Health Center. USU is dedicated to providing uniquely educated and trained uniformed officers for the United States Army, Navy, Air Force and Public Health Service. USU alumni are currently serving over 20-year careers and thus providing continuity and leadership for the Military Health System (MHS) as physicians, advanced practice nurses and scientists. USU F. Edward Hébert School of Medicine has a year-round, four-year curriculum that is nearly 700 hours longer than found at other U.S. medical schools. These extra hours focus on epidemiology, health promotion, disease prevention, tropical medicine, leadership and field exercises. Doctoral and Masters degrees in the biomedical sciences and public health are awarded by interdisciplinary and department-based graduate programs within the School of Medicine. Programs include infectious disease, neuroscience, and preventive medicine research.

USU Graduate School of Nursing offers a Master of Science in Nursing degree in Nurse Anesthesia, Family Nurse Practitioner, Perioperative Clinical Nursing, Psychiatric Mental Health Nurse Practitioner, and a full and part-time program for a Ph.D. degree in Nursing Science. The university's continuing education program is unique and extensive, serving and sustaining the professional and readiness requirements of the Defense Department's worldwide military healthcare community.

The university's nationally ranked military and civilian faculty conduct cutting edge research in the biomedical sciences and in areas specific to the DOD health care mission such as combat casualty care, infectious diseases and radiation biology. The university specializes in military and public health medicine, focusing on keeping people healthy, disease prevention, and diagnosis and treatment. USU faculty offer significant expertise in tropical medicine and hygiene, parasitology, epidemiologic methods and preventive medicine.

The Department of Defense and the United States Congress have recognized that the extensive military-unique and preventive health care education provided in the multi-Service environment of USU ensures Medical Readiness and Force Health Protection for the MHS. USU is recognized as the place where students receive thorough preparation to deal with the medical aspects of Weapons of Mass Destruction, including chemical, radiological and biological, nuclear and high yield explosive (CBRNE) terrorism or other catastrophes. USU has developed similar training for civilian first responders, medical professionals and emergency planners. USU is also uniquely qualified and experienced in simulation technology, education and training.

With the establishment by the Office of the Secretary of Defense (OSD) of a Joint Medical Command in Fiscal Year 2008, the role of USU will expand. Plans to establish the Walter Reed National Military Medical Center (WRNMMC) by 2011 has created close collaboration between the Armed Services Flag Officers and the President of USU to create a world-class military academic health center, expanding the role of USU.

The American Legion urges the Committee to: continue its demonstrated commitment to USU, as a national asset, for the continued provision of uniquely educated and trained uniformed physicians, advanced practice nurses, and scientists dedicated to careers of service in the Army, Navy, Air Force, and the United States Public Health Service; support timely construction at the USU campus during Fiscal Years 2009-2010; continue funding the University's collaborative effort for sharing its chemical, radiological and biological, nuclear and high yield explosive (CBRNE) expertise and training; support development of the USU Immersive, Wide Area Virtual Environment (WAVE) Simulation for CBRNE/WMD Medical Readiness Training; support funding for the Graduate School of Nursing Teaching/Educational Programs; and, encourage continued close collaboration and progress towards the OSD-proposed Joint Medical Command and WRNMMC with USU as the core academic health center.

Armed Forces Retirement Homes

The United States Soldiers' and Airmen's Home (USSAH) and the United States Naval Home (USNH), jointly called the Armed Forces Retirement Home (AFRH), are continuing care facilities which were created more than 150 years ago to offer retirement homes for distinguished veterans who had served as soldiers, sailors, airmen and Marines in our Nation's conflicts. The AFRH system, which is available to retiree veterans from all the Armed Services whose active duty was at least 50 percent enlisted or warrant officer, has been supported by a trust fund resourced by 50 cents a month withheld from active duty enlisted and warrant officer paychecks as well as from fines and forfeitures from disciplinary actions, resident fees and interest income. The extensive downsizing of the Armed Forces has resulted in a 39 percent decrease in that revenue and, coupled with rising nursing home care costs, the Homes have been operating at an \$8-10 million annual deficit which would reportedly require both Homes to close their doors.

The American Legion urges the Committee to support measures which will provide for the long-term solvency and viability of the Armed Forces Retirement Home – Washington, DC. The American Legion also strongly supports the rebuilding of the Armed Forces Retirement Home at Gulfport, Mississippi which was destroyed by Hurricane Katrina.

American Battle Monuments Commission

The American Battle Monuments Commission (ABMC) was established by law in 1923, as an independent agency of the Executive Branch of the United States Government. The Commission's commemorative mission includes:

- Designing, constructing, operating and maintaining permanent American cemeteries in foreign countries.
- Establishing and maintaining U.S. military memorials, monuments and markers where American armed forces have served overseas since April 6, 1917, and within the U.S. when directed by public law.
- Controlling the design and construction of permanent U.S. military monuments and markers by other U.S. citizens and organizations, both public and private, and encouraging their maintenance.

The resulting United States Military Cemeteries have been established throughout the world and are hallowed grounds for America's war dead. United States Military Cemeteries existing in

foreign countries today are in need of adequate funding for repair, maintenance, additional manpower and other necessities to preserve the integrity of all monuments and cemeteries which are realizing increased numbers of visitors annually.

Adequate funding and human resources to the American Battle Monuments Commission must be provided in order to properly maintain and preserve these hallowed, final resting places for America's war dead located on foreign soil. In FY 2009, \$59.5 million, \$15 million above FY2008 was provided for the care and operation of our military monuments and cemeteries around the world. The American Legion applauded this increased funding and supports the continued full funding for the needs of the American Battle Monuments Commission.

Funding for Joint POW/MIA Accounting Command

The American Legion has long been deeply committed to achieving the fullest possible accounting for US personnel still held captive, missing and unaccounted for from all of our nation's wars. The level of personnel and funding for the Joint POW/MIA Accounting Command (JPAC) has not been increased at a level commensurate with the expanded requirement to obtain answers on Americans unaccounted for from wars and conflicts prior to the Vietnam War. It is the responsibility of the US Government to account as fully as possible for America's missing veterans, including – if confirmed deceased – the recovery of their remains when possible. The US Congress has a duty and obligation to appropriate funds necessary for all government agencies involved in carrying out strategies, programs and operations to solve this issue and obtain answers for the POW/MIA families and our nation's veterans. This accounting effort should not be considered complete until all reasonable actions have been taken to achieve the fullest possible accounting. The American Legion calls on Congress to provide increases in personnel and full funding for the efforts of JPAC, the Defense POW/Missing Personnel Office (DPMO), the Life Sciences Equipment Laboratory, and the Armed Forces DNA Laboratory, including specific authorization to augment assigned personnel when additional assets and resources are necessary. The American Legion remains steadfast in our commitment to the goal of achieving the fullest possible accounting for all US military and designated civilian personnel missing from our nation's wars.

JPAC was forced to reduce field operations in pursuit of missing US personnel in early 2006 due to a failure of the Defense Department to provide adequate funding. The mission of JPAC has been expanded by Congress to include investigation and recovery operations dating back to and including unaccounted for WWII personnel, while funding levels have not increased to meet this requirement. The headquarters currently utilized by JPAC is no longer capable of housing the expanded command nor the expanded laboratory requirements for forensic identifications. The American Legion calls on the Congress to ensure that JPAC has at least \$62 million per year in operation funds and an additional \$64 million per year for FY 2010 through FY 2011 for JPAC military construction funds as part of the budget for the Department of Defense in connection with JPAC. The American Legion calls on the Congress to ensure that such funds be approved and restricted for use for no purpose other than those included in the mission statement of the Joint POW/MIA Accounting Command, Hickam AFB, Hawaii.

The American Legion commends Admiral Timothy Keating, Commander, US Pacific Command, for his commitment to seek US Navy funding in the amount of \$105 million to begin

construction of a new JPAC headquarters, including a state-of-the-art laboratory in FY 2010, to be completed in FY 2011. Furthermore, The American Legion urges the US Congress to fully fund this US Navy military construction project to ensure that those who serve our nation – past, present, and future – are returned and accounted for as fully as possible.

CONCLUSION

Mr. Chairman and Members of the Subcommittee, The American Legion is impressed by President Obama's initial "top line" budget request. Like the rest of America, The American Legion waits to see the details, legislative initiatives and other specifics in the budget request he has promised to provide this month. The American Legion cannot over emphasize the importance of the enactment of the Military Construction, Veterans' Affairs and Related Agencies Appropriations Act for FY 2010 before the start of the new fiscal year.

The American Legion would greatly appreciate the support of this Subcommittee for advance appropriations for VA medical care in FY 2010 and FY 2011 in the FY 2010 Budget Resolution and the Military Construction, Veterans' Affairs and Related Agencies Appropriations Act for FY 2010.

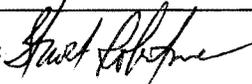
The American Legion thanks the Subcommittee once again for being allowed to testify today and I welcome any questions you or your colleagues may have.

**SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS' AFFAIRS
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES**

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information. A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

<p>Your Name, Business Address, and Telephone Number:</p> <p>Steve Robertson, Director National Legislative Commission The American Legion 1608 K Street, NW Washington, DC 20006</p>
<p>1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing.</p> <p>The American Legion</p>
<p>2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006?</p> <p style="text-align: center;">Yes No <input checked="" type="checkbox"/></p>
<p>3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing.</p>

Signature: 

Date: 4/23/09

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

**STEVE ROBERTSON, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION**

Steve Robertson was named Director of the National Legislative Division in May 1993.

He began his career with The American Legion in 1988 as Assistant Director of that Division. In 1991 while serving in Operation Desert Storm, he was promoted to Deputy Director. Prior to his Legion employment, he was a Disabled Veterans Program (DVOP) specialist for Job Service North Dakota.

As a military policeman in the DC Army National Guard, he was activated in January 1991 during the Persian Gulf War and served from February to June in Saudi Arabia. In June 1996, he completed 20 years of military service and will retire at the rank of Captain, USAF, in 2010.

He served 12 years in the U.S. Air Force from 1973 to 1985 as a Security Police Officer in Louisiana, Turkey and North Dakota; a Missile Combat Crew Commander for the Minuteman III ICBM in North Dakota; and as a Flight Commander for the Ground Launched Cruise Missile (GLCM) in Sicily.

A third generation Legionnaire, his post home is Post 14 in Shreveport, LA. His grandfather was a World War I Army veteran and his father was a World War II Army veteran. His wife is a retired Air Force veteran and his oldest son is currently an Army Officer and just completed a second tour in Iraq.

Steve is a graduate of Louisiana Tech University.

Mr. EDWARDS. Thanks for your testimony. And thanks for your oversight.

You know, I said I wanted three goals to pursue when I became chairman. One is to provide more funding for the V.A.; two, exercise more oversight; and, three, encourage innovation. And you are a partner in all three of those, but particularly in oversight.

While we have plused up significantly the inspector general's office, they can't compete with millions of veterans out there every day that are seeing what is going on firsthand in the hospitals. So thank you.

Mr. ROBERTSON. With the number of volunteers, that is the other area that we get a lot of input. We have so many people that work as volunteers day in and day out. A lot of times, they will tell us when there has been a position that has been held open for a long period of time without being filled or a problem with one of the facilities that they know needs to be replaced or equipment that is on backlog.

So we have a lot of assistance out there.

Mr. EDWARDS. And let me just say, in regard to advanced appropriations, that decision hasn't been made yet, but I know that, because of the interest and the priority shown on this issue among our veteran service organizations, including the Legion, there are a lot of serious discussions going on about seeing how that could be put into place.

So the concerns expressed repeatedly by our VSOs have been heard and are being, as we speak, being considered.

Mr. Wamp.

Mr. WAMP. Total respect for the American Legion. Appreciate Steve, as well. You are a great advocate, and thanks for the testimony. And we will be with you.

I understand the desire to sometimes take us out of this picture, but I do think that Chairman Edwards' leadership has proven that we can annually allocate these resources in an effective way and get the money to you on time and use this process to make the V.A. more accountable. And I know that forward funding sounds good, but to me, it will make the V.A. less accountable.

I don't want to get in that fight today, but I do see the pressure from these hearings, from this process helping right now. So I totally understand where you are coming from with the constant flow of dollars, but I also think if they don't have to come here, the pressure is off.

I have seen it in other directions, other agencies. There are other agencies—frankly, like the Tennessee Valley Authority that used to receive federal appropriations. And I guarantee you, they are less accountable today to the taxpayer, the rate payer, and the Congress because they don't receive appropriations than when they did annually.

And that is just one example. There are many.

Mr. EDWARDS. Thank you, Mr. Wamp. Thank you for your leadership and partnership.

And, Sam, we did get a bill passed on time last year, and we are going to make every effort to do so this year.

Mr. Farr.

Mr. FARR. No questions, just thank you. Longest testimony we have, and thank you for doing it within a short period of time.

Mr. ROBERTSON. Thank you, sir.

Mr. FARR. You are doing a good job, Steve. Really appreciate it.

Mr. EDWARDS. If you would sit there and let the Independent Budget group come up. And then we will have you back to the table if there are any questions and answers after the Independent Budget presentation.

Could I now ask those of you that are here with Independent Budget, Ray Kelley with AMVETS, Kerry Baker with DAV, Carl Blake with Paralyzed Veterans of America, and Christopher Needham with Veterans of Foreign Wars.

Thank you all. Thank you again for the incredible partnership that you have been an important part of over the last several years. We have passed historic and unprecedented increases in V.A. funding. You have been a terribly important part of that successful effort, and we thank you for that. And thanks for being here.

I would like to recognize you in whatever order you would care to.

Mr. BLAKE. Well, Mr. Chairman, I guess sort of the way we have normally done it is, we speak on the health care piece. PVA has responsibility for that. And then I will defer to DAV on the benefits.

Mr. EDWARDS. And, Carl, for the transcription, if you would just—as you begin your speech, if you would say who you are and what you are representing.

THURSDAY, APRIL 23, 2009.

**THE INDEPENDENT BUDGET AND PARALYZED
VETERANS OF AMERICA**

WITNESS

CARL BLAKE

STATEMENT OF CARL BLAKE

Mr. BLAKE. Yes, sir.

Chairman Edwards, Ranking Member Wamp, Mr. Farr, I would like to thank you again for the opportunity to testify today on behalf of the Independent Budget on the fiscal year 2010 budgetary needs of the Department of Veterans Affairs health care system.

I am Carl Blake with Paralyzed Veterans of America. I want to echo the sentiments of Steve from the Legion. We certainly appreciate everything the subcommittee has accomplished in the last 2 years. I don't think we would be where we are at without your leadership and, really, the support of the full subcommittee. So we certainly appreciate that.

We were pleased to see that the initial information from the administration suggests what will probably be a significant increase in the budget once again. It really will be a truly historic budget, if we get what has been proposed by the administration.

We will withhold any final judgment on that until we have much more details. I think we are anxiously awaiting it, just like I am sure you and your staff are, as well.

For fiscal year 2010, the Independent Budget does recommend approximately \$46.6 billion for total medical care, which is an increase of about \$3.6 billion over the fiscal year 2009 operating budget level.

Our medical services recommendation includes approximately \$36.6 billion, which includes \$34.6 billion for current services, \$1.17 billion for an increase in patient workload, and \$790 million for policy initiatives.

I won't go into great detail about our breakdown for the increase in patient workload, but it is explained in some detail in my written statement, and it is also explained in more detail in the full Independent Budget, which I believe your committee staff has received already.

Our policy initiatives include about \$250 million to continue to expand the mental health services within the V.A., approximately \$440 million to close the capacity gap for long-term care services that currently exist between what is mandated by the millennium health care bill, which is Public Law 106-117, and what the V.A. currently maintains, and then \$100 million for prosthetics.

For medical support and compliance, the Independent Budget recommends approximately \$4.6 billion and, for medical facilities, approximately \$5.4 billion. This includes an additional \$150 million for non-recurring maintenance.

The PVA, along with the Independent Budget, would like to thank you for your work on the stimulus bill and the funding that was included in that.

We recognize that that bill included a significant amount of money directed towards non-recurring maintenance, which I think we have identified in recent years as being one of the major problems in the V.A. funding stream because of the lack of funding and because that, in the past, was always one of the accounts that was cannibalized when transfers were needed and funding was needed to come up with in shortfall years.

But, again, we thank the subcommittee for the work on the stimulus bill and the money that was provided. We were disappointed that there wasn't some funding directed towards major and minor construction, but we look forward to seeing what the administration proposes to add funding to those accounts for fiscal year 2010.

And, finally, Mr. Chairman, as you know, we all support H.R. 1016, the Veterans Health Care Budget Reform and Transparency Act. I won't go into any details about our position other than you know where we stand, and we would appreciate hearing what you have to say about the consideration being given to it.

As you probably know, the president did reaffirm his commitment to it about 2 weeks ago in a press conference where he had all the veteran service organizations there, so that has just emboldened us a little more, I believe.

And so we are going to continue to work on that issue, and we look forward to having more in-depth discussions about that alone with everyone on the subcommittee, if you would like, at a later time. We will be testifying on this issue and, I guess, broader fund-

ing reform issues before the House Committee on Veterans Affairs next week.

So I would encourage you to take note of that and listen in to see what we have to say, as well.

So, again, Mr. Chairman, I would like to thank you and the subcommittee for all of your work. And I would be happy to answer any questions.

[The prepared statement of Carl Blake follows:]



**STATEMENT OF
CARL BLAKE
NATIONAL LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VETERANS AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET
FOR FISCAL YEAR 2010**

APRIL 23, 2009

Chairman Edwards, Ranking Member Wamp, and members of the Subcommittee, as one of the four co-authors of *The Independent Budget* (IB), Paralyzed Veterans of America (PVA) is pleased to present the views of *The Independent Budget* regarding the funding requirements for the Department of Veterans Affairs (VA) health care system for FY 2010.

Chartered by the Congress of the United States

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PVA, along with AMVETS, Disabled American Veterans, and the Veterans of Foreign Wars, is proud to come before you this year to present the 23rd edition of *The Independent Budget*, a comprehensive budget and policy document that represents the true funding needs of the Department of Veterans Affairs. *The Independent Budget* uses commonly accepted estimates of inflation, health care costs and health care demand to reach its recommended levels. This year, the document is endorsed by over 60 veterans' and military service organizations, and medical and health care advocacy groups.

The process leading up to FY 2009 was extremely challenging. For the second year in a row, VA received historic funding levels that matched, and in some cases exceeded, the recommendations of the IB. Moreover, for only the third time in the past 22 years, VA received its budget prior to the start of the new fiscal year on October 1. Mr. Chairman, much of the credit for this sufficient and timely budget goes to the excellent work of this Subcommittee and the staff.

However, even with this success, the process was still flawed. The FY 2009 funding was provided through a combination continuing resolution/omnibus appropriations act. The underlying Military Construction and Veterans Affairs appropriations bill for FY 2009 was not actually completed by Congress in the regular order. While the House passed the bill in the summer, the Senate never brought its bill up for a floor vote. This fact serves as a continuing reminder that, despite excellent funding levels provided over the last two years, the larger appropriations process is completely broken.

PVA is pleased to see that the initial information provided by the Administration suggests a very good budget for the VA in FY 2010. The discretionary funding levels provide for a truly significant increase. However, we will withhold final judgment on the budget submission until we have much more details about the FY 2010 budget. Moreover, we would like to highlight our concern that the out year projections for VA funding do not seem to reflect sufficient budgets to serve the needs of veterans. In fact, the projected increases in all cases are less than three percent. We would be very interested in an explanation and justification for the small out year spending increases.

For FY 2010, *The Independent Budget* recommends approximately \$46.6 billion for total medical care, an increase of \$3.6 billion over the FY 2009 operating budget level established by P.L. 110-329, the “Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009.” Our recommendation reinforces the long-held policy that medical care collections should be a supplement to, not a substitute for, real dollars. Until Congress and the Administration fairly address the inaccurate estimates for Medical Care Collections, the VA operating budget should not include these estimates as a component.

The medical care appropriation includes three separate accounts—Medical Services, Medical Support and Compliance, and Medical Facilities—that comprise the total VA health care funding level. For FY 2010, *The Independent Budget* recommends approximately \$36.6 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate.....	\$34,608,814,000
Increase in Patient Workload.....	\$1,173,607,000
Policy Initiatives.....	\$790,000,000
Total FY 2010 Medical Services.....	\$36,572,421,000

In order to develop our current services estimate, we first added the estimated collections for FY 2009 to the Medical Services appropriation for FY 2009. This best reflects the total budget authority that the VA will use to provide health care services. This amount was then increased by relevant rates of inflation. We also use the Obligations by Object in the President’s Budget submission in order to set the framework for our recommendation. We believe this method allows us to apply more accurate inflation rates to specific sub-accounts within the overall account. Our inflation rates are based on five-year averages of different inflation categories from the Consumer Price Index-All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics every month. This year proved particularly challenging when determining inflation rates to apply due to the difficulty in making assumptions about the long-term economic course of the country. However, by using an average of past inflation rates, we are better able to reasonably reflect the impact on the medical care accounts of the VA, even if a dramatic up-turn or down-turn occurs.

Our increase in patient workload is based on a projected increase of 93,000 new unique patients—Priority Group 1-8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately \$639 million. The increase in patient workload also includes a projected increase of 90,000 new Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) veterans at a cost of approximately \$279 million. Finally, our increase in workload includes the projected increase of new Priority Group 8 veterans who will use the VA health care system as a result of the recent decision to expand Priority Group 8 enrollment by 10 percent. The VA estimated that this policy change would allow enrollment of approximately 265,000 new enrollees. Based on a historic Priority Group 8 utilization rate of 25 percent, we estimate that approximately 66,250 of these new enrollees will become users of the system. This translates to a cost of approximately \$255 million.

Our policy initiatives include a continued investment in mental health and related services, returning the VA to its mandated long-term care capacity, and meeting prosthetics needs for current and future generations of veterans. For mental health and related services, the IB recommends approximately \$250 million. In order to restore the VA's long-term care average daily census (ADC) to the level mandated by P.L. 106-117, the "Millennium Health Care Act," we recommend \$440 million. Finally, to meet the increase in demand for prosthetics, the IB recommends an additional \$100 million.

For Medical Support and Compliance, *The Independent Budget* recommends approximately \$4.6 billion. This new account was established by the FY 2009 appropriations bill, replacing the Medical Administration account. Finally, for Medical Facilities, *The Independent Budget* recommends approximately \$5.4 billion. This amount includes an additional \$150 million for non-recurring maintenance for the VA to begin addressing the massive backlog of infrastructure needs beyond those addressed through the recently enacted Stimulus bill.

The IBVSOs contend that despite the recent increases in VA health-care funding VA does not have the resources necessary to completely remove the prohibition on enrollment of Priority Group 8 veterans, who have been blocked from enrolling in VA since January 17, 2003. In response to this continuing policy, the Congress included additional funding to begin opening the

VA health care system to some Priority Group 8 veterans. In fact, the final approved FY 2009 appropriations bill included approximately \$375 million to increase enrollment of Priority Group 8 veterans by 10 percent. This will allow the lowest income and uninsured Priority Group 8 veterans to begin accessing VA health care.

We are also pleased to see that the Administration proposes in its initial budget outline to further open the VA health care system to more than 500,000 new Priority Group 8 veterans over the next five years. Unfortunately, no cost estimates or real explanation have been offered as to how this policy change will take affect. We would only caution the Subcommittee to ensure that adequate resources are provided; that this policy change is rolled out in a sensible manner; and that the cost of this proposal will not be forced on to the backs of other veterans.

The Independent Budget believes that providing a cost estimate for the total cost to reopen VA's health care system to all Priority Group 8 veterans is a monumental task. That being said, we have developed an estimate based on projected new users and based on second hand information we have received regarding numbers of Priority Group 8 veterans who have actually been denied enrollment into the health care system. We have received information that suggests that the VA has actually denied enrollment to approximately 565,000 veterans. We estimate that such a policy change would cost approximately \$545 million in the first year, assuming that about 25 percent (141,250) of these veterans would actually use the system. If, assuming a worst-case scenario, all of these veterans who have actually been denied enrollment were to become users of the VA health care system, the total cost would be approximately \$2.2 billion. These cost estimates reflect a total cost that does not include the impact of medical care collections. We believe that it is time for VA and Congress to develop a workable solution to allow all eligible Priority Group 8 veterans to begin enrolling in the system.

For Medical and Prosthetic Research, *The Independent Budget* recommends \$575 million. This represents a \$65 million increase over the FY 2009 appropriated level. We are particularly pleased that Congress has recognized the critical need for funding in the Medical and Prosthetic Research account in the last couple of years. Research is a vital part of veterans' health care, and an essential mission for our national health care system. VA research has been grossly

underfunded in contrast to the growth rate of other federal research initiatives. At a time of war, the government should be investing more, not less, in veterans' biomedical research programs.

The Independent Budget recommendation also includes a significant increase in funding for Information Technology (IT). For FY 2010, we recommend that the VA IT account be funded at approximately \$2.713 billion. This amount includes approximately \$130 million for an Information Systems Initiative to be carried out by the Veterans Benefits Administration. This initiative is explained in greater detail in the policy portion of *The Independent Budget*. We would also encourage the Subcommittee to closely scrutinize this account through its oversight role. In recent years, significant funds have been transferred around the VA system to plus-up the IT account as a part of the centralization of the IT infrastructure in VA. And yet, there is still real concern about what if any benefits the entire VA system has realized as a result of this centralization.

Paralyzed Veterans of America is pleased that the "American Recovery and Reinvestment Act of 2009" (also the Stimulus bill) included a substantial amount of funding for veterans programs. The legislation identified areas of significant need within the VA system, particularly as it relates to infrastructure needs. While we were disappointed that additional funding was not provided for major and minor construction in the Stimulus bill, we recognize that the funding that was provided will be critically important to the VA going forward. It is also important to note that we do not believe the funding provided in the Stimulus bill should impact our recommendations for the VA. We have been told that the VA intends to spend that funding in the current fiscal year; therefore, the funding needs for FY 2010 will still remain.

As explained in *The Independent Budget*, there is a significant backlog of major and minor construction projects awaiting action by the VA and funding from Congress. We have been disappointed that there has been inadequate follow-through on issues identified by the Capital Asset Realignment for Enhanced Services (CARES) process. In fact, we believe it may be time to revisit the CARES process all together. For FY 2010, *The Independent Budget* recommends approximately \$1.123 billion for Major Construction and \$827 million for Minor Construction.

The Minor Construction recommendation includes \$142 million for research facility construction needs.

Mr. Chairman, we would like to express our support for a critical bill that has been introduced for the 111th Congress—H.R. 1016, the “Veterans Health Care Budget Reform and Transparency Act.” For more than a decade, the Partnership for Veterans Health Care Budget Reform (Partnership), made up of nine veterans service organizations including PVA, and our IB co-authors, has advocated for reform in the VA health-care budget process. The Partnership worked with the House and Senate Committees on Veterans’ Affairs last year to develop this alternative proposal that would change the VA’s medical care appropriation to an “advance appropriation,” guaranteeing funding for the health-care system up to one year in advance of the operating year. This alternative proposal would ensure that the VA received its funding in a timely and predictable manner. Furthermore, it would provide an option the IBVSOs believe is politically more viable than mandatory funding, and is unquestionably better than the current process.

Moreover, to ensure sufficiency, our advance appropriations proposal would require that VA’s internal budget actuarial model be shared publicly with Congress to reflect the accuracy of its estimates for VA health-care funding, as determined by a Government Accountability Office (GAO) audit, before political considerations take over the process. This feature would add transparency and integrity to the VA health-care budget process. We hope that the Subcommittee will seriously consider this proposal going forward. Our advance appropriations proposal will in no way diminish the authority you have to determine the funding levels to be provided to the VA. We believe it is simply the best model to ensure sufficient, timely, and predictable funding. In the end, it is easy to forget, that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this nation.

Finally, Mr. Chairman, I would like to express our thanks to you and your colleagues for opposing the policy proposal that the Administration recently considered that would allow the VA health care system to bill a veteran’s insurance for the care and treatment of a disability or injury that was determined to have been incurred in or the result of the veteran’s honorable

military service to our country. While we understand the fiscal difficulties this country faces right now, placing the burden of those fiscal problems on the men and women who have already sacrificed a great deal for this country is unconscionable. We would also urge the Subcommittee to examine the Administration's full budget submission when it is released to ensure that similar unacceptable proposals are not included. We will not accept an increased budget, no matter how significant, if it further burdens veterans to provide care.

Mr. Chairman, again we thank you for the outstanding work of the Subcommittee during the 110th Congress. We look forward to working with you to realize similar success in the future. This concludes my testimony. I will be happy to answer any questions you may have.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2009

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—
National Veterans Legal Services Program— \$300,000 (estimated).

Fiscal Year 2008

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation —
National Veterans Legal Services Program— \$302,556.

Fiscal Year 2007

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation —
National Veterans Legal Services Program— \$301, 729.

**William Carl Blake
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Carl Blake is the National Legislative Director for Paralyzed Veterans of America (PVA) at PVA's National Office in Washington, D.C. He is responsible for the planning, coordination, and implementation of PVA's relations with the United States Congress and federal departments and agencies. He develops and executes PVA's Washington agenda in areas of budget, appropriations, health care, and veterans' benefits issues. He also represents PVA to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, and the Office of Personnel Management.

Carl was raised in Woodford, Virginia. He attended the United States Military Academy at West Point, New York. He received a Bachelor of Science Degree from the Military Academy in May 1998.

Upon graduation from the Military Academy, he was commissioned as a Second Lieutenant in the Infantry in the United States Army. He was assigned to the 504th Parachute Infantry Regiment (1st Brigade) of the 82nd Airborne Division at Fort Bragg, North Carolina. He graduated from Infantry Officer Basic Course, U.S. Army Ranger School, U.S. Army Airborne School, and Air Assault School. His awards include the Army Commendation Medal, Expert Infantryman's Badge, and German Parachutist Badge. Carl retired from the military in October 2000 due to injuries suffered during a parachute operation.

Carl is a member of the Virginia-Mid-Atlantic chapter of the Paralyzed Veterans of America.

Carl lives in Fredericksburg, Virginia with his wife Venus, son Jonathan and daughter Brooke.

Mr. EDWARDS. I don't have a question, but let me just suggest something. I think one of the things I would recommend that you consider presenting to the subcommittee is how the subcommittee, if we went to 2-year funding for the V.A., how we would maintain not only the same level, but an increased level of oversight, what the pluses and minuses are.

I think the questions raised by Mr. Wamp are very legitimate. We all want to keep the hammer over the V.A. to see they are spending every dollar wisely.

Mr. BLAKE. Sure.

Mr. EDWARDS. Which is why you need timely funding, but address the question—not right now, but if you would in the weeks ahead. We will talk some more about that.

Mr. BLAKE. Thank you, Mr. Chairman.

Mr. EDWARDS. Okay, go ahead. Who is next?

THURSDAY, APRIL 23, 2009.

THE INDEPENDENT BUDGET AND AMVETS

WITNESS

RAY KELLEY

STATEMENT OF RAYMOND C. KELLEY

Mr. KELLEY. Thank you, Mr. Chairman.

Thank you, Ranking Member Wamp, Mr. Farr.

I am Ray Kelley from AMVETS, and I will be discussing the NCA issues, as it appears in the Independent Budget.

In fiscal year 2008, \$195 million was appropriated for NCA. That was \$28.2 million more than the administration's request, so I thank the committee for that.

Something to note out of that is only \$220,000 was carry over in that budget. So they spent their money—they awarded 39 of the 42 minor contracts that they had planned to award and granted \$37.3 million of the \$39.5 million in the state grants program.

They also, out of that budget, used \$25 million to invest in the national shrine commitment that we have advocated for the last several years to increase to \$50 million a year for a 5-year period.

NCA has also almost hit the mark on the percentage of veterans who fall within the 170,000 veterans 75-mile radius for burial benefits, make sure that they have access to burial benefits. And the Independent Budget is requesting that that model be changed, be reduced from 170,000 veterans down to 110,000 veterans.

The reason is, is that, over the next several years, there will be no other areas in the United States that will qualify for a national cemetery under this current policy. Reducing it will immediately open it up to, I think, five or six different areas that have a need already, that almost meet that 170,000 veteran qualifier.

Again, our total number will be \$291.5 million, and that includes the \$50 million for the shrine initiative. And I want to thank you for the \$50 million in the stimulus package that will go towards the shrine initiative.

And talking to NCA, they have it on good authority that they will spend that within the fiscal year 2009, so I will stick to continue to need \$50 million in the 2010 budget for that.

Mr. Akaka has introduced a bill—it is S. 728—which will provide a supplemental burial and memorial benefit to veterans. And it matches what the Independent Budget had asked for in the past with the increased plot allowance and burial benefit allowance.

And it comes really close to matching what past I.B.s have recommended, but it is a supplemental. And it is predicated on appropriations. So I support the bill. It will provide a substantial increase to veterans to help them in their final resting place.

And thank you again for holding this hearing. I am happy to answer any questions you have at this time.

[The prepared statement of Raymond C. Kelley follows:]



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STATEMENT OF

RAYMOND C. KELLEY
AMVETS NATIONAL LEGISLATIVE DIRECTOR

BEFORE THE

HOUSE MILITARY CONSTRUCTION AND VETERANS AFFAIRS
APPROPRIATIONS SUBCOMMITTEE

CONCERNING

THE *INDEPENDENT BUDGET* AND

THE DEPARTMENT OF VETERANS AFFAIRS
BUDGET REQUEST FOR FISCAL YEAR 2010

THURSDAY, APRIL 23, 2009

H-143 US CAPITOL

10:00AM

Chairman Edwards, Ranking Member Wamp, and members of the Committee:

AMVETS is honored to join our fellow veterans service organizations and partners at this important hearing on the Department of Veterans Affairs budget request for fiscal year 2010. My name is Raymond C. Kelley, National Legislative Director of AMVETS, and I am pleased to provide you with our best estimates on the resources necessary to carry out a responsible budget for VA.

AMVETS testifies before you as a co-author of *The Independent Budget*. This is the 23rd year AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars have pooled our resources to produce a unique document, one that has stood the test of time.

In developing the *Independent Budget*, we believe in certain guiding principles. Veterans should not have to wait for benefits to which they are entitled. Veterans must be ensured access to high-quality medical care. Specialized care must remain the focus of VA. Veterans must be guaranteed timely access to the full continuum of health care services, including long-term care. And, veterans must be assured accessible burial in a state or national cemetery in every state.

The VA healthcare system is the best in the country and responsible for great advances in medical science. VHA is uniquely qualified to care for veterans' needs because of its highly specialized experience in treating service-connected ailments. The delivery care system provides a wide array of specialized services to veterans like those with spinal cord injuries, blindness, traumatic brain injury, and post traumatic stress disorder.

Mr. Chairman, I want to thank you for introducing H.R. 1016, the Veterans Health Care Budget Reform and Transparency Act of 2009. Providing sufficient, predictable and timely funding for VA health care will go a long way in ensuring our veterans receive the care they need from fully staffed, state of the art VA medical centers. I also want to thank each member of the committee

who has co-sponsored this act, and for those how still have questions I look forward to further discussions so we can solve the problems of the current funding system.

As a partner of the *Independent Budget*, AMVETS devotes a majority of its time with the concerns of the National Cemetery Administration (NCA) and I would like to speak directly to the issues and concerns surrounding NCA.

The National Cemetery Administration

The Department of Veterans Affairs National Cemetery Administration (NCA) currently maintains more than 2.9 million gravesites at 125 national cemeteries in 39 states and Puerto Rico. Of these cemeteries, 65 will be open to all interments; 20 will accept only cremated remains and family members of those already interred; and 40 will only perform interments of family members in the same gravesite as a previously deceased family member. NCA also maintains 33 soldiers' lots and monument sites. All told, NCA manages 17,000 acres, half of which are developed.

VA estimates that about 27 million veterans are alive today. They include veterans from World War I, World War II, the Korean War, the Vietnam War, the Gulf War, the conflicts in Afghanistan and Iraq, and the Global War on Terrorism, as well as peacetime veterans. With the anticipated opening of the new national cemeteries, annual interments are projected to increase from approximately 100,000 in 2007 to 111,000 in 2009. Historically, 12 percent of veterans opt for burial in a state or national cemetery.

The most important obligation of the NCA is to honor the memory of America's brave men and women who served in the armed forces. Therefore, the purpose of these cemeteries as national shrines is one of the NCA's top priorities. Many of the individual cemeteries within the system are steeped in history, and the monuments, markers, grounds, and related memorial tributes represent the very foundation of the United States. With this understanding, the grounds, including monuments and individual sites of interment, represent a national treasure that deserves to be protected and cherished.

The Independent Budget veterans service organizations (IBVSOs) would like to acknowledge the dedication and commitment of the NCA staff who continue to provide the highest quality of service to veterans and their families. We call on the Administration and Congress to provide the resources needed to meet the changing and critical nature of NCA's mission and fulfill the nation's commitment to all veterans who have served their country honorably and faithfully.

In FY 2008, \$195 million was appropriated for the operations and maintenance of NCA, \$28.2 million over the administration's request, with only \$220,000 in carryover. NCA awarded 39 of the 42 minor construction projects that were in the operating plan. The State Cemetery Grants Service awarded \$37.3 million of the \$39.5 million that was appropriated. This carryover was caused by the cancellation of a contract that NCA had estimated to be \$2 million but the contractor's estimation was considerably higher. Additionally, \$25 million was invested in the National Shrine Commitment.

NCA has done an exceptional job of providing burial options for 88 percent of all veterans who fall within the 170,000 veterans within a 75 mile radius threshold model. However, under this model, no new geographical area will become eligible for a National Cemetery until 2015. St. Louis, Mo. will, at that time, meet the threshold due to the closing of Jefferson Barracks National Cemetery in 2017. Analysis shows that the five areas with the highest veteran population will not become eligible for a National Cemetery because they will not reach the 170,000 threshold.

NCA has spent years developing and maintaining a cemetery system based on a growing veteran population. In 2010 our veteran population will begin to decline. Because of this downward trend, a new threshold model must be developed to ensure more of our veterans will have reasonable access to their burial benefits. Reducing the mile radius to 65 miles would reduce the veteran population that is served from 90 percent to 82.4 percent, and reducing the radius to 55 miles would reduce the served population to 74.1 percent. Reducing the radius alone to 55 miles would only bring two geographical areas in to 170,000 population threshold in 2010, and only a few areas into this revised model by 2030.

Several geographical areas will remain unserved if the population threshold is not reduced. Lowering the population threshold to 100,000 veterans would immediately make several areas eligible for a National Cemetery regardless of any change to the mile radius threshold. A new threshold model must be implemented so more of our veterans will have access to this earned benefit.

National Cemetery Administration (NCA) Accounts

The Independent Budget recommends an operations budget of \$241.5 million for the NCA for fiscal year 2010 so it can meet the increasing demands of interments, gravesite maintenance, and related essential elements of cemetery operations.

The NCA is responsible for five primary missions: (1) to inter, upon request, the remains of eligible veterans and family members and to permanently maintain gravesites; (2) to mark graves of eligible persons in national, state, or private cemeteries upon appropriate application; (3) to administer the state grant program in the establishment, expansion, or improvement of state veterans cemeteries; (4) to award a presidential certificate and furnish a United States flag to deceased veterans; and (5) to maintain national cemeteries as national shrines sacred to the honor and memory of those interred or memorialized.

The national cemetery system continues to be seriously challenged. Though there has been progress made over the years, the NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country. Visitors to many national cemeteries are likely to encounter sunken graves, misaligned and dirty grave markers, deteriorating roads, spotty turf and other patches of decay that have been accumulating for decades. If the NCA is to continue its commitment to ensure national cemeteries remain dignified and respectful settings that honor deceased veterans and give evidence of the nation's gratitude for their military service, there must be a comprehensive effort to greatly improve the condition, function, and appearance of all our national cemeteries.

Therefore, in accordance with “An Independent Study on Improvements to Veterans Cemeteries,” which was submitted to Congress in 2002, *The Independent Budget* again recommends Congress establish a five-year, \$250 million “National Shrine Initiative” to restore and improve the condition and character of NCA cemeteries as part of the FY2008 operations budget. *Volume 2* of the Independent Study provides a system wide, comprehensive review of the conditions at 119 national cemeteries. It identifies 928 projects across the country for gravesite renovation, repair, upgrade, and maintenance. These projects include cleaning, realigning, and setting headstones and markers; cleaning, caulking, and grouting the stone surfaces of columbaria; and maintaining the surrounding walkways. Grass, shrubbery, and trees in burial areas and other land must receive regular care as well. Additionally, cemetery infrastructure, i.e. buildings, grounds, walks, and drives must be repaired as needed. According to the Study, these project recommendations were made on the basis of the existing condition of each cemetery after taking into account the cemetery’s age, its burial activity, burial options and maintenance programs.

The IBVSOs is encouraged that \$25 million was set aside for the National Shrine Commitment for FY 07 and 08. The NCA has done an outstanding job thus far in improving the appearance of our national cemeteries, but we have a long way to go to get us where we need to be. By enacting a five-year program with dedicated funds and an ambitious schedule, the national cemetery system can fully serve all veterans and their families with the utmost dignity, respect, and compassion.

In addition to the management of national cemeteries, the NCA is responsible for the Memorial Program Service. The Memorial Program Service provides lasting memorials for the graves of eligible veterans and honors their service through Presidential Memorial Certificates. Public Laws 107-103 and 107-330 allow for a headstone or marker for the graves of veterans buried in private cemeteries who died on or after September 11, 2001. Prior to this change, the NCA could provide this service only to those buried in national or state cemeteries or to unmarked graves in private cemeteries. Public Law 110-157 gives VA authority to provide a medallion to be

attached to the headstone or marker of veterans who are buried in a private cemetery. This benefit is available to veterans in lieu of a government furnished headstone or marker.

The IBVSOs call on the Administration and Congress to provide the resources required to meet the critical nature of the NCA mission and fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully. Congress should provide NCA with \$241.5 million for fiscal year 2010 to offset the costs related to increased workload, additional staff needs, general inflation and wage increases and Congress should include as part of the NCA appropriation \$50 million for the first stage of a \$250 million five-year program to restore and improve the condition and character of existing NCA cemeteries.

The State Cemetery Grants Program

The State Cemeteries Grant Program faces the challenge of meeting a growing interest from states to provide burial services in areas that are not currently served. The intent of the SCGP is to develop a true complement to, not a replacement for, our federal system of national cemeteries. With the enactment of the Veterans Benefits Improvements Act of 1998, the NCA has been able to strengthen its partnership with states and increase burial service to veterans, especially those living in less densely populated areas not currently served by a national cemetery. Currently there are 55 state and tribal government cemetery construction grant pre-applications, 34 of which have the required state matching funds necessary totaling \$120.7 million.

The Independent Budget recommends that Congress appropriate \$52 million for SCGP for FY 2010. This funding level would allow SCGP to establish six new state cemeteries that will provide burial options for 179,000 veterans who live in a region that currently has no reasonably accessible state or national cemetery.

Burial Benefits

In 1973 NCA established a burial allowance that provided partial reimbursements for eligible funeral and burial costs. The current payment is \$2,000 for burial expenses for service-connected (SC) death, \$300 for non-service-connected (NSC) deaths, and \$300 for plot allowance. At its inception, the payout covered 72 percent of the funeral cost for a service-connected death, 22 percent for a non-service-connected death, and 54 percent of the burial plot cost. In 2007 these benefits eroded to 23 percent, 4 percent, and 14 percent respectively. It is time to bring these benefits back to their original value.

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potters' fields. In 1923 the allowance was modified. The benefit was determined by a means test, and then in 1936 the allowance was changed again, removing the means test. In its early history, the burial allowance was paid to all veterans, regardless of the service-connectivity of their death. In 1973 the allowance was modified to reflect the relationship of their death as service connected or not.

The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery. Although neither the plot allowance nor the burial allowances were intended to cover the full cost of a civilian burial in a private cemetery, the increase in the benefit's value indicates the intent to provide a meaningful benefit by adjusting for inflation.

The national average cost for a funeral and burial in a private cemetery has reached \$8,555, and the cost for a burial plot is \$2,133. At the inception of the benefit the average costs were \$1,116 and \$278 respectively. While the cost of a funeral has increased by nearly seven times the burial benefit has only increased by 2.5 times. To bring both burial allowances and the plot allowance back to its 1973 value, the SC benefit payment will be \$6,160, the NSC benefit value payment will be \$1,918, and the plot allowance will increase to \$1,150. Readjusting the value of these benefits, under the current system, will increase the obligations from \$70.1 million to \$335.1

million per year.

Based on accessibility and the need to provide quality burial benefits, *The Independent Budget* recommends that VA separate burial benefits into two categories: veterans who live inside the VA accessibility threshold model and those who live outside the threshold. For those veterans who live outside the threshold, the SC burial benefit should be increased to \$6,160, NSC veteran's burial benefit should be increased to \$1,918, and plot allowance should increase to \$1,150 to match the original value of the benefit. For veterans who live within reasonable accessibility to a state or national cemetery that is able to accommodate burial needs, but the veteran would rather be buried in a private cemetery the burial benefit should be adjusted. These veterans' burial benefits will be based on the average cost for VA to conduct a funeral. The benefit for a SC burial will be \$2,793, the amount provided for a NSC burial will be \$854, and the plot allowance will be \$1,150. This will provide a burial benefit at equal percentages, but based on the average cost for a VA funeral and not on the private funeral cost that will be provided for those veterans who do not have access to a state or national cemetery.

The recommendations of past legislation provided an increased benefit for all eligible veterans but it currently fails to reach the intent of the original benefit. The new model will provide a meaningful benefit to those veterans whose access to a state or national cemetery is restricted as well as provides an improved benefit for eligible veterans who opt for private burial. Congress should increase the plot allowance from \$300 to \$1,150 for all eligible veterans and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime. Congress should divide the burial benefits into two categories: veterans within the accessibility model and veterans outside the accessibility model. Congress should increase the service-connected burial benefit from \$2,000 to \$6,160 for veterans outside the radius threshold and \$2,793 for veterans inside the radius threshold. Congress should increase the non-service-connected burial benefit from \$300 to \$1,918 for veterans outside the radius threshold and \$854 for veterans inside the radius threshold. Congress should enact legislation to adjust these burial benefits for inflation annually.

The NCA honors veterans with a final resting place that commemorates their service to this nation. More than 2.8 million soldiers who died in every war and conflict are honored by burial in a VA national cemetery. Each Memorial Day and Veterans Day we honor the last full measure of devotion they gave for this country. Our national cemeteries are more than the final resting place of honor for our veterans; they are hallowed ground to those who died in our defense, and a memorial to those who survived.

Mr. Chairman, this concludes my testimony. I thank you again for the privilege to present our views, and I would be pleased to answer any questions you might have.

Raymond C. Kelley
AMVETS National Legislative Director

Ray Kelley is the National Legislative Director for AMVETS (American Veterans) at AMVETS National Headquarters in Lanham, Md. He is responsible for the planning, coordination, and implementation of AMVETS' relations with the United States Congress and federal departments and agencies, and other organizations. He develops and executes AMVETS' Washington agenda in areas of budget, appropriations, health care, veterans' benefits issues, national security, and foreign policy. Ray also represents AMVETS to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, and the Office of Personnel Management. Ray's work also includes building relationships with other non-profit organizations and developing plans to promote veteran transition to civilian life after their honorable service.

Ray served six years in the United States Marine Corps. He left the service and earned a Bachelor of Science in Political Science from Indiana University. Upon completion of his degree, Ray entered service in the Army Reserve and in April of 2006, Ray was deployed to Iraq as a Psychological Operations Team Leader. Ray served for 12 months in the base of the Sunni/Shi'ia tri-angle.

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April 23, 2009

The Honorable Chet Edwards, Chairman
House Military Construction, Veterans Administration Appropriations
Subcommittee
H-143 The Capital
Washington, D.C. 20510

Dear Chairman Edwards:

Neither AMVETS nor I have received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the April 23, 2009 Appropriations Subcommittee hearing on the VA's budget request for fiscal year 2010.

Sincerely,

Raymond C. Kelley

Raymond C. Kelley
National Legislative Director

Mr. EDWARDS. All right, thank you and AMVETS for all you do on behalf of veterans. Thank you for being here today.

THURSDAY, APRIL 23, 2009.

**THE INDEPENDENT BUDGET AND VETERANS OF
FOREIGN WARS**

WITNESS

CHRISTOPHER M. NEEDHAM

STATEMENT OF CHRISTOPHER NEEDHAM

Mr. NEEDHAM. Mr. Chairman, my name is Chris Needham. I am with the Veterans of Foreign Wars, and I would like to thank you for the opportunity to testify today.

We handle the construction portion of the Independent Budget, so I will limit my remarks to that.

Our major concern with respect to major construction is the growing backlog of projects. Because V.A.'s projects are funded on a multistage basis, there are a large number of projects that have opened that have not received full funding. That total backlog is about \$2 billion.

So as V.A. moves forward, that represents a challenge, that these projects need to be funded before we can necessarily move on to some of these other projects and other priorities that V.A. needs filled.

Overall, we look at the construction budget in terms of recapitalization, that major-minor maintenance, they all sort of tie together to provide the overall capital budget. Now, the standard for that that industries use is about 5 percent to 8 percent of plant replacement value.

V.A.'s most recent estimated plant replacement value is about \$85 billion. So, accordingly, that means that the total capital budget should be in the range of \$4 billion to \$4.25 billion, a little above that, perhaps.

In the last fiscal year, the administration's request was about \$3.6 billion. And the increase that this committee helped push through brought V.A. to in line with what the recommendations are. We sincerely appreciate your efforts on that.

The other issue is with respect to minor construction. And that is another issue where you guys have really done a great job to increase funding.

Now, minor construction has sort of grown in importance, because a lot of minor construction goes to helping non-recurring maintenance issues. And those are the simple things, sort of the one-time issues that need to be fixed to help maintain facilities and keep them running.

It could be something as simple as maybe changing the flooring or repairing walls, but it is also important safety issues such as, you know, fire and sprinkler systems, elevators, just those one-time things that help make sure that these buildings last as long as we need them to. So the increases in minor construction help take care of non-recurring maintenance.

And as Carl spoke of earlier, we definitely appreciate the stimulus bill and the \$1 billion included in that for non-recurring maintenance. It really does help, because V.A.'s estimates are of about—it is about a \$4 billion backlog in maintenance issues.

And that \$1 billion goes a long way towards fixing that backlog, but it also attests to the need that we need to continue to address these projects and these priorities.

One other small issue I will get to, with respect to minor construction, is medical research. Medical research projects right now have to compete with direct health care projects, in terms of prioritization. And as a result, often medical research falls far below some of these other priorities.

The Draft National CARES Plan identified about \$142 million in laboratory improvements. And we would like to see these funded.

Now, these are important, you know, mostly for—not just for safety and health concerns, but also for recruitment and retention, that if you are showing a doctor around, you know, somebody you are trying to hire, and he sees a laboratory from the 1960s, you know, he might run in terror.

But what we need to do is we need to have high-quality, first-class, modern research facilities, both for recruitment, but also so that V.A. can continue to do its wonderful research.

Thank you.

[The prepared statement of Christopher Needham follows:]

**VETERANS OF FOREIGN WARS
OF THE UNITED STATES**

STATEMENT OF

CHRISTOPHER NEEDHAM, SENIOR LEGISLATIVE ASSOCIATE
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

**INDEPENDENT BUDGET'S VA CONSTRUCTION BUDGET REQUEST FOR
FISCAL YEAR 2010**

WASHINGTON, D.C.

APRIL 23, 2009

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the 2.4 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today. The VFW works alongside the other members of the Independent Budget (IB) – AMVETS, Disabled American Veterans and Paralyzed Veterans of America – to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the construction portion of the IB, so I will limit my remarks to that portion of the budget.

On May 5, 2008, VA released the final results of its Capital Asset Realignment for Enhanced Services (CARES) business plan study for Boston, Massachusetts. The decision to keep the four Boston-area medical campuses open was the culmination of many years of work and tens of millions of dollars as it marked the final step of the CARES planning process.

CARES – VA's data-drive assessment of VA's current and future construction needs – gave VA a long-term roadmap and has helped guide its capital planning process over the past few fiscal years. CARES showed a large number of significant construction priorities that would be necessary for VA to fulfill its obligation to this nation's veterans and over the last several fiscal years, the administration and Congress have made significant inroads in funding these priorities. Since FY 2004, \$4.9 billion has been allocated for these projects. Of these CARES-identified projects, VA has completely five and another 27 are currently under construction. It has been a huge, but necessary undertaking and VA has made slow, but steady progress on these critical projects.

The challenge for VA in the post-CARES era is that there are still numerous projects that need to be carried out, and the current backlog of partially funded projects that CARES has identified is large, too. This means that VA is going to continue to require significant appropriations for the major and minor construction accounts to live up to the promise of CARES.

VA's most recent Asset Management Plan provides an update of the state of CARES projects – including those only in the planning of acquisition process. Appendix E (pages 93-95) shows a need of future appropriations to complete these projects of \$2.195 billion.

Project	Future Funding Needed (\$ In Thousands)
Pittsburgh	62,400
Orlando	462,700
San Juan	91,620
Denver	580,900
Bay Pines	156,800
Los Angeles	103,864
Palo Alto	412,010
St. Louis	122,500
Tampa	202,600
TOTAL	2,195,394

This amount represents just the backlog of current construction projects. It also does not reflect the additional \$401 million Congress gave VA as part of the FY 2009 appropriation, which did not earmark specific construction projects.

Meanwhile, VA continues to identify and reprioritize potential major construction projects. These priorities, which are assessed using the rigorous methodology that guided the CARES decisions are released in the Department's annual Five Year Capital Asset Plan, which is included in the Department's budget submission. The most recent one was included in Volume IV and is available on VA's website: <http://www.va.gov/budget/summary/2009/index.htm>

Pages 7-12 of that document shows the priority scoring of projects. Last year's budget request sought funding for only three of the top scored projects. No funding was requested for any other new project, including those in Seattle, Dallas, Louisville or Roseburg, Oregon. In addition to the already-identified needs from that table, page 7-86 shows a long list of potential major construction projects the department plans to evaluate from now through FY13. These 122 potential projects demonstrate the

continued need for VA to upgrade and repair its aging infrastructure, and that continuous funding is necessary for not just the backlog of projects, but to keep VA viable for today's and future veterans. In a November 17, 2008 letter to the Senate Veterans Affairs Committee, Secretary Peake said that "the Department estimates that the total funding requirement for major medical facility projects over the next 5 years would be in excess of \$6.5 billion."

It is clear that VA needs a significant infusion of cash for its construction priorities. VA's own words and studies show this.

Major Construction Account Recommendations

Category	Recommendation (\$ in Thousands)
VHA Facility Construction	\$900,000
NCA Construction	\$80,000
Advance Planning	\$45,000
Master Planning	\$20,000
Historic Preservation	\$20,000
Miscellaneous Accounts	\$58,000
TOTAL	\$1,123,000

- VHA Facility Construction – this amount would allow VA to continue digging into the \$2 billion backlog of partially funded construction projects. Depending on the stages and ability to complete portions of the projects, any additional money could be used to fund new projects identified by VA as part of its prioritization methodology in the Five-Year Capital Plan.
- NCA Construction – page 7-143 of VA's Five-Year Capital Plan details numerous potential major construction projects for the National Cemetery Association throughout the country. This level of funding would allow VA to begin construction on at least three of its scored priority projects.
- Advance Planning – helps develop the scope of the major construction projects as well as identifying proper requirements for their construction. It allows VA to conduct necessary studies and research similar to planning processes in the private sector.
- Master Planning – a description of our request follows later in the text.

- Historic Preservation – a description of our request follows later in the text.
- Miscellaneous Accounts – these include the individual line items for accounts such as asbestos abatement, the judgment fund and hazardous waste disposal. Our recommendation is based upon the historic level for each of these accounts.

Minor Construction Account Recommendations

Category	Funding (\$ in Thousands)
Veterans Health Administration	\$550,000
Medical Research Infrastructure	\$142,000
National Cemetery Administration	\$100,000
Veterans Benefits Administration	\$20,000
Staff Offices	\$15,000
TOTAL	\$827,000

- Veterans Health Administration – Page 7-95 of VA’s Capital Plan reveals hundreds of already identified minor construction projects. These projects update and modernize VA’s aging physical plant ensuring the health and safety of veterans and VA employees. Additionally, a great number of minor construction projects address FCA-identified maintenance deficiencies, the backlog of which was nearly \$5 billion at the start of FY 08 (page 7-64).
- Medical Research Infrastructure – a description of our request follows later in the text.
- National Cemetery Administration – Page 7-145 of the Capital Plan identifies numerous minor construction projects throughout the country including the construction of several columbaria, installation of crypts and landscaping and maintenance improvements. Some of these projects could be combined with VA’s new NCA nonrecurring maintenance efforts.
- Veterans Benefits Administration – Page 7-126 of the Capital Plan lists several minor construction projects in addition to the leasing requirements VBA needs. This funding also includes \$2 million it transfers yearly for the security requirements of its Manila office.
- Staff Offices – Page 7-166 lists numerous potential minor construction projects related to staff offices, including increased space and numerous renovations for VA’s Inspector General’s office.

Increase Spending on Nonrecurring Maintenance**The deterioration of many VA properties requires increased spending on nonrecurring maintenance**

For years, the Independent Budget Veteran Service Organizations (IBVSOs) have highlighted the need for increased funding for the nonrecurring maintenance (NRM) account. NRM consists of small projects that are essential to the proper maintenance of and preservation of the lifespan of VA's facilities. NRM projects are one-time repairs such as maintenance to roofs, repair and replacement of windows and flooring or minor upgrades to the mechanical or electrical systems. They are a necessary component of the care and stewardship of a facility.

These projects are so essential because if left unrepaired, they can really take their toll on a facility, leading to more costly repairs in the future, and the potential of a need for a minor construction project. Beyond the fiscal aspects, facilities that fall into disrepair can create access difficulties and impair patient and staff health and safety, and if things do develop into a larger construction projection because early repairs were not done, it creates an even larger inconvenience for veterans and staff.

The industry standard for medical facilities is for managers to spend from 2%-4% of plant replacement value (PRV) on upkeep and maintenance. The 1998 Price Waterhouse Coopers study of VA's facilities management practices argued for this level of funding and previous versions of VA's own Asset Management Plan have agreed that this level of funding would be adequate.

The most recent estimate of VA's PRV is from the FY 08 Asset Management Plan. Using the standards of the Federal government's Federal Real Property Council (FRPC), VA's PRV is just over \$85 billion (page 26).

Accordingly, to fully maintain its facilities, VA needs a NRM budget of at least \$1.7 billion. This number would represent a doubling of VA's budget request from FY 2009, but is in line with the total NRM budget when factoring in the increases Congress gave in the appropriations bill and the targeted funding included in the supplemental appropriations bills.

Increased funding is required not to just to fill current maintenance needs and levels, but also to dip into the extensive backlog of maintenance requirements VA has. VA monitors the condition of its structures and systems through the Facility Condition Assessment (FCA) reports. VA surveys each medical center periodically, giving each building a thorough assessment of all essential systems. Systems are assigned a letter grade based upon the age and condition of various systems, and VA gives each component a cost for repair or replacement.

The bulk of these repairs and replacements are conducted through the NRM program, although the large increases in minor construction over the last few years have helped VA to address some of these deficiencies.

VA's 2009 5-Year Capital Plan discusses FCAs and acknowledges the significant backlog, noting that in FY 2007, the number of high priority deficiencies – those with ratings of D or F – had replacement

and repair costs of over \$5 billion. Even with the increased funding of the last few years, VA estimates that the cost for repairing or replacing the high priority deficiencies is over \$4 billion.

VA uses the FCA reports as part of its Federal Real Property Council (FRPC) metrics. The department calculates a Facility Condition Index, which is the ratio of the cost of FCA repairs to the cost of replacement. According to the FY 08 Asset Management Plan, this metric has gone backwards from 82% in 2006 to just 68% in 2008. VA's strategic goal is 87%, and for it to meet that, it would require a sizeable investment in NRM and minor construction.

Given the low level of funding the NRM account has historically received, the IBVSOs are not surprised at the metrics or the dollar cost of the FCA deficiencies. The 2007 "National Roll Up of Environment of Care Report," which was conducted in light of the shameful maintenance deficiencies at Walter Reed further prove the need for increased spending on this account. Maintenance has been neglected for far too long, and for VA to provide safe, high-quality health care in its aging facilities, it is essential that more money be allocated for this account.

We also have concerns with how NRM funding is actually apportioned. Since it falls under the Medical Care account, NRM funding has traditionally been apportioned using the Veterans Equitable Resource Allocation (VERA) formula. This model works when divvying up health-care dollars, targeting money to those areas with the greatest demand for health care. When dealing with maintenance needs, though, this same formula may actually intensify the problem, moving money away from older hospitals, such as in the northeast, to newer facilities where patient demand is greater, even if the maintenance needs are not as high. We were happy to see that the conference reports to the VA appropriations bills required NRM funding to be apportioned outside the VERA formula, and we would hope that this continues into the future.

Another issue related to apportionment of funding came to light in a May 2007 Government Accountability Office (GAO) report. They found that the bulk of NRM funding is not actually apportioned until September, the final month of the fiscal year. In September 2006, GAO found that VA allocated 60% of that year's NRM funding. This is a shortsighted policy that impairs VA's ability to properly address its maintenance needs, and since NRM funding is year-to-year, it means that it could lead to wasteful or unnecessary spending as hospital managers rushed in a flurry to spend their apportionment before forfeiting it back. We cannot expect VA to perform a year's worth of maintenance in a month. It is clearly poor policy and not in the best interest of veterans. The IBVSOs believe that Congress should consider allowing some NRM money to be carried over from one fiscal year to another. While we would hope that this would not resort to hospital managers hoarding money, it could result in more efficient spending and better planning, rather than the current situation where hospital managers sometimes have to spend through a large portion of maintenance funding before losing it at the end of the fiscal year.

Recommendations:

VA must dramatically increase funding for nonrecurring maintenance in line with the 2%-4% total that is the industry standard so as to maintain clean, safe and efficient facilities. VA also requires additional maintenance funding to allow the department to begin addressing the substantial maintenance backlog of FCA-identified projects.

Portions of the NRM account should be continued to be funded outside of the VERA formula so that funding is allocated to the facilities that actually have the greatest maintenance needs.

Congress should consider the strengths of allowing VA to carry over some maintenance funding from one fiscal year to another so as to reduce the temptation some VA hospital managers have of inefficiently spending their NRM money at the end of a fiscal year for fear of losing it.

Inadequate Funding and Declining Capital Asset Value

VA must protect against deterioration of its infrastructure and a declining capital asset value

The last decade of underfunded construction budgets has meant that VA has not adequately recapitalized its facilities. Recapitalization is necessary to protect the value of VA's capital assets through the renewal of the physical infrastructure. This ensures safe and fully functional facilities long into the future. VA's facilities have an average age of over 55 years, and it is essential that funding be increased to renovate, repair and replace these aging structures and physical systems.

As in past years, the IBVSOs cite the Final Report of the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans (PTF). It found that from 1996-2001, VA's recapitalization rate was just 0.64%. At this rate, VA's structures would have an assumed life of 155 years.

The PTF cited a Price Waterhouse Coopers study of VA's facilities management programs that found that to keep up with industry standards in the private sector and to maintain patient and employee safety and optimal health care delivery, VA should spend a minimum of 5 to 8 percent of plant replacement value (PRV) on its total capital budget.

The FY08 VA Asset Management Plan provides the most recent estimate of VA's PRV. Using the guidance of the Federal government's Federal Real Property Council (FRPC), VA's PRV is just over \$85 billion (page 26).

Accordingly, using that 5 to 8 percent standard, VA's capital budget should be between \$4.25 and \$6.8 billion per year in order to maintain its infrastructure.

VA's capital budget request for FY 2009 – which includes major and minor construction, maintenance, leases and equipment – was just \$3.6 billion. We greatly appreciate that Congress increased funding above that level with an increase over the administration request of \$750 million in major and minor construction alone. That increased amount brought the total capital budget in line with industry standards, and we strongly urge that these targets continue to be met and we would hope that future VA requests use these guidelines as a starting point without requiring Congress to push them past the target.

Recommendation:

Congress and the Administration must ensure that there are adequate funds for VA's capital budget so that VA can properly invest in its physical assets to protect their value and to ensure that the Department can continue to provide health care in safe and functional facilities long into the future.

Maintain VA's Critical Infrastructure

The IBVSOs are concerned with VA's recent attempts to back away from the capital infrastructure blueprint laid out by CARES and we are worried that its plan to begin widespread leasing and contracting for inpatient services might not meet the needs of veterans.

VA acknowledges three main challenges with its capital infrastructure projects. First, they are costly. According to a March 2008 briefing given to the VSO community, over the next five years, VA would need \$2 billion per year for its capital budget. Second, there is a large backlog of partially funded construction projects. That same briefing claimed that the difference in major construction requests given to OMB was \$8.6 billion from FY 03 through FY 09, and that they have received slightly less than half that total. Additionally, there is a \$2 billion funding backlog for projects that are partially but not completely funded. Third, VA is concerned about the timeliness of construction projects, noting that it can take the better part of a decade from the time VA initially proposes a project until the doors actually open for veterans.

Given these challenges, VA has floated the idea of a new model for health care delivery, the Health Care Center Facility (HCCF) leasing program. Under the HCCF, VA would begin leasing large outpatient clinics in lieu of major construction. These large clinics would provide a broad range of outpatient services including primary and specialty care as well as outpatient mental health services and ambulatory surgery.

On the face of it, this sounds like a good initiative. Leasing has the advantage of being able to be completed quickly, as well as being adaptable, especially when compared to the major construction process. Leasing has been particularly valuable for VA as evidenced by the success of the Community Based Outpatient Clinics (CBOCs) and Vet Centers.

Our concern rests, however, with VA's plan for inpatient services. VA aims to contract for these essential services with affiliates or community hospitals. This program would privatize many services that the IBVSOs believe VA should continue to provide. We lay out our objections to privatization and widespread contracting for care elsewhere in the *Independent Budget*.

Beyond those objections, though, is the example of Grand Island, Nebraska. In 1997, the Grand Island VA Medical Center closed its inpatient facilities, contracting out with a local hospital for those services. Recently, the contract between the local facility and VA was canceled, meaning veterans in that area can no longer receive inpatient services locally. They must travel great distances to other VA facilities such as the Omaha VA Medical Center. In some cases, when Omaha is unable to provide specialized care, VA is flying patients at its expense to faraway VA medical centers, including those in St. Louis and Minneapolis.

Further, with the canceling of that contract, St. Francis no longer provides the same level of emergency services that a full VA Medical Center would provide. With VA's restrictions on paying for emergency services in non-VA facilities, especially for those who may have some form of private insurance, this amounts to a cut in essential services to veterans. Given the expenses of air travel and medevac services, the current arrangement in Grand Island has likely not resulted in any cost savings for VA. Ferrying sick and disabled veterans great distances for inpatient care also raises patient safety and quality concerns.

The HCCF program raises many concerns for the IBVSOs that VA must address before we can support the program. Among these questions, we wonder how VA would handle governance, especially with respect to the large numbers of non-VA employees who would be treating veterans? How would the non-VA facility deal with VA directives and rule changes that govern health-care delivery and that ensure safety and uniformity of the quality of care? Will VA apply its space planning criteria and design guides to non-VA facilities? How will VA's critical research activities, most of which improve the lives of all Americans and not only veterans, be affected if they are being conducted in shared facilities, and not a traditional part of VA's first-class research programs? What would this change mean for VA's electronic health record, which many have rightly lauded as the standard that other health-care systems should aim to achieve? Without the electronic health record, how would VA maintain continuity of care for a veteran who moves to another area?

But most importantly, CARES required years to complete and consumed thousands of hours of effort and millions of dollars of study. We believe it to be a comprehensive and fully justified roadmap for VA's infrastructure as well as a model that VA can apply periodically to assess and adjust those priorities. Given the strengths of the CARES process and the lessons VA learned and has applied from it, why is the HCCF model, which to our knowledge has not been based on any sort of model or study of the long-term needs of veterans, the superior one? We have yet to see evidence that it is and until we see more convincing evidence that it will truly serve the best needs of veterans, the IBVSOs will have a difficult time supporting it.

Recommendation:

VA must resist implementing the HCCF model without fully addressing the many questions the IBVSOs have and VA must explain how the program would meet the needs of veterans, particularly as compared to the roadmap CARES has laid out.

Research Infrastructure Funding

The Department of Veterans Affairs must have increased funding for its research infrastructure to provide a state-of-the-art research and laboratory environment for its excellent programs, but also to ensure that VA hires and retains the top scientists and researchers.

VA Research Is a National Asset

Research conducted in the Department of Veterans Affairs has led to such innovations and advances as the cardiac pacemaker, nuclear scanning technologies, radioisotope diagnostic techniques, liver and other organ transplantation, the nicotine patch, and vast improvements in a variety of prosthetic and sensory aids. A state-of-the-art physical environment for conducting VA research promotes excellence

in health professions education and VA patient care as well as the advancement of biomedical science. Adequate and up-to-date research facilities also help VA recruit and retain the best and brightest clinician scientists to care for enrolled veterans.

VA Research Infrastructure Funding Shortfalls

In recent years, funding for the VA Medical and Prosthetics Research Program has failed to provide the resources needed to maintain, upgrade, and replace VA's aging research facilities. Many VA facilities have exhausted their available research space. Along with space reconfiguration, ventilation, electrical supply, and plumbing appear frequently on lists of needed upgrades in VA's academic health centers. In the 2003 Draft National Capital Asset Realignment for Enhanced Services (CARES) plan, VA included \$142 million designated for renovation of existing research space and build-out costs for leased researched facilities. However, these capital improvement costs were omitted from the Secretary's final report. Over the past decade, only \$50 million has been spent on VA research construction or renovation nationwide, and only 24 of the 97 major VA research sites across the nation have benefited.

In House Report 109-95 accompanying the FY 2006 VA appropriations, the House Appropriations Committee directed VA to conduct "a comprehensive review of its research facilities and report to the Congress on the deficiencies found and suggestions for correction of the identified deficiencies." In FY 2008, the VA Office of Research and Development initiated a multiyear examination of all VA research infrastructure for physical condition and capacity for current research, as well as program growth and sustainability of the space needed to conduct research.

Lack of a Mechanism to Ensure VA's Research Facilities Remain Competitive

In House Report 109-95 accompanying the FY 2006 VA appropriations, the House Appropriations Committee expressed concern that "equipment and facilities to support the research program may be lacking and that some mechanism is necessary to ensure the Department's research facilities remain competitive." A significant cause of research infrastructure's neglect is that there is no direct funding line for research facilities.

The VA Medical and Prosthetic Research appropriation does not include funding for construction, renovation, or maintenance of research facilities. VA researchers must rely on their local facility managements to repair, upgrade, and replace research facilities and capital equipment associated with VA's research laboratories. As a result, VA research competes with other medical facilities' direct patient care needs—such as medical services infrastructure, capital equipment upgrades and replacements, and other maintenance needs—for funds provided under either the VA Medical Facilities appropriation account or the VA Major or Minor Medical Construction appropriations accounts.

Recommendations:

The Independent Budget veterans service organizations anticipate VA's analysis will find a need for funding significantly greater than VA had identified in the 2004 Capital Asset Realignment for Enhanced Services report. As VA moves forward with its research facilities assessment, the IBVSOs urge Congress to require the VA to submit the resulting report to the House and Senate Committees

on Veterans' Affairs no later than October 1, 2009. This report will ensure that the Administration and Congress are well informed of VA's funding needs for research infrastructure so they may be fully considered at each stage of the FY 2011 budget process.

To address the current shortfalls, the IBVSOs recommend an appropriation in FY 2010 of \$142 million, dedicated to renovating existing VA research facilities in line with the 2004 CARES findings.

To address the VA research infrastructure's defective funding mechanism, the IBVSOs encourage the Administration and Congress to support a new appropriations account in FY 2010 and thereafter to independently define and separate VA research infrastructure funding needs from those related to direct VA medical care. This division of appropriations accounts will empower VA to address research facility needs without interfering with the renovation and construction of VA direct health-care infrastructure.

Program for Architectural Master Plans:

Each VA medical facility must develop a detailed master plan.

The delivery models for quality healthcare are in a constant state of change. This is due to many factors including advances in research, changing patient demographics, and new technology.

The VA must design their facilities with a high level of flexibility in order to accommodate these new methods of patient care. The department must be able to plan for change to accommodate new patient care strategies in a logical manner with as little effect as possible on other existing patient care programs. VA must also provide for growth in already existing programs.

A facility master plan is a comprehensive tool to look at potential new patient care programs and how they might affect the existing healthcare facility. It also provides insight with respect to possible growth, current space deficiencies, and other facility needs for existing programs and how VA might accommodate these in the future.

In some cases in the past, VA has planned construction in a reactive manner. After funding, VA would place projects in the facility in the most expedient manner – often not considering other projects and facility needs. This would result in shortsighted construction that restricts, rather than expands options for the future.

The IBVSOs believe that each VA medical Center should develop a comprehensive facility master plan to serve as a blueprint for development, construction, and future growth of the facility. Short and long-term CARES objectives should be the basis of the master plan.

Four critical programs were not included in the CARES initiative. They are long-term care, severe mental illness, domiciliary care, and Polytrauma. VA must develop a comprehensive plan addressing these needs and its facility master plans must account for these services.

VA has undertaken master planning for several VA facilities; most recently Tampa, Florida. This is a good start, but VA must ensure that all facilities develop a master plan strategy to validate strategic planning decisions, prepare accurate budgets, and implement efficient construction that minimizes wasted expenses and disruption to patient care.

Recommendation:

Congress must appropriate \$20 million to provide funding for each medical facility to develop a master plan.

Each facility master plan should include the areas left out of CARES; long-term care, severe mental illness, domiciliary care, and Polytrauma programs as it relates to the particular facility. VACO must develop a standard format for these master plans to ensure consistency throughout the VA healthcare system.

Empty or Underutilized Space

VA must not use empty space inappropriately and must continue disposing of unnecessary property where appropriate. Studies have suggested that the VA medical system has extensive amounts of empty space that the Department can reuse for medical services. Others have suggested that unused space at one medical center may help address a deficiency that exists at another location. Although the space inventories are accurate, the assumption regarding the feasibility of using this space is not.

Medical facility planning is complex. It requires intricate design relationships for function, but also because of the demanding requirements of certain types of medical equipment. Because of this, medical facility space is rarely interchangeable, and if it is, it is usually at a prohibitive cost. For example, VA cannot use unoccupied rooms on the eighth floor to offset a deficiency of space in the second floor surgery ward. Medical space has a very critical need for inter- and intra- departmental adjacencies that must be maintained for efficient and hygienic patient care.

When a department expands or moves, these demands create a domino effect of everything around it. These secondary impacts greatly increase construction expense, and they can disrupt patient care.

Some features of a medical facility are permanent. Floor-to-floor heights, column spacing, light, and structural floor loading cannot be altered. Different aspects of medical care have different requirements based upon these permanent characteristics. Laboratory or clinical spacing cannot be interchanged with ward space because of the needs of different column spacing and perimeter configuration. Patient wards require access to natural light and column grids that are compatible with room-style layouts. Labs should have long structural bays and function best without windows. When renovating empty space, if the area is not suited to its planned purpose, it will create unnecessary expenses and be much less efficient.

Renovating old space rather than constructing new space creates only a marginal cost savings. Renovations of a specific space typically cost 85% of what a similar, new space would. When you factor in the aforementioned domino or secondary costs, the renovation can end up costing more and produce a less satisfactory result. Renovations are sometimes appropriate to achieve those critical functional adjacencies, but it is rarely economical.

Many older VA Medical Centers that were rapidly built in the 1940s and 1950s to treat a growing veteran population are simply unable to be renovated for modern needs. Most of these Bradley-style buildings were designed before the widespread use of air conditioning and the floor-to-floor heights are very low. Accordingly, it is impossible to retrofit them for modern mechanical systems. They also have long, narrow wings radiating from a small central core, which is an inefficient way of laying out rooms for modern use. This central core, too, has only a few small elevator shafts, complicating the vertical distribution of modern services.

Another important problem with this unused space is its location. Much of it is not located in a prime location; otherwise, VA would have previously renovated or demolished this space for new construction. This space is typically located in outlying buildings or on upper floor levels, and is unsuitable for modern use.

VA Space Planning Criteria / Design Guides:

VA must continue to maintain and update the Space Planning Criteria and Design Guides to reflect state-of-the-art methods of healthcare delivery.

VA has developed space-planning criteria it uses to allocate space for all VA healthcare projects. These criteria are organized into sixty chapters; one for each healthcare service provided by VA as well as their associated support services. VA updates these criteria to reflect current methods of healthcare delivery.

In addition to updating these criteria, VA has utilized a computer program called VA SEPS (Space and Equipment Planning System) it uses as a tool to develop space and equipment allocation for all VA healthcare projects. This tool is operational and VA currently uses it on all VA healthcare projects.

The third component used in the design of VA healthcare projects is the design guides. Each of the sixty space planning criteria chapters has an associated design guide. These design guides go beyond the allocation of physical space and outline how this space is organized within each individual department, as well as how the department relates to the entire medical facility.

VA has updated several of the design guides to reflect current patient delivery models. These include those guides that cover Spinal Cord Injury / Disorders Center, Imaging, Polytrauma Centers, as well as several other services.

Recommendation:

The VA must continue to maintain and update the Space Planning Criteria and the VA SEPS space-planning tool. It also must continue the process of updating the Design Guides to reflect current delivery models for patient care. VA must regularly review and update all of these space-planning tools as needed, to reflect the highest level of patient care delivery.

Design-build Construction Delivery System

The VA must evaluate use of the Design-build construction delivery system.

For the past ten years, VA has embraced the design-build construction delivery system as a method of project delivery for many healthcare projects. Design-build attempts to combine the design and construction schedules in order to streamline the traditional design-bid-build method of project delivery. The goal is to minimize the risk to the owner and reduce the project delivery schedule. Design-build, as used by VA, places the contractor as the design builder.

Under the contractor-led design build process, VA gives the contractor a great deal of control over how he or she designs and completes the project. In this method, the contractor hires the architect and design professionals. With the architect as a subordinate, a contractor may sacrifice the quality of material and systems in order to add to his own profits at the expense of the owner.

Use of design-build has several inherent problems. A short-cut design process reduces the time available to provide a complete design. This provides those responsible for project oversight inadequate time to review completed plans and specifications. In addition, the construction documents may not provide adequate scope for the project, leaving out important details regarding the workmanship and / or other desired attributes of the project. This makes it difficult to hold the builder accountable for the desired level of quality. As a result, a project is often designed as it is being built, which often compromises VA's design standards.

Design-build forces the owner to rely on the contractor to properly design a facility that meets the owner's needs. In the event that the finished project is not satisfactory to the owner, the owner may have no means to insist on correction of work done improperly unless the contractor agrees with the owner's assessment. This may force the owner to go to some form of formal dispute resolution such as litigation or arbitration.

Recommendation:

VA must evaluate the use of Design-build as a method of construction delivery to determine if design-build is an appropriate method of project delivery for VA healthcare projects.

The VA must institute a program of "lessons learned". This would involve revisiting past projects and determining what worked, what could be improved, and what did not work. VA should compile and use this information as a guide to future projects. VA must regularly update this document to include projects as they are completed.

Preservation of VA's Historic Structures:

The VA must further develop a comprehensive program to preserve and protect its inventory of historic properties.

The VA has an extensive inventory of historic structures that highlight America's long tradition of providing care to veterans. These buildings and facilities enhance our understanding of the lives of

those who have worn the uniform, and who helped to develop this great nation. Of the approximately 2,000 historic structures, many are neglected and deteriorate year after year because of a lack of funding. These structures should be stabilized, protected and preserved because they are an integral part our nation's history.

Most of these historic facilities are not suitable for modern patient care. As a result, a preservation strategy was not included in the CARES process. For the past six years, the IBVSOs have recommended that VA conduct an inventory of these properties; classifying their physical condition and their potential for adaptive reuse. VA has been moving in that direction and historic properties are identified on their website. VA has placed many of these buildings in an "Oldest and Most Historic" list and these buildings require immediate attention.

At least one project has received funding. The VA has invested over \$100,000 in the last year to address structural issues at a unique round structure in Hampton, VA. Built in 1860, it was originally a latrine and the funding is allowing VA to convert it into office space.

The cost for saving some of these buildings is not very high considering that they represent a part of history that enriches the texture of our landscape that once gone cannot be recaptured. For example, VA can restore the Greek Revival Mansion in Perry Point, MD, which was built in the 1750's, to use as a training space for about \$1.2 million. VA could restore the 1881 Milwaukee Ward Memorial Theater for use as a multi-purpose facility at a cost of \$6 million. This is much less than the cost of a new facility.

As part of its adaptive reuse program, VA must ensure that the facilities that it leases or sells are maintained properly. VA's legal responsibilities could, for example, be addressed through easements on property elements, such as building exteriors or grounds.

We encourage the use of P.L. 108-422, the Veterans Health Programs Improvement Act, which authorized historic preservation as one of the uses of a new capital assets fund that receives funding from the sale or lease of VA property.

Recommendation:

VA must further develop a comprehensive program to preserve and protect its inventory of historic properties.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you or the members of the Subcommittee may have.

**Christopher M. Needham
Senior Legislative Associate
National Legislative Service
Veterans of Foreign Wars of the United States**



Christopher Needham was promoted to the position of Senior Legislative Associate, VFW National Legislative Service in March 2007. In this role, he assists the National Legislative Service staff on a wide variety of issues, primarily focusing on health care policy and budget matters. Before this promotion, he served in several capacities with the VFW, including time as the assistant to the Director for Action Corps, the VFW's grassroots lobbying network and also as a legislative assistant.

Prior to working with the VFW, Mr. Needham did his undergraduate studies at the Johns Hopkins University in Baltimore, MD where he studied political science. A native of Hudson Falls in upstate New York, he now lives in Alexandria, Virginia.

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The Veterans of Foreign Wars is not in receipt of any federal grants or contracts.

Mr. EDWARDS. Thank you very much.

THURSDAY, APRIL 23, 2009.

**THE INDEPENDENT BUDGET AND DISABLED AMERICAN
VETERANS**

WITNESS

KERRY BAKER

STATEMENT OF KERRY BAKER

Mr. BAKER. Thank you, Mr. Chairman. My name is Kerry Baker. I am with the DAV. And today I will focus on issues affecting the Veterans Benefits Administration.

On behalf of the VBA, we have come before you for many years requesting additional funding to reverse its chronic history of understaffing. You have answered that call. In just the past few years, V.A. has hired approximately 3,000 additional claims processors. In fact, the V.A. is still hiring additional personnel because the monies allocated during the past couple of years.

Congressional actions to increase staffing have provided VBA a major tool in stopping the chronic increases in claims processing and, we hope, a tool for regaining some control over the backlog.

Nonetheless, the claims backlog struggle is nowhere near its end. V.A. received approximately 888,000 rating claims in fiscal year 2008, or 88,000 more than they had anticipated.

It estimates they will decide over 942,000 claims in 2009. However, it may actually received nearly 1 million claims in 2009.

Because of the unknown long-term impact of VBA's increased staffing, we are not prepared to seek additional staffing and subsequent funding, other than cost-of-living increases for VBA at this time.

However, to help improve the claims process, the Congress must do more to upgrade V.A.'s I.T. infrastructure. It must also be given more flexibility to manage those improvements.

Despite problems in the claims process, Congress has reduced funding for I.T. initiatives over the past several years. In fiscal year 2001, Congress provided \$82 million for I.T. initiatives. And by 2006, that funding had fallen to \$23 million.

Congress has, however, noticed the disconnect between the I.T. and improvements in the claims process. Section 227 of the Veterans Benefits Improvement Act of 2008 places new requirements on the V.A. to examine all uses of current I.T. and comparable outside I.T. systems with respect to claims processing.

V.A. must then develop a new plan to use these and other relevant technologies to reduce subjectivity, avoid remands, reduce—in regional office rating decisions.

All I.T. initiatives are now being funded through V.A.'s I.T. appropriation and tightly controlled by the CIO. However, VBA initiatives include expansion of Web-based technology and deliverables such as Web portal and training and performance support systems, virtual V.A. paperless processing, and enhanced veterans service and access to benefits, status, delivery, and data integration across business lines.

The I.B. VSOs believe a conservative increase of at least 5 percent annually in I.T. initiatives is warranted. V.A. should give the highest priority to the review required by the Benefits Improvement Act of 2008 and double its efforts to ensure these ongoing initiatives are fully funded and accomplish their goals.

Further, the impact of I.T.'s centralization under the CIO should be examined and, if warranted, shift appropriate responsibility for their management from the CIO to the undersecretary for benefits.

Another area of concern is Vocational Rehabilitation and Employment. A cornerstone of several new initiatives is VR&E's five-track employment process, which aims to advance employment opportunities for disabled veterans.

Also, increasing numbers of severely disabled veterans from ongoing conflicts have benefited from VR&E's independent living program. Independent living specialists provide services that empower service-disabled veterans to the greatest extent possible, to live independently in the community.

VR&E needs approximately 200 additional full-time employment coordinators and independent living specialists to provide these services to eligible veterans.

Furthermore, the I.B. VSOs believe VR&E needs approximately 50 additional FTE dedicated to management and oversight of its increasing reliance on contract counselors and service providers, as well as for program oversight and support. The additional FTE would support national initiatives recommended by the VR&E task force and would provide support to decrease the growing caseload and allow for more intensive services to be provided to severely disabled veterans.

V.A.'s fiscal year 2008 estimate for total FTE in VR&E has reported in its fiscal year 2009 budget submission is 1,185. However, the total FTE for 2009 has been decreased to 1,179, which is even a decrease from 2007 figures.

This decrease in FTE for such a vital program is inexplicable, considering the increased need for VR&E due to the ongoing combat operations. Therefore, the I.B. VSOs recommend that the fiscal year 2008 total of 1,179 FTE for VR&E be increased by 250 to a total of 1,429 FTE.

And that concludes my statement. It has been an honor to testify before you today.

[The prepared statement of Kerry Baker follows:]

**STATEMENT OF
KERRY BAKER
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE OF MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES
APRIL 23, 2009**

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans (DAV), one of four national veterans' organizations that create the annual *Independent Budget* (IB) for veterans programs, to summarize our recommendations for fiscal year (FY) 2010.

As you know Mr. Chairman, the IB is a budget and policy document that sets forth the collective views of DAV, AMVETS, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States. Each organization accepts principal responsibility for production of a major component of our IB—a document on which we all agree. Reflecting that division of responsibility, my testimony focuses on the variety of Department of Veterans Affairs' (VA) benefits programs available through the Veterans Benefits Administration (VBA).

In preparing the Fiscal Year (FY) 2010 IB, the four partners draw upon our extensive experience with veterans' programs, our firsthand knowledge of the needs of America's veterans, and the information gained from continuous monitoring of workloads and demands upon, as well as the performance of, the veterans benefits and services system. Consequently, this Subcommittee has acted favorably on many of our recommendations to improve services to veterans and their families. We ask that you give our recommendations serious consideration again this year.

The Claims Process

Mr. Chairman, I reported to you last year at this time that VA had approximately 831,000 pending compensation and pension (C&P) claims (by the end of February 2008). As a matter of faithful disclosure, this number includes both rating and non-rating claims, as well as pending appeals. Unfortunately, I now have to report to you that as of the end of March 2009, that number is over 871,000.

The VA received over 880,000 "rating claims" in FY 2008, which is 88,000 more than anticipated in the FY 2008 Budget Submission, and 50,000 more than it received in FY 2007. This kind of increase in claims' receipt has held steady since the beginning of the ongoing armed

conflicts and shows no immediate sign of slowing. This number already surpasses VA's anticipated 2009 claims receipt of approximately 872,000. The VA projected that it would decide approximately 878,000 claims in 2008—it decided 899,863. The VA generated 824,844 disability decisions in 2007, and estimates that it will decide 942,700 claims in 2009.

During the past two years, the VBA has hired approximately 3,000 additional staff authorized by Congress. In fact, the VA is still hiring additional personnel because of monies allocated during the past couple of years. This increase in claims processors will initially drain VBA resources as experienced personnel are taken out of production to conduct extensive training and mentoring of the new hires. Historically, it takes at least two years for new non-rating claims processors to acquire sufficient knowledge and experience to be able to work independently with both speed and quality. Those selected to make rating decisions require a separate period of at least two years of training before they have the skills to accurately complete most rating claims.

Previous years' staffing reductions in the VBA laid the foundation for the current backlogs. Congress' actions to dramatically increase staffing has provided VBA a major tool in stopping chronic increases in claims processing time and, we hope, a tool for regaining some control of the backlog. For example, despite the foregoing discouraging number of 871,000 total claims, the number of claims pending over six months went down by nearly 32,000. It is vital, however, that Congress recognize the backlog will not go away overnight; it will be several years before the full impact of recent hiring initiatives is felt.

Because of the unknown long-term impact of the VBA's increased staff—an impact we nonetheless believe will be positive, the IB organizations are not prepared to seek additional staffing, and subsequent funding other than cost-of-living increases for VBA at this time. Therefore, in order to make the best use of newly hired personnel resources, Congress must focus on the claims process from beginning to end. The goal must be to reduce delays caused by superfluous procedures, poor training, and lack of accountability. Congress and the Administration should seek to simplify, strengthen, and provide structure to the VA claims process.

The IB suggestions concerning the claims process would simplify the process by reducing delays caused by superfluous procedures, inadequate training, and little accountability. Other suggestions will provide sound structure with enforceable rights where current law promotes subjectivity and abuses rights.

Policy changes at this time that simplify and strengthen the claims process are vitally important to its success. Without such changes, especially if the annual number of claims received by the VA continues to climb exponentially, this will likely be the last time we come before this Subcommittee without requesting significant increases in VBA funding for compensation and pension claims.

VBA Information Technology

To maintain and improve efficiency and accuracy of claims processing, the VBA must continue to upgrade its information technology (IT) infrastructure. Also, VBA must be given more flexibility to install, manage and plan upgraded technology to support claims management improvement.

To meet ever-increasing demands while maintaining efficiency, the VBA must continually modernize the tools it uses to process and resolve claims. Given the current challenging environment in claims processing and benefits administration, and the ever-growing backlog, the VBA must continue to upgrade its IT infrastructure and revise its training to stay abreast of program changes and modern business practices. In spite of undeniable needs, Congress has steadily reduced funding for VBA initiatives over the past several years. In fiscal year 2001, Congress provided \$82 million for VBA-identified IT initiatives. In FY 2002, it provided \$77 million; in 2003, \$71 million; in 2004, \$54 million; in 2005, \$29 million; and in 2006, \$23 million.

Funding for FY 2006 was only 28 percent of FY 2001 funding, without regard to inflation. Moreover, some VBA employees who provided direct support and development for VBA's IT initiatives were transferred to the VA Chief Information Officer (CIO) when VA centralized all IT operations, governance, planning and budgeting. Continued IT realignment through FY 2007 and 2008 shifted more funding to VA's agency IT account, further reducing funding for these VBA initiatives in the General Operating Expenses account to \$11.8 million. It should be noted that in the FY 2007 appropriation, Public Law 110-28, Congress provided \$20 million to VBA for IT to support claims processing, and in 2009 Congress designated \$5 million in additional funding specifically to support the IT needs of new VBA Compensation and Pension Service personnel – also authorized by that appropriations act.

All IT initiatives are now being funded in the VA's IT appropriation and tightly controlled by the CIO. However, needed and ongoing VBA initiatives include expansion of web-based technology and deliverables, such as web portal and Training and Performance Support Systems (TPSS); "Virtual VA" paperless processing; enhanced veteran self-service and access to benefit application, status, and delivery; data integration across business lines; use of the corporate database; information exchange; quality assurance programs and controls; and, employee skills certification and training.

We believe VBA should continue to develop and enhance data-centric benefits integration with "Virtual VA" and modification of The Imaging Management System (TIMS). All these systems serve to replace paper-based records with electronic files for acquiring, storing, and processing claims data.

Virtual VA supports pension maintenance activities at three VBA pension-maintenance centers. Further enhancement would allow for the entire claims and award process to be accomplished electronically. TIMS is the Education Service's system for electronic education claims files, storage of imaged documents, and work flow management. The current VBA

initiative is to modify and enhance TIMS to make it fully interactive and allow for fully automated claims and award processing by Education Service and VR&E nationwide.

The VBA should accelerate implementation of Virtual Information Centers (VICs). By providing veterans regionalized telephone contact access from multiple offices within specified geographic locations, VA could achieve greater efficiency and improved customer service. Accelerated deployment of VICs will more timely accomplish this beneficial effect.

With the effects of inflation, the growth in veterans' programs, and the imperative to invest more in advanced IT, the IB veterans service organizations (IBVSOs) believe a conservative increase of at least 5 percent annually in VBA IT initiatives is warranted. Had Congress increased the FY 2001 funding of \$82 million by five percent each year since then, the amount available for FY 2010 would be nearly \$130 million. Unfortunately, these programs have been chronically underfunded, and now with IT centralization, IT funding in VBA is even more restricted and bureaucratic.

Congress has taken notice of the chronic disconnect between VBA IT and lagging improvements in claims processing. Section 227 of Public Law 110-389 places new requirements on VA to closely examine all uses of current IT and comparable outside IT systems with respect to VBA claims processing for both compensation and pension. Following that examination, VA is required to develop a new plan to use these and other relevant technologies to reduce subjectivity, avoid remands and reduce variances in VA Regional Office ratings for similar specific disabilities in veteran claimants.

The act requires the VA Secretary to report the results of that examination to Congress in great detail, and includes a requirement that the Secretary ensure that the plan will result, within three years of implementation, in reduction in processing time for compensation and pension claims processed by VBA. The requirements of this section will cause heavy scrutiny on IT systems that VBA has been attempting to implement, improve and expand for years. We believe the examination will reveal that progress has been significantly stymied due to lack of directed funding to underwrite IT development and completion, and lack of accountability to ensure these programs work as intended.

Recommendations:

- Congress should provide the Veterans Benefits Administration adequate funding for its IT initiatives to improve multiple information and information-processing systems and to advance ongoing, approved and planned initiatives such as those enumerated in this section. We believe these IT programs should be increased annually by a minimum of five percent or more.

To ensure the appropriated dollars are used properly, the IB also recommends the following:

- VA should ensure that recent funding specifically designated by Congress to support the IT needs of VBA, and of new VBA staff authorized in fiscal year 2009, are provided to VBA as intended, and on an expedited basis.

- The CIO and Under Secretary for Benefits should give high priority to the review and report required by Public Law 110-389, and redouble their efforts to ensure these ongoing VBA initiatives are fully funded and accomplish their stated intentions.
- The Secretary should examine the impact of the current level of IT centralization under the CIO on these key VBA programs, and, if warranted, shift appropriate responsibility for their management, planning and budgeting from the CIO to the Under Secretary for Benefits.

Vocational Rehabilitation and Employment

The cornerstone among several new initiatives is VR&E's Five Track Employment Process, which aims to advance employment opportunities for disabled veterans. The Employment Specialist is integral to attaining and maintaining employment through this process. Along with the expansion of this position to incorporate employment readiness, marketing, and placement responsibilities, the name was changed to Employment Coordinator.

In addition, increasing numbers of severely disabled veterans and those from Operations Enduring and Iraqi Freedom (OEF/OIF) benefit from VR&E's Independent Living Program. Independent Living Specialists provide services that empower severely disabled veterans, to the maximum extent possible, to successfully live independently in the community. VR&E needs approximately 200 additional Employment Coordinators and Independent Living Specialist full time employees (FTE) to provide these services to eligible veterans.

Furthermore, IB veterans' service organizations believe VR&E needs approximately 50 additional FTE dedicated to management and oversight of its increasing reliance on contract counselors and rehabilitation and employment service providers, as well as on program oversight and support, policy and guidance, and training. The additional FTE would support national initiatives recommended by the VR&E Task Force, which require an investment of personnel resources, and provide the support to decrease the burgeoning caseload and accordingly allow for more intensive services to be provided to severely disabled veterans.

VA's FY 2008 estimate for total FTE in VR&E, as reported in its FY 2009 Budget Submission is 1,185. However, total FTE for 2009 has been decreased to 1,179 (a decrease of 81 FTE from the 2008 budget estimate—even a decrease from 2007 figures). This decrease in FTE for such a vital program is inexplicable, particularly considering the increased need for VR&E due to the ongoing Wars in Iraq and Afghanistan.

Recommendation:

- As VR&E workload is expected to increase due to expanded outreach efforts, increasing disability claims workload, and reforms to improve the effectiveness and efficiency of its programs, the FY 2008 total of 1,179 FTE for VR&E should be increased by 250, to 1,429 total FTE.

Vocational Rehabilitation and Employment and Chapter 33 Offsets

With the passage of the Post 9/11 Veterans Education Assistance Act of 2008 (chapter 33), veterans eligible for VR&E who are also eligible for chapter 33 face a financial disincentive to participate in VR&E because the VR&E subsistence allowance is significantly lower than the monthly housing allowances provided under chapter 33. Consequently, disabled veterans who choose to receive the higher amount under chapter 33 will be deprived of the other significant advantages provided by VR&E, including counseling, employment services, independent living services, etc.

The IBVSOs do not believe that Congress intended chapter 33 benefits to replace those of VR&E. It is imperative that veterans with employment handicaps or serious employment handicaps have access to the wide array of services provided through VR&E. In fact, that is the very purpose of its existence.

Given the unique services required to enable disabled veterans to return to the workforce, we believe that veterans eligible for both programs should receive the full benefit of VR&E with the same level of housing allowance as the chapter 33 housing allowance.

Recommendation:

- Congress should amend title 38, United States Code, section 3108 (f)(1)(A) to include recipients of chapter 33 benefits.

We invite your attention to the IB itself for the details of the remaining recommendations, but the following summarizes a number of suggestions to improve benefit programs administered by VBA:

- support legislation to clarify the intent of Congress concerning who is considered to have engaged in combat
- repeal in whole the offset between disability compensation and military retired pay
- provide cost-of-living adjustments for compensation, specially adapted housing grants, and automobile grants, with provisions for automatic annual increases in the housing and automobile grants based on increases in the cost of living
- provide a presumption of service connection for hearing loss and tinnitus for combat veterans and veterans who had military duties involving high levels of noise exposure who suffer from tinnitus or hearing loss of a type typically related to noise exposure or acoustic trauma
- increase the maximum coverage and adjustment of the premium rates for Service-Disabled Veterans' Life Insurance
- increase the maximum coverage available in policies of Veterans' Mortgage Life Insurance
- support legislation to increase Dependency and Indemnity Compensation (DIC) for certain survivors of veterans, and to no longer offset DIC with Survivor Benefit Plan payments; and

- authorize rates of DIC for surviving spouses of service members who die while on active duty to the same rate as those who die while rated totally disabled.

We hope the Committee will review these recommendations and give them consideration for inclusion in your legislative plans for FY 2009. Mr. Chairman, thank you for inviting DAV and other member organizations of the IB to testify before you today.

DAV **DISABLED AMERICAN VETERANS**
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FACT SHEET

BIOGRAPHICAL INFORMATION

KERRY L. BAKER

Assistant National Legislative Director
Disabled American Veterans

Kerry Baker, a service-connected disabled veteran of the Persian Gulf War, was appointed Associate National Legislative Director of the 1.3 million-member Disabled American Veterans (DAV) in September 2007. He is employed at DAV National Service and Legislative Headquarters in Washington, D.C.

As a member of the DAV's legislative team, Mr. Baker works to support and advance federal legislative goals and policies of the DAV to assist disabled veterans and their families, and to safeguard current benefits and services for veterans from legislative erosion.

Mr. Baker joined the DAV's professional staff as a National Service Officer (NSO) Trainee in 1998 and was assigned to the DAV National Service Office in Louisville, Kentucky. In August 2001, he was promoted to Assistant Supervisor of the Louisville office. In August 2002, Mr. Baker was promoted to Supervisor of the New Orleans, Louisiana, National Service Office, and was later assigned as Supervisor of the Milwaukee, Wisconsin, office. In August 2005, he was promoted to DAV's Judicial Appeals Office as an Appellate Counsel admitted to practice before the Court of Appeals for Veterans Claims before being appointed to his current position as Associate National Legislative Director.

Kerry L. Baker is a native of Princeton, Kentucky, and served approximately 11 years in the United States Marine Corps, from June 1987 to March 1998. During his time in the Marines, Mr. Baker's primary military occupation was as a CH-46 Helicopter Crew Chief, wherein his permanent duty stations included the West and East coasts, as well as Okinawa, Japan. During his tour of duty, Mr. Baker served in Desert Storm, Desert Shield and Somalia. His awards include three Combat Air Medals, three Navy Achievement Medals, Combat Aircrew Insignia, and is authorized to wear two Combat "V" devices for valor in combat. Mr. Baker was medically retired from the Marine Corps March 1, 1998.

Mr. Baker currently attends the University of Maryland, and is a life member of DAV Chapter 155 in Kentucky. He, his spouse Kimberly, and children Savanna and Steffan, reside in Dunkirk, Maryland.



DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received \$55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received \$8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

Mr. EDWARDS. Great, thank you. Thank you very much for all that the DAV does every day on behalf of America's veterans.

Let me ask one question. In relation to the Independent Budget for fiscal year 2009, where does President Obama's request for the V.A. compare? Is it the same? Is it above it? Is it below it?

Mr. BLAKE. The president's budget request compared to this current year's—or this current year's request versus the I.B. was actually over the I.B. request by about \$1.3 billion, I believe.

As best as we can tell, the administration assumed about \$3.4 billion in collections initially in that number, and the I.B.'s recommendation turned back to what the 2009 number was, so it was about \$2.6 billion. So there is some of the gap there.

Honestly, I couldn't tell you why there is a difference. We are certainly pleased that it is above the I.B. I mean, we make no bones about saying that we are the standard. I would be interested in seeing the details and figuring out where they may have made some plus-ups.

I would honestly say that I can identify at least a couple places where we were probably conservative. One example would be in the education service, in the veterans benefits side, or in GOE.

We didn't recommend any increase in FTE, and yet everyone always asks us why not, given the new G.I. Bill coming online and that. And I think it is partly because we weren't really sure how the V.A. was proceeding at this point, and we didn't feel really comfortable in recommending an additional FTE level for that, so there is some loss there.

So there are some areas I could identify even within the I.B. that we were probably conservative on. But the short answer to the question is, they are above the I.B.

Mr. EDWARDS. Steve, let me ask you to come up.

And, Tom, come on up, too. We would love to have you here. You have been a great partner in this.

And as I do that, I am going to have to ask your understanding. The Fleet Reserve Association was to give me an award because of the great work that Mr. Wamp and Mr. Farr and this staff and committee have done, but they chose me, I guess, to get the award. So thank you all for making me look better than——

Mr. WAMP. You can accept it on our behalf.

Mr. EDWARDS. Obviously, we are going to have a number of conversations as we go through this appropriations process. So today was primarily focused on what you put into the formal record, your highest priorities, concerns, questions, and comments.

I am going to turn the gavel back over to Mr. Farr for whatever time he and Mr. Wamp would like to address questions. But thank you. Please see it as no sign of disrespect. I don't want to disrespect the Fleet Reserve Association by not being there when they offer that award.

Mr. Farr, the gavel is yours. Thank you for doing this today.

Mr. Wamp, thank you——

Mr. FARR. Mr. Wamp just wants to have a picture taken with that award that you——

Mr. EDWARDS. He deserves it, and so do you.

Mr. FARR [presiding]. Well, congratulations. Thank you very much.

I guess it is just opening up for questions now.

Mr. WAMP.

Mr. WAMP. Well, I don't really have any questions. Either I am getting old or veteran group activists and representatives are getting younger. So, I mean, I look at you all, and I think, "Gosh, you all are a young group of people," including you, Steve.

Mr. ROBERTSON. After 21 years, sir, I take that as a compliment.

Mr. WAMP. I know you have been at it a while, and you do a really good job.

The only question I would have is, in the post-9/11 world, I have followed this closely and watched it, especially over the last couple of years. It seems like the Independent Budget, while there used to be almost a rub between the Independent Budget, the authorizers, the appropriators, and OMB, is like a four-corner, you know, conflict.

It looks to me like everybody is growing together as the Congress and the administration make more commitments to veterans. Is that just the general perception, that there is not the kind of competing interest with the Independent Budget that we used to have?

You are sitting here having a conversation with the chairman about the president's budget exceeding the Independent Budget, which used to just be almost the other way around all the time, correct?

Mr. BLAKE. Absolutely. Yes, sir.

Mr. ROBERTSON. Mr. Chairman—Steve Robertson with the American Legion for the reporters—I think one of the big differences is the quality of care. The V.A. has definitely taken a turn in the time period I have been in Washington—when we moved from a hospital-based system to more of an integrated health care delivery package, and with the community—everything else—

Mr. WAMP. Right.

Mr. ROBERTSON [continuing]. I think even OMB—and I never thought I would compliment OMB on anything—but I think even OMB realizes that they are getting the best bang for the buck and, if the rest of the health care industry would take a lot of the initiatives that the veterans community has taken, I think they would realize a lot of savings, as well.

So I really think that a lot of the things we have been advocating have become a reality. For example, we never had enrollment of the V.A. until 1996, 1997—

Mr. WAMP. Yes.

Mr. ROBERTSON [continuing]. Before we actually knew what population we were going to be taking care of. We weren't having people make payments into the system and bringing their health care dollars with them, which was something that was new.

And just the fact that we are delivering better care, we are able to compete with the rest of the world and attracting a lot of our veterans to the system who may have never used it before.

But the rest of the health care industry is changing, as well. And we are being the health care of choice, by a lot of the veterans that have other options.

Mr. BLAKE. Mr. Wamp, what I would say is, where you have really started to see together—grow together is that the administrations have come more towards—or the administration has come

more towards where I thought Congress and the veterans community was more closely aligned, mainly because I feel like, between the pressure from the committees and the folks on the Hill and the veterans community, we have managed to get a lot of the gimmicky stuff that used to be part of the budgets and a lot of the things that covered up true needs have been removed.

And, I mean, you really sort of get to a truth in budgeting point. And I think that is where we are starting to kind of come to that point now, where, you know, we are close enough that we all recognize that the—you can't really fudge the needs in the end. And so we are getting to that point now.

Mr. BAKER. I would like to add something on the benefits administration. I know that, you know, we have probably come before this committee and a lot of others year after year after year about the claims backlog and how there wasn't enough benefits processors to get that backlog worked out.

And I believe, if my memory serves me correctly, Chairman Edwards asked last year, if you get that—still going to ask for more people. Well, we got what we asked for.

And so the fact that it takes 2 or 3 years sometimes to get those claims processors up to speed, sure enough, this year, we are not asking for any new claims processors. We understand the president's budget may actually contain that.

I think that we indicated to the chairman last year that, if we could get enough, we could focus on policy within VBA to try to get the claims process a little smoother. But you can never do it until you have enough people to work within the system.

Now that you do—and that is what we have focused on this year in the I.B.—is try to improve some policies so that those people could be used to the best advantage.

So I think you are 100 percent correct when you say those corners are coming together.

Mr. WAMP. And I think—we have had 20 witnesses. I can't remember who mentioned the CARES. You still had some questions about CARES. Steve, that may have been you.

And I am just wondering, because, obviously CBOC, Super CBOC centers have all helped tremendously, but then I am still wondering, too, about some of the CARES recommendations, as to whether or not they are going to be implemented, whether they are just kind of dead, and things go in a different direction.

I thought when CARES was first proposed that there might be a movement of some of the facility strength from the upper east, where veterans have fled, to the southeast, in my area, where veterans have heavily populated. The rivers and the streams and the cost of living is lower, and they have moved towards the sun, also.

But CARES hasn't really done much about closing facilities or realigning things as much as V.A. health care has tried to take the health care services to the point of need where the veterans are more.

Mr. ROBERTSON. Well, I think CARES was really a blueprint, because we had some concerns because of the lack of study on the long-term care and mental health issues, a lot of the recommendations on facilities to be closed were places where we had mental health services being provided in a great demand.

So I think it was supposed to serve more as a blueprint, and we were supposed to develop it more as we went along. Well, Katrina kind of took care of a couple of issues for us. They wiped out basically two facilities that are still in the process of being built.

The Denver project has been going on now for almost a decade, of replacing that facility. Las Vegas, they are finally making some headway on that. So, you know, the major construction that the CARES talked about, I think, are still moving in the right direction. It was a lot of the minor construction consolidation things that had to be looked closely.

And if I am not mistaken, the Veterans Affairs Committee is scheduling a hearing in the near future on CARES to see where we are and what adjustments need to be made.

But the veterans community was pretty much concerned because of the lack of information on long-term care and the mental health issues. We weren't really sure that the CARES had adequately taken that into consideration with some of the recommendations, Waco being a classic example of one of them that was supposed to be closed. And that is probably one of our best mental health facilities in the whole system.

Mr. NEEDHAM. One of the strengths, I think, of the CARES process is, is it sort of made, I guess, V.A.'s approach to construction management much more professional, in that it sort of forced them to identify models and identify procedures and identify the process.

It is not to say it is a perfect process. I mean, as we have seen with, like, Denver, that has been, you know, 10 years in the making, and we are at about, you know, version number six of which kind of hospital we want. So, I mean, there are always certainly heartaches.

But if you look at the totality of the projects that have been done and how many of them were involved in the original CARES process, it is actually much more sizable than it would seem in initial glance.

But, also, as Steve was saying, in terms of, you know, the minor issues it is identified, you know, we talked about, you know, the need for minor construction, but also the research, and those were all things identified and brought forward by the CARES project. So in that aspect, it was valuable.

Mr. ROBERTSON. And the rural health care is still a major issue. And I think that most of the veterans community knows that the secretary has the authority to contract out services in areas where it is not feasible to build a facility, and we strongly advocated that over the years.

This is the American Legion, Steve with American Legion. We have concerns over the voucher system. We think that is a disaster—to happen for a number of reasons.

Mr. BLAKE. And I think, to be fair, when CARES was conducted, rural health care—I feel like rural health care has really become a front-and-center issue that it wasn't during the CARES process. And it sort of changed the dynamic beyond what CARES looked at.

And so I think the V.A. has been thrown a new challenge, and it is sort of balancing what the needs were identified under CARES with a whole new aspect on how the care can be delivered, particularly with the Guard and Reserve in rural settings. So—

Mr. ROBERTSON. The war, with the activation of Guard and Reserve units, brought more National Guard and reservists into the health care window than before—

Mr. FARR. Well, keep pushing, because it isn't going to happen without you. I mean, I think what we represent civilian, military, veterans, the whole community. And the best kind of care is quality care delivered close as possible.

I think there is going to be with health care reform a need for us to find a lot of savings, which is probably going to be at the administrative level. And it seems to me that we have got all these silos of health care that, if we had a better job of integrating, we could get a better bang for the buck and we could move those savings into providing higher-quality care in the rural areas.

But we are going to have to fight every inch of it. And the veterans are way ahead, because, you know, everybody is moving in the direction the Department of Veterans Affairs is going.

Mr. ROBERTSON. Well, the telemedicine—I mean, there are a lot of things that V.A. is doing—

Mr. FARR. Yes, it is fantastic.

Mr. ROBERTSON [continuing]. That is on the leading edge that we would like to see the rest of the health care industry try to emulate.

Mr. FARR. I have one question, Mr. Kelley. I appreciate your testimony on veteran cemeteries. I agree with all your recommendations. I have been fighting this for 15 years. We had a military base close. We have land set aside, for a veteran cemetery, but because we are within 70 miles of an existing cemetery, we have a problem. It is really more—it is only 70 miles as the crow flies, not as one drives.

So nobody wants to get buried in the existing cemetery. It is in the middle of the San Joaquin Valley. And so we went the state route, but the state of California is saying, "We are not going to do cemeteries." They have refused to do it.

So we invented a third way using state legislation to create essentially a private investment that would then guarantee the state's role. And the state will apply for it. I mean, we are not inventing a new application process, but we are indemnifying the state.

And so we have this land all set up for the feasibility study, and it is about 105 acres, and it is on Monterey Bay. The idea was to put a civilian cemetery next to a veteran cemetery. The profits are made off the civilian cemetery and can be used to maintain the veterans cemetery.

Mr. KELLEY. Right.

Mr. FARR. So we are looking for a developer. If you have anybody that wants to go and have a place on the Monterey peninsula to help us build a first-class veteran cemetery, where the federal part is all reimbursable.

I would love to try to change all the law, but it is probably going to be easier to get this thing built this way than it is to be able to get Congress to waive the 70 miles and do all that other stuff.

Mr. KELLEY. It looks like—what I have is an evaluation of the burial benefits. And they did a very in-depth study of how to change this. And that is where my recommendations came from, is

pooling some of their recommendations. And to serve the most veterans, it was to reduce the veteran population.

Mr. FARR. Where did you get a copy? Did that just come out?

Mr. KELLEY. It came out in August of 2008. And—

Mr. FARR. Do we have that? Can we work with you to get that?

Mr. KELLEY. Sure. And to serve the most veterans, it seemed more feasible to leave the 75-mile radius, but reduce the number of veterans in that area. It would immediately open access. I don't think it will help you.

Mr. FARR. No, it won't help us.

Mr. KELLEY. But there were studies that—

Mr. FARR. But, see, what they are doing in California, the department has decided to go up through the San Joaquin Valley. But if you put a cemetery in Bakersfield, and put one up in Santa Nella, and you put one up by Sacramento, 70-mile radius goes from Nevada out into the ocean.

Mr. KELLEY. Right.

Mr. FARR. Now, the problem is, there is no support facility. None of these communities or areas have ever had any history of military presence.

Mr. KELLEY. Right.

Mr. FARR. So you are going to have a burial without anything military anything, whereas in our community, we have the longest, oldest military base in the United States, still operational. And we have got seven military footprints there. I mean, it is a closed military base.

No matter what the merits are to this project, you can't get over the 70-mile rule. So, I mean, I am just asking if you know anybody who is interested financially, there is an ideal piece of real estate for development.

Mr. KELLEY. I will look into it for you, sir.

Mr. FARR. Thank you.

Okay, thank you. I don't have any more questions. If anybody has the last shot, you want to—yes, sir?

Mr. ZAMPIERI. Can I get the last shot—

Mr. FARR. You can have the last shot.

Mr. ZAMPIERI [continuing]. Director of government relations, and I appreciate it. In the Independent Budget, in other VSOs that testify, I just wanted to draw your attention to that the NDAA included in 2008 and 2009 that—they create various centers of excellence.

And you probably know where I am going. For TBI, PTSD, vision loss, hearing loss, and orthopedic, sort of the five centers, and—there has been some significant challenges, is the term that I keep getting told, in implementing all of those centers.

If you were to diagram the chart and look at—funding and program operations of those centers, you would be astonished, I think, at the lack of—

Mr. FARR. What do you want?

Mr. ZAMPIERI. The vision centers of excellence and the hearing and the orthopedic centers, I think if you could work with the Defense Appropriations Committee on ensuring that DOD is implementing all of those and working in cooperation with the V.A., because there has been some problems.

The House V.A. Oversight Subcommittee had a hearing on March 17th. And they uncovered some big problems there.

Hopefully, again, I think if you can just check with the Defense Appropriations Committee, it was Mr. Young and Mr. Murtha. And in the course of having DOD witnesses coming over and testifying—centers, make sure they are explaining what they are doing and—

Mr. FARR. Okay.

Mr. ZAMPIERI. They have admitted under oath, for example, they have spent a total of \$7,500 on the vision centers of excellence—that is sort of unconscionable.

Mr. FARR. We will have our staffs check with those other committee staff and see if we can address that.

All right? Thank you very much. Thank you for your time. All of you, thank you for your service and for being here today. We appreciate it.

The meeting is adjourned.

THURSDAY, APRIL 23, 2009.

RELATED AGENCIES

WITNESSES

**CHIEF JUDGE WILLIAM P. GREENE, JR., U.S. COURT OF APPEALS FOR
VETERANS CLAIMS**

**GENERAL JOHN W. NICHOLSON, U.S.A., RETIRED, SECRETARY, AMER-
ICAN BATTLE MONUMENTS COMMISSIONS**

**TERRENCE C. SALT, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR
THE ARMY (CIVIL WORKS), ARLINGTON NATIONAL CEMETERY**

TIMOTHY C. COX, ARMED FORCES RETIREMENT HOME

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order.

Chief Judge Greene, welcome back to the committee.

Chief Judge GREENE. Thank you, sir.

Mr. EDWARDS. And thank you for your work on behalf of America's veterans.

I am going to be very brief in my opening statement. Our first panel is the United States Court of Appeals for Veterans Claims. The budget request for fiscal year 2010 is \$27,115,000, of which \$1.8 million is for the pro bono program.

The request is a net decrease of \$3.86 million when compared to the fiscal year 2009 appropriation, which included a onetime appropriation associated with GSA expenses for a new judicial center.

And, Judge Greene, we have introduced you many times so I won't go through your whole bio, but thank you for your distinguished career in the Army and your continued service to our country at the court now.

Chief Judge GREENE. Thank you.

Mr. EDWARDS. I would like to recognize Mr. Wamp for any opening comments—

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Just to thank you, Chairman, for the way you run this committee, the way we got our work done on time, the joint commitment to doing that again this year and these witnesses this afternoon.

This hearing is important, and I know you want to move along so that we don't hold them any longer than we can.

And with that, I will just yield back and get started.

Mr. EDWARDS. Thank you.

Judge Greene.

STATEMENT OF THE HONORABLE WILLIAM P. GREENE, JR.

Chief Judge GREENE. My turn?

Chairman Edwards and Ranking Member Wamp, I certainly am very pleased to be here again with you to talk about the budget for the United States Court of Appeals for Veterans Claims.

I think you pretty much have capsulized the budget for fiscal year 2010. We are in the unique position this year of asking for less money than we were appropriated last year thanks to your great support and putting the money in motion to kick start the project for the courthouse for our veterans.

There are, however, some increases in the budget if you take away that \$7 million that I need to bring to your attention. With the addition of the pro bono representation program budget, they are requesting an extra \$120,000 over last year's budget.

Our increase can be focused essentially on \$1.5 million to anticipate the incurred costs of taking care of two additional judges that have been authorized by Congress to assist us in this mission. And if Congress confirms and the president appoints these individuals after December of 2009, then three-quarters of the year will require us to be able to adequately financially support two judges and the accompanying staff.

The other part associated with that is the fact that because of our growth with the two additional judges and because of the conditions that we are in now, we will need to expand space—available space—and that would be moving some employees out to another location and leasing space there.

And so the cost associated with that, plus the build-out and the other moving expenses, will be about another \$2 million to cover that cost.

Other than that, we have the regular increases that are associated with financial services and security and the like.

I just need to say that the court is very grateful, again, for the demonstrated support that you have provided reference to the courthouse. We have transferred that \$7 million to GSA to get the ball rolling.

We have identified a site on 49 L Street SE, but there are issues that have to be addressed and answered before we can firmly commit to requesting the specific funding requirement other than the \$7 million. There are soil contamination issues, the ability to acquire an additional adjacent lot, setback issues for the building, and then whether or not there is sufficient overall size for putting a courthouse on that location.

Mr. EDWARDS. It is never easy, is it?

Chief Judge GREENE. It is never easy. And if this doesn't work, then we will have to go to other alternatives.

But you can rest assured that as soon as those answers are given that I will diligently move forward to providing you a very fully-funded request.

[The prepared statement of the Honorable William P. Greene, Jr., follows:]

*TESTIMONY OF
THE HONORABLE WILLIAM P. GREENE, JR., CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS*



*FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
APRIL 23, 2009*

STATEMENT OF
THE HONORABLE WILLIAM P. GREENE, JR., CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS
FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
APRIL 23, 2009

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

On behalf of the Court, I appreciate the opportunity to present testimony on the fiscal year (FY) 2010 budget request for the United States Court of Appeals for Veterans Claims. Although the Court's 2010 budget has not yet been formally requested or submitted, I do not anticipate any change to the budget estimate that I provided to the Subcommittee on March 4, 2009. I will therefore briefly (1) summarize the Court's budget request; (2) provide an update on the caseload and measures undertaken to handle the large number of appeals being filed; and (3) provide an overview of recent developments on our Courthouse Project.

I. Budget Request

The Court's FY 2010 budget estimate is \$27,115,000. We are in the unique position this year of requesting *less* money (a decrease of \$3,860,000) for FY 2010 than was appropriated in FY 2009. This decrease is due to the fact that in FY 2009, the Court received, in addition to its \$23,975,000 budget request, an appropriation of \$7,000,000 to be transferred to the General Services Administration (GSA) for advanced planning and design of a courthouse. Without that FY 2009 \$7,000,000 courthouse appropriation, the Court's FY 2010 budget request reflects a \$3,140,000 budget increase for expenses over that requested in FY 2009. The changes occur in three areas: an increase sought by the Veterans Consortium Pro Bono Program (Pro Bono Program); an increase for Court

personnel compensation and benefits costs; and an increase for "other objects." I will briefly address each of these categories.

Since FY 1997, the Pro Bono Program's budget request has been provided to Congress as an appendix to the Court's budget request. Accordingly, I offer no comment on that portion of our budget request that includes the Pro Bono Program's \$1,820,000 request (an increase of \$120,000 over the FY 2009 request). I do, however, commend the Pro Bono Program for its success in providing legal assistance to many appellants seeking judicial review from the Court.

Regarding personnel costs, the Court requests \$16,291,000 to fund an increase from 112 to 124 full-time equivalent (FTE) positions. Per Public Law 110-389, Congress amended 38 U.S.C. § 7253 to authorize, effective December 31, 2009, a temporary increase in the number of authorized judges, from 7 to 9. The 12 additional FTE positions sought for FY 2010 anticipate the staffing increase necessary to accommodate, for three quarters of the fiscal year, the two additional judges and their accompanying judicial support staff. The concomitant budget increase for personnel expenses of \$1,591,000 over the FY 2009 request also accounts for the 4.78% pay raise in FY 2009, the recently enacted judiciary COLA, and the government-wide budgeted FY 2010 pay raise of 3%.

The Court's request for funding for "other objects" (i.e., basic operations excluding pay and benefits) reflects a net decrease of \$5,571,000 over the FY 2009 appropriation. After subtracting the courthouse development funding added to our FY 2009 appropriation, this figure reflects an increase of \$1,429,000 over the Court's FY 2009 budget request. These "other objects" make up the costs necessary for the operation of the Court. They include rent payments; funding necessary to modify our existing space to accommodate additional judicial chambers; equipment necessary for the increased staff; charges for financial accounting and reporting; costs of paying the Federal Protective Service for

security personnel to provide security monitoring at the street entrances of the Court's present location; cross-servicing charges of payroll/personnel services; increases to the cost of the U.S. Marshals Service contract for Court Security Officers; communications, printing and supplies expenses; contributions to the Judges Retirement Fund; and travel expenses.

The most significant costs in the "other objects" category are the anticipated rental payments to GSA and to others. Currently, the Court leases commercial office space at 625 Indiana Avenue, NW, Washington. This lease expires in 2010 but to accommodate its growing needs, the Court intends to negotiate a lease extension while also searching for additional adjacent space to lease on a temporary basis. We also are planning modifications to maximize space at our current location. The Court also leases a small Continuity of Operations Program (COOP) site in Northern Virginia, largely as a backup site for our electronic filing system.

II. The Court's Caseload and Recent Innovations

As I have testified in recent years, the caseload at the Court continues to climb. In October 2009, the Court will celebrate 20 years in operation. Over those 20 years of judicial review the number of case filings at the Court has increased, with the numbers of actions filed in FY 2007 (4,644) and FY 2008 (4,128) nearly double the numbers from just 5 years earlier. The Court has been authorized seven active judges throughout its existence, and we have managed this increased workload with no more than seven active judges. The growth trend appears to be continuing in FY 2009 with the Court having received 2,203 new cases in the first 6 months of this fiscal year, and deciding 2,015 cases during that same time period. These statistics result in the U.S. Court of Appeals for Veterans Claims having the highest number of filings per judge, and the highest number of appeals terminated

per judge, among all federal courts for which an increase in judges was sought by the Federal Judiciary last year.

The increase in the numbers of cases may be attributed to several circumstances. As Congress authorizes more resources for the Department of Veterans Affairs (VA) to adjudicate claims and to hear administrative appeals, claims are processed faster and the Board of Veterans' Appeals (Board) decides more claims. Increased productivity by the Board, including a higher number of denials of benefits, produces more potential appeals to this Court. The number of distinct issues within a Board decision is also on the rise. Public awareness of the availability of judicial review by a federal appellate court, coupled with the increase in attorneys and non-attorney practitioners practicing veterans' benefits law, potentially produces more VA benefits-claimants exercising their right to seek judicial review. The result is a caseload that is indeed formidable.

To meet the challenges of this caseload, the Court continues to pursue ways to handle cases fairly and efficiently. This past year, we have seen a great number of these ideas become realities. Thanks in large part to your support, the Court partnered with the Administrative Office of the U.S. Courts to acquire, adapt, and implement an electronic case management/ electronic case filing system (CM/ECF). After a great deal of testing and training, the Court went "live" with CM/ECF in October 2008 for cases with represented parties. In these cases, the Court receives all documents electronically and issues all orders and decisions electronically. CM/ECF has produced significant administrative efficiencies, including remote 24-hour filing access, reduced mailing/courier costs for the parties and the Court, reduced storage space needed for record retention, the opportunity for multiple users to access records, and efficient and cost-effective electronic notification procedures. Although we are still in the process of fine-tuning the CM/ECF system and our Court Rules, we have already reaped

many benefits from transitioning to electronic filing and again, I thank you for the funds to support this innovation.

Second, the Court has enhanced its pre-briefing dispute-resolution program and has enjoyed excellent results. Again, I thank you for providing the resources that allowed us to make a commitment to this program. The attorneys in the Court's Central Legal Staff (CLS) have received extensive formal mediation training and have increased substantially the number of pre-briefing conferences they conduct with the parties. In approximately 50% of those cases where it is determined that negotiation would be beneficial and where a conference is scheduled, the matter is resolved prior to the parties submitting an appellate brief. In other cases the dispute resolution process is successful in narrowing and focusing the issues on appeal. The feedback from members of the Court's Bar, as well as from our CLS attorneys, is that this mediation program is efficient and effective in bringing the parties together and resolving issues consistent with the law, due process, and the interests of justice, while conserving judicial resources.

Finally, we continue to benefit from the service of the recalled retired judges, and from the judicial stability we have gained with all of our active judges now experienced and their chambers fully staffed. I express my appreciation for your continued support in assisting us to respond to our growing demands, and for ensuring that we have adequate space and resources to provide thorough and efficient judicial review.

III. A Veterans Courthouse

On behalf of the Court, thank you very much for including in the FY 2009 appropriation \$7,000,000 for advanced planning and architectural design of a Veterans Courthouse. The U.S. Court

of Appeals for Veterans Claims is the only Federal Court without a permanent courthouse. Now we are pleased to be on the verge of making the Veterans Courthouse a reality.

As background, the project goals are to: (1) provide an appropriate setting that conveys the Nation's commitment to independent judicial review of veterans' benefits awards and its gratitude and respect for those who have served; (2) to create a Veterans Courthouse that is adequate in size, reachable through public transportation, fully ADA-accessible, and adjacent to public amenities; (3) to follow appropriate security guidelines to protect judges, employees, and the public; and (4) to develop an implementation strategy that is fiscally responsible and will appeal to all entities involved (including possible co-located entities, GSA, and the public).

In 2004 Congress requested a study to review the feasibility of acquiring a dedicated Veterans Courthouse and Justice Center. That original feasibility study, called for in H.R. 3936, was completed by GSA in February 2006. It identified four primary options for obtaining a Veterans Courthouse and Justice Center: (1) Building a Courthouse to suit on federal property, or renovating an existing unique federal facility; (2) co-locating the Court with associated entities in a leased, privately constructed build-to-suit facility, an existing unique private facility, or an existing commercial office space; (3) relocating the Court in an existing commercial office building; and/or (4) no change.

In 2007, per S. 1315, a follow-on study was requested to focus on the feasibility and desirability of leasing significant additional space for the Court in the commercial office building at the Court's current location, and in essence, turning that office building into a Veterans Courthouse and Justice Center. That study, completed in April 2008, concluded that to accomplish that goal two federal tenants would need to be displaced. The relocation and build-out costs for those tenants would result in the highest cost option to the public for establishing a dedicated Veterans Courthouse. The follow-on study

also concluded that although converting the commercial space on Indiana Avenue to a Veterans Courthouse meets some of the project goals and could potentially be the least disruptive to Court staff during the transition, the complexities of relocating displaced tenants and the limitations of occupying commercial space pose significant drawbacks to this option. GSA's conclusion, based on both the original and the follow on studies, is that the option that best fulfills the programmatic purposes behind establishing a Veterans Courthouse is a build-to-suit courthouse on federal property within close proximity to the other federal courts in Washington.

There is a consensus on the need for a Veterans Courthouse. Last month I met with Chairman Akaka of the Senate Committee on Veterans' Affairs and he expressed his support for the project and directed his staff to express to Senate Appropriators the Committee's support for \$50 million to further the project. Veterans' service organizations have voiced their desire for a courthouse befitting veterans. The Fiscal Year 2009 Independent Budget for the Department of Veterans Affairs recommended that Congress provide legislation and funding to make the Veterans Courthouse and Justice Center project a reality. In a February 2009 letter sent to all members of Congress, the national and legislative directors of eight national veterans' service organizations again expressed their support for legislation authorizing and funding a dedicated Veterans Courthouse in close proximity to the Capitol.

The question remains "where" to put the Veterans Courthouse. As an Article I court created by Congress, and as *the* National Court for review of veterans benefits decisions, the ideal location for the Veterans Courthouse would be in Washington, D.C., near other federal courts and near the Capitol. In studying possible locations our Courthouse Committee has evaluated GSA's feasibility studies, met on several occasions with GSA staff, gone on GSA-led and independent site visits, met with veterans organizations and representatives from the Department of VA to listen to their interests and concerns,

and met with Congressional members and staff to share ideas and measure support. Several location options have been identified as possible sites for a Veterans Courthouse.

The first location identified was federal land within the Capitol Complex, at the intersection of North Capitol Street and Massachusetts Avenue, that is currently used for Senate parking. This spot meets all of the Courthouse Project goals and was identified by the Court's Courthouse Committee and several veterans service organizations as an ideal location. However, in February 2009 I received a letter from the Chairman of the U.S. Senate's Committee on Rules and Administration stating that there was not available land on the Capitol Complex for a Veterans Courthouse.

We are now considering GSA owned property at 49 L Street, S.E., in Washington. Currently at this location is a 32,000 square foot warehouse situated on a .66 acre site, one block from the Navy Yard Metro stop. Toward this end, the Court will transfer up to \$7 million to GSA to study the development potential of this parcel for a courthouse, including initial review of whether this property could adequately support a building of sufficient size given the current setback requirements for federal construction. GSA is also investigating possible soil contamination on this site and considering environmental remediation options. We anticipate that this effort will permit us to make a fully developed funding request.

Because of the current uncertainty in a location for the Veterans Courthouse, I concluded that the Court could not proffer a specific funding request for this project in our FY 2010 budget request. We appreciate Congress's support in providing authorization and the necessary appropriations for undertaking this effort to create a tangible symbol of the Nation's commitment to justice for veterans.

IV. Conclusion

On behalf of the judges and staff of the Court, I express my appreciation for your consideration of the Court's needs, and I thank you for the opportunity to provide this testimony in support of the Court's FY 2010 budget request.

Mr. EDWARDS. Okay. Great. Thank you, Judge Greene.

And obviously your full testimony will be submitted for the record.

I think we have a minute or two left on one vote with one more vote to follow. So this shouldn't take long.

RENOVATING AN EXISTING BUILDING

Judge Greene, let me ask if there is any possibility with the market turning down and a lot of real estate developments really in a cash bind, is there any option that there might be a building that is already built that becomes available that could be renovated in Washington? Or does GSA keep its eyes open for those kind of opportunities?

Chief Judge GREENE. Yes, sir. GSA is identifying sites like that and, of course, we are helping them identify sites as well. Quite frankly, I have looked at the National Building Museum because that is the old Pension Building. And you walk in there and you see nothing but things associated with veterans coming in there to receive their pensions for their service. There is plenty of space in there. Certainly that is a very attractive option in the absence of having your own independent courthouse like the other courts have.

The Arts and Industries Building run by the Smithsonian was part of the feasibility study. The problem there, of course, is it is going to take probably \$200 million to just rehab it. Then you have got to retrofit it to a courthouse.

Mr. EDWARDS. Sometimes renovations can be more expensive than building from scratch.

Chief Judge GREENE. And, of course, the feasibility study was really directed at us staying in the current commercial office building that we are leasing.

The kick there was that to turn that into the courthouse, you would have to displace two other federal tenants. There are associated costs with moving them out and finding them another place and then retrofitting the rest of the space in Indiana Avenue for the court.

Mr. EDWARDS. Well, are you satisfied that the planning for the site that they are looking at is moving ahead? I know there are hurdles and potential roadblocks, but they are moving expeditiously.

Chief Judge GREENE. I am, sir. And from, at least from my Army experience, I would like to have many, many options going at one time, alternatives.

One thing that might have delayed it was that when the feasibility study was submitted we had identified, quite frankly, property on the Capitol complex that was used for Senate parking, and we wanted to mirror the project that had been used for the Thurgood Marshall Building, which would have provided more parking for Senate staff and what have you. It would have been an ideal location as supported by many of the veterans organizations.

But I am informed that that is not available. So we then divert to the other options that GSA has identified.

DECREASE IN CASE FILINGS

Mr. EDWARDS. My last question is, you had a decrease of case filings of about 43 per month in 2008 versus fiscal year 2007. Do you see that as a trend or was that just a onetime—

Chief Judge GREENE. A decrease? Yes, it has been a decrease. We certainly are still looking at 4,000 to 5,000 a year, though. I think we received for instance, starting for fiscal year 2008—October 2008 to March 31, 2009, we have received 2,200 cases already and have terminated 2,000. We are at half year so we are still on that trend.

Mr. EDWARDS. Okay. Thank you.

Mr. Wamp.

INCREASE IN JUDGES

Mr. WAMP. Well, did you say, and I missed it, why the increase in judges that you have added are temporary and not permanent?

Chief Judge GREENE. I did not say. That, I think, quite frankly, was a legislative compromise. That is not an unusual thing. In Article III courts sometimes Congress will temporarily increase the number of Article III judges for a particular jurisdiction.

The idea is that apparently after 2013 there would not be any authority to increase the court beyond the seven. And that 13 is probably gauged towards anticipated retirements like my own.

So I don't think it appreciates that in 2013 you could be receiving 6,000 cases.

Mr. WAMP. That is all I have. Thank you, Mr. Chairman.

Mr. EDWARDS. Okay.

I have some additional questions I will submit in writing. But those are all the questions I have. But thank you. Please keep us informed how the planning is—

Chief Judge GREENE. Oh, absolutely. You will be the first to know. [Laughter.]

Mr. EDWARDS. Thank you, Judge. Good to see you.

We now have the American Battle Monuments Commission, and representing the commission are Brigadier General John Nicholson, U.S. Army, retired. He is the executive secretary of ABMC, and he also has with him, accompanying him, Brigadier General, retired, William Leszczynski, the executive director and chief operating officer.

And I am going to forego introductions because the two of you have been before this committee several times. In the interest of time, I want to give you an opportunity to jump into your testimony.

So, General Nicholson, if you would like to proceed, I will recognize you for 5 minutes.

STATEMENT OF JOHN W. NICHOLSON

General NICHOLSON. Thank you. Thank you, Mr. Chairman—
Mr. EDWARDS. Thank you.

General NICHOLSON [continuing]. And members of the subcommittee. Thank you for the opportunity to appear before you today.

Since the administration has not cleared me to discuss the detailed fiscal year 2010 appropriation request, I can only talk about the work that is ongoing within the commission.

The commission has served as a guardian of America's overseas commemorative cemeteries and memorials since 1923. Our mission is to preserve for future generations the 24 cemeteries and the 25 monuments, memorials, and markers that we maintain around the world to honor America's war dead. Those missing in action and those who fought at their side.

The Fiscal 2009 appropriation of \$59.5 million for salaries and expenses allows us to execute our mission and supports our requirements for compensation and benefits, rent and utilities, maintenance, infrastructure, and capital improvements, contracting for services, procurement of supplies and materials, and replacement of equipment.

To support this level of effort, our staffing requirement is 409 full-time equivalent positions.

The fiscal year 2009 appropriation of \$17.1 million into our foreign currency fluctuation account has brought that balance up sufficiently to defray losses resulting from the changes in the value of foreign currencies against the dollar and allows us to maintain purchasing power in an uncertain financial environment, a critical factor when 80 percent of our annual appropriation is spent overseas using foreign currencies.

Last year, you wrote language into our appropriation for this account that reads, "such sums as may be necessary." We thank you for your visionary leadership in making this fundamental change in how this critical account is managed. We have always taken our stewardship responsibilities seriously, and the "such sums" language does not lessen that responsibility. It does, however, reduce the risk to our operations, ensuring access to the funding we need when we need it, to maintain buying power if the U.S. dollar becomes weaker than originally estimated, and for that, we are very grateful.

As you have seen on your visits, our overseas cemeteries and memorials are tangible representations of American values and our own nation's willingness in two world wars to come to the defense of our own freedoms and the freedoms of others. These magnificent national treasures instill patriotism, evoke gratitude, and teach important lessons of history to all who visit.

ABMC's first chairman, General of the Armies John J. Pershing, promised that time will not dim the glory of their deeds. To fulfill that vision, we have a responsibility beyond simply maintaining beautiful and inspirational commemorative sites. We also must perpetuate the stories of confidence, courage, and sacrifice, that those we honor can no longer tell for themselves.

We reported to you last year on the opening of the Normandy Visitor Center. Following completion of that project, the commission recognized that the war dead at Normandy are not the only American war dead buried overseas that deserve to have their stories told. In that spirit, we plan to adapt the interpretive techniques used so effectively at Normandy to our other visitor buildings around the world.

But we do not intend to build new facilities like at Normandy. Instead, we will renovate existing visitor buildings to accommodate the types of exhibits and visitor services that have been so well received at Normandy. We have recently conducted site surveys of five prototype cemeteries to help us determine how best to do this and where to start.

We are well into exhibit design for Pointe du Hoc where the emphasis will be on low-profile panels placed along a self-guided walking tour of the battleground, which appears much as it did when the rangers captured the Pointe on June 4, 1944. Minimal displays and interactive programs will be placed in the small French-owned visitor building near the Pointe.

Concurrently, the Pointe du Hoc restoration project is advancing well. The French government made a public announcement of the project on March 3 and emphasized support from the French and American governments. On April 15, we submitted the required environmental impact study and contingent permit request to the French, which will begin the official permit process.

By French standards, this project is moving very quickly, and we continue to enjoy enthusiastic support from French officials. We will keep you and your staff apprised of our progress.

In concert with these important initiatives, we continue to work diligently to attract many more American and foreign visitors to personally experience these inspirational and educational commemorative sites. As always, we welcome and encourage your visits to see for yourselves the manner in which we use the resources you provide to us and to experience firsthand the pride of living in a nation that so honors those whose service and sacrifice have kept us free.

I would like to close my remarks by introducing the members of my staff that accompanied me here today. As you mentioned, Brigadier General Bill Leszczynski, U.S. Army, retired, the executive director and chief operating officer of the ABMC; Tom Sole, director of engineering and maintenance; Mike Conley, director of public affairs; Alan Gregory, director of finance; and Matthew Beck, the budget officer.

Thank you, Mr. Chairman. This concludes my prepared statement. I would be pleased to respond to your questions.

[The prepared statement of John W. Nicholson follows:]

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OPENING STATEMENT
BEFORE
THE HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES
BY
BRIGADIER GENERAL JOHN W. NICHOLSON
U.S. ARMY (RETIRED)
SECRETARY
AMERICAN BATTLE MONUMENTS COMMISSION

April 23, 2009

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Executive Director and Chief Operating Officer;
- 2) Tom Sole, Director of Engineering and Maintenance;
- 3) Mike Conley, Director of Public Affairs;
- 4) Alan Gregory, Director of Finance; and,
- 5) Matthew Beck, Budget Officer.

Thank you, Mr. Chairman. This concludes my prepared statement. I will be pleased to respond to your questions.

Mr. EDWARDS. General Nicholson, thank you. And let me say at the outset, I know this is far more than a job and a position to each of you. It is a passion and a labor of love, and I thank you for that. You are the stewards of some of the most hallowed and sacred grounds anywhere in the world, and we are grateful to you and to your dedication, and I say—when I say to you, I mean to you, General Leszcynski, and to all of you.

NORMANDY VISITOR CENTER

General NICHOLSON. Thank you, sir.

Mr. EDWARDS. Let me ask you about the Normandy Visitor Center. How many people do we estimate visit that a year? Any broad estimate?

General LESZCZYNSKI. About 500,000 right now is the number of people that are actually going through that center a year, sir.

POINTE DU HOC

Mr. EDWARDS. Okay. Secondly, in terms of the effort that you have made, this subcommittee has funded to prevent Pointe du Hoc from literally falling in the ocean, which, to me, would be akin to allowing the Statue of Liberty to fall into New York Harbor. How is that going? Are you now confident that that historic site, meaningful site, hallowed ground can be protected?

General NICHOLSON. Yes.

Mr. EDWARDS. So the technology is there. Now you are working and I know you have been working very closely with the French which you reference in your testimony. But the—the engineering, the technology is there. It is feasible. We have the cooperation, the partnership, and the resources. It can be done.

General NICHOLSON. Well, I would say yes, but I would like to defer to the engineer who is really hands on that issue.

Mr. SOLE. Sir, as you know, Texas A&M—

Mr. EDWARDS. For the record, could you identify yourself?

Mr. SOLE. Yes, sir. Tom Sole, director of engineering and maintenance for the American Battle Monuments Commission.

Mr. EDWARDS. Tom, why don't you come up here a little closer to the microphone?

Mr. SOLE. Sir, as you know, Texas A&M spent a couple of years doing a very in-depth study of that site to examine the causes of the instability. Now all of their work has been reviewed by two French technical organizations to validate their work. And they have basically concluded that their work is sound, and so that has given us great confidence that, indeed, we are on the right path. And I think it has also given the French great confidence, and that is why they support it so strongly.

I think the work is important not only because of the stability, but it also protects the historical nature of the site, as well as its environmental aspects, because it is an environmentally protected site for the French. So I think Texas A&M did a great study. They gave us great insights. And I think that right now the solution that they kind of laid out in their study is the one that we are pursuing, although we are going to go out to contractors soon to see what the contractors can actually do to give us the final solution. But we are confident that we will be able to remediate much of that—

Mr. EDWARDS. Great, great.

And I also salute you on your interpretive programs. I think you are right in referencing them as public diplomacy efforts. It is a way of reminding the world when they come visit our cemeteries overseas of the sacrifices Americans have made on behalf of the world.

Mr. WAMP.

Mr. WAMP. Well, two questions.

General Nicholson, you look to me like you are thinner this year than you were last year, and my first question is did you mean to do that. [Laughter.]

General NICHOLSON. You are very observant. Four pounds slimmer.

Mr. WAMP. That is all?

General NICHOLSON. Yes, I gave up whiskey for Lent. [Laughter.]

Mr. WAMP. Well, being from Tennessee, I am not going to tell you what to do. [Laughter.]

General NICHOLSON. Lent is over.

Mr. WAMP. In the legislature in Tennessee about a month ago, they declared milk as the official drink for the State of Tennessee. And so, as I was traveling the state for 17 days, I made several points to tell folks that I didn't realize they started putting George Dickel and Jack Daniels in milk—

[Laughter.]

Mr. WAMP [continuing]. And it is the only way I could explain what they did, the legislature.

INTERPRETIVE TECHNIQUES

You talked about interpretive techniques, and I have been at Pointe du Hoc, and I have been at Normandy, and it was one of the most moving experiences of my life. And, you know, I came back after seeing Theodore Roosevelt's cross at Normandy, and then I was at the Pentagon for the Medal of Honor recognition of both the father and the son, and that is just an extraordinary thing, tying our sacrifices together.

But you talk about interpretive techniques, and I am interested because you talked about some of the things you are doing at Pointe du Hoc with the walkway and the panels. Are there other measures that you are going to do? What have you done at Normandy that is different for the visitor that is an experience that you might use in other places? Is it interactive? Are there kiosks? What is it? Because I haven't been back. I wish I could go a lot. But what interpretive techniques under your testimony are different?

General NICHOLSON. Well, that is a good question, and I will ask Mike to give you the detail, but we are doing several things that you did mention on a different scale, not as intensively as at Normandy.

Mike, you have been—

Mr. CONLEY. Mike Conley, director of public affairs, American Battle Monuments Commission.

Sir, in answer to the question, Normandy is the first of a kind for us. We have visitor buildings at all 24 of our cemeteries. If you have been to the cemeteries, you know that they are really

throwbacks to the eras when the cemeteries were built. They are more like receiving rooms in a funeral parlor, and when you consider that the first visitors were the mothers and fathers and spouses of the war dead, that made a lot of sense. But as we start transitioning away from those generations, and trying to attract younger generations, trying to incorporate more modern techniques.

When you go to the visitor center in Normandy, you will find very powerful films that tell the story. You will find campaign interactions where you can actually follow the flow of the divisions through the Normandy operation, the landing, then the ensuing operations, and then, the standard exhibit with text.

But what we really tried to do is focus on individuals. You will find a series of vignettes on individuals buried in the cemetery or who served alongside of them and survived to try to allow people to make that personal connection. And what we are really trying to do—before we did the visitor center, clearly, going to Normandy was a moving, inspirational experience, but what we are now able to do is to provide the historical context for why that cemetery came to be put there, how and why those individuals buried there died, and for what they died, so that you really understand the context of that sacrifice.

As the secretary said, we don't intend to build anything on that scale because, quite frankly, the visitorship at the other cemeteries wouldn't warrant that. But using the films, using the interactives, using the database searches, and using the personal anecdotal stories, we can still tell the story at all of our facilities, and that is the direction we are moving.

Mr. WAMP. Without taking anything away from the raw and awesome simplicity of the site itself. I mean, that, to me, is the most overwhelming thing about Normandy, is just the crosses.

Mr. CONLEY. Absolutely.

General NICHOLSON. They don't take anything away from it.

Mr. WAMP. Don't take anything away from that.

Mr. CONLEY. In fact, the facility itself was intentionally designed to be set off by itself, low profile, so it did not in any way, architecturally, detract from the solemnity of the cemetery. And we know we get a million—about a million visitors to the cemetery. The executive director talked about half of those maybe going through the visitor center. That is okay. The destination is the cemetery, not the visitor center. The visitor center provides context for the visit to the cemetery.

Mr. WAMP. That is great.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

Mr. FARR. Well, I just visited your cemetery in Manila. I was just overwhelmed. It is on the most beautiful piece of real estate in all of the Philippines, and it is probably now the most valuable piece of real estate in the country. It is on a beautiful hill surrounded by cities.

And I mean, I don't have any questions. I just want to tell you that it was—I loved the way all the battles of the South Pacific were displayed in art and tile, and it was fascinating. And then to

look for your family names of ancestors you never knew that may have been related. I found it very touching and very, very powerful. I just wish we could get a cemetery built in my own district.

Mr. EDWARDS. Does anyone else have a question or observation?

Mr. FARR. General Nicholson always looks young, Mr. Wamp.

Mr. EDWARDS. Absolutely.

General NICHOLSON. Thank you.

Mr. EDWARDS. Well, I don't have any additional oral questions. We may have some follow-up written questions, and, obviously, once you have officially released the 2010 administration budget for ABMC, then please come back and let's sit down and talk with our staff and figure out what that budget implies and whether we need to adopt it or whether we need to add to it or do some fine-tuning.

FOREIGN CURRENCY FLUCTUATION ACCOUNT

Mr. FARR. I do have one question.

I was reading your testimony about the foreign currency fluctuation account. I was very interested in trying to help the Peace Corps out because we had to cut all the positions because of their costs overseas, with the valuation of the dollar. We never got that money in.

It was about \$17 million for the whole program, and we failed to get it in last year, and they had to cut a bunch of volunteers and then eliminate some programs. And I notice we did fund your account. Is that account a permanent account that just deals with fluctuation of the dollar?

General NICHOLSON. Yes, but the chief financial officer can give you a real detailed explanation of that, but the answer is yes.

Mr. FARR. Does it earn interest or anything? Is it a fenced account? I knew nothing about it, though. I just read the testimony.

Mr. GREGORY. Alan Gregory, the chief financial officer.

Funding for our Foreign Currency Fluctuation Account is appropriated every year, and it has been for the last 4 or 5 years. It was established by Congress in 1988 and seeded with \$3 million, but up until that time, there wasn't much fluctuation, much need for use of a premium to operate overseas.

As General Nicholson said in his testimony, about 80 percent of our funding is spent overseas. We operate with a premium that costs, right now, 30 percent extra spend for goods and services and contracts overseas. So that the account stabilizes our cost requirements.

And—but the way that the account works, we can move money from the foreign currency account to our Salaries and Expenses account. And if we ever needed to move it back, which we don't, we could move it back to the foreign currency account. The account doesn't draw interest. Our statute limits us from obligating directly from that account.

Mr. FARR. So you just draw from the account. You have a maximum amount of money that you can draw.

Mr. GREGORY. That is correct.

Mr. FARR. Thank you.

Mr. EDWARDS. Any additional questions?

If not, thank you both. Thanks to the entire staff and all your representatives for the work you do. Thank you.

General NICHOLSON. Thank you, sir.

Mr. EDWARDS. See you, General.

General NICHOLSON. You bet.

Mr. EDWARDS. Take care.

Members, we are now going to review the Department of the Army's Civil Works Program for Cemeterial Expenses. Our witness today is Secretary Terrence Salt, Principal Deputy Assistant Secretary of the Army for Civil Works.

Mr. SALT. Sir.

Mr. EDWARDS. Secretary, it is good to have you here. And accompanying him, as we know before this subcommittee, Mr. John Metzler, the second generation of his family as superintendents of Arlington National Cemetery. We are grateful you are both here.

And Mr. Secretary, I would like to recognize you for 5 minutes of opening comments and we will certainly put your entire statement in the record.

STATEMENT OF TERRENCE C. SALT

Mr. SALT. Thank you, sir. I would also—with me today also are Ms. Claudia Tornblom of our staff at the Army, Mr. John Perez, also from my staff and other staff from Arlington National Cemetery.

Sir, since the administration has not yet released a detailed budget for fiscal year 2010, my testimony is limited to providing an update of our various ongoing projects and activities.

Mr. EDWARDS. Oh, come on, you can tell us. [Laughter.]

Mr. SALT. You have to ask me first.

Mr. EDWARDS. We won't put you in an uncomfortable position. I understand.

Mr. SALT. Sir, there are two items that are of particular significance that I would like to highlight for the subcommittee. The first is the Millennium Project which consists of the development of 36 acres of land into gravesite areas, roads, utilities and columbarium walls; actually approximately 14,000 additional gravesites and 22,000 niches will be provided when this development is complete.

In the long term, this project is very important to extend the useful life of Arlington Cemetery. In the short term, it will alleviate crowding at funeral services that is occurring in concentrated areas of the cemetery.

The subcommittee staff recently visited the cemetery to get a first-hand look at this project. I certainly would extend an invitation to the entire subcommittee for an on-site briefing.

As I made my trip the other day, there were 32 funerals going on and they are all concentrated in this one area. It is just a very concentrated part of the cemetery.

The second item that we are considering is the development of a new master plan for Arlington Cemetery. The current master plan was published in 1998. Due to post-9/11 force protection issues regarding Fort Myer and other considerations, a new master plan is being considered to evaluate a full array of options to address the management of the cemetery in the future.

The options would include capital development, land management, burial eligibility and consideration of another burial site.

This master plan would be developed in a transparent process with the public and with full consultation with the Congress.

In conclusion, I would like to thank the subcommittee for its strong support to maintain Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery, to provide services for our many visitors, make capital investments needed to accommodate burials and most importantly, to preserve the dignity, serenity and traditions of the cemeteries for the nation.

Thank you, Mr. Chairman, for the opportunity to testify on behalf of these cemeteries. We will be pleased to respond to your questions.

[The prepared statement of Terrence C. Salt follows:]

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DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

MR. TERENCE C. SALT

PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE

**THE SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND
RELATED AGENCIES**

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE CEMETERIAL EXPENSES PROGRAM

April 23, 2009

Mr. Chairman and distinguished members of the Subcommittee:

Thank you for the opportunity to appear before you today. Since the Administration has not cleared me to discuss the detailed President's budget for Fiscal Year 2010, my testimony is limited to providing an update on gravesite and columbarium capacity, and the status of various ongoing projects and activities.

INTRODUCTION

With me today are Mr. John C. Metzler, Jr., Superintendent of Arlington National Cemetery, Ms. Claudia L. Tornblom, Deputy Assistant Secretary (Management and Budget), Mr. John J. Perez, of my staff and Ms. Tina M. Harris, Budget Officer at Arlington National Cemetery. We are testifying on behalf of the Secretary of the Army, who is responsible for the overall supervision of Arlington and Soldiers' and Airmen's Home National Cemeteries.

Arlington National Cemetery is the Nation's premier military cemetery. It is an honor to represent this cemetery and the Soldiers' and Airmen's Home National Cemetery. On behalf of these two cemeteries and the Department of the Army, I would like to express our appreciation for the support that Congress has provided over the years.

GRAVESITE DEVELOPMENT

The following table displays how long gravesites will remain available in both developed and undeveloped areas of the Cemetery. It is presented to illustrate the importance of proceeding with the Millennium Project in a timely manner. Completing the Millennium Project, in combination with the recently completed Project 90 Land Development, will help to avoid disruption in services for deceased veterans caused by crowding of funeral services and daily maintenance necessary to be performed at new gravesites.

Arlington National Cemetery						
Gravesite Capacity as of September 30, 2008						
Gravesite Capacity - Developed Areas	Total Gravesites Used	Gravesites Currently Available	Year Available Capacity Exhausted	Gravesite Capacity - Undeveloped Area	Total Gravesite Capacity	Year Total Capacity Exhausted
245,284	219,731	25,913	2020	36,000	281,284	2039

The gravesite capacity shown in the table for the undeveloped area includes Project 90 (26,000 gravesites) and utility relocations (10,000 gravesites), but does not include the Millennium Project (14,281 gravesites) or the Navy Annex (25,200 gravesites).

As of the end of FY 2008, capacity in the developed areas of Arlington National Cemetery would have been exhausted by 2020. With the addition of 26,000 additional gravesites that became available with the completion of Phase I of Project 90 and the future

relocation of utilities, gravesite capacity will be extended to 2039. Completion of the Millennium Project will extend the useful life of ANC to 2045. Transfer of the Navy Annex, scheduled in 2012, will yield approximately 25,200 graves after development is complete, thereby allowing ANC to remain open to in-ground burials until 2060.

Project 90 Land Development. This project consisted of the development of 40 acres of land within the current boundaries of ANC, including gravesite areas, roads, utilities and a boundary wall with niches for the placement of cremated remains. The project was completed with the dedication of the niche wall on December 9, 2008.

Relocation of the Federally Owned Water Main. In order to minimize the cost and disruption in the Cemetery, the relocation of the Federally owned water main is planned to be included in Arlington County's construction contract to replace its aging sanitary sewer line with a new one called the Potomac Interceptor. Relocation of the Federally owned water main, along with other utilities, will allow for the development of approximately eight to ten acres of land that will yield approximately 10,000 additional gravesites. On October 10, 2007, a Memorandum of Agreement was executed between ANC and Arlington County whereby Federal funds may be transferred to the County to pay for relocating the Federally owned water line as part of the County's overall Potomac Interceptor project. The Consolidated Appropriations Act, 2008, authorized the transfer of funds. Funds in the amount of \$2,046,000 were transferred to and accepted by Arlington County on September 8, 2008. The County is planning to advertise its construction contract for bids in July 2009, and award a contract in October 2009.

COLUMBARIUM DEVELOPMENT

The following table displays niche capacity and how long it is expected to last, based on current usage.

Arlington National Cemetery						
Niche Capacity as of September 30, 2008						
Niche Capacity - Developed	Total Niches Used	Niches Currently Available	Year Available Capacity Exhausted	Niche Capacity - Undeveloped	Total Niche Capacity	Year Total Capacity Exhausted
47,088	38,184	8,904	2011	26,573	73,661	2026

The niche capacity shown in the table for the undeveloped area includes 6,573 niches from the recently completed Project 90 niche wall and 20,000 niches from Phase V (Court 9) of the Columbarium. The Project 90 niche wall extended niche capacity to the year 2016. Construction of Phase V of the Columbarium would extend niche capacity to the year 2026. The table does not include the Millennium Project (22,460 niches) or the Navy Annex (30,241 niches). Completion of these two projects would extend niche capacity to the year 2053.

OPERATION AND MAINTENANCE PROGRAM

The Operation and Maintenance (O&M) program includes activities necessary to conduct an average of 27 funeral services per day, accommodate approximately four million visitors each year, and maintain 652 acres of land and associated infrastructure at ANC, as well as Soldiers' and Airmen's Home National Cemetery. More than half of the O&M program is conducted by contract, as follows:

- Tree and shrub maintenance.
- Grounds maintenance.
- Security guard services.
- Install, clean, raise, realign and replace headstones.
- Develop and maintain automated systems and equipment.
- Custodial services.
- Grave liner program.
- Information services.
- Recurring maintenance of equipment, buildings, and other facilities.

The remainder of the O&M program is performed by the Government workforce, which is primarily responsible for preparing gravesites, conducting funeral services, ensuring the visiting public's welfare and responding to their needs.

The appearance of ANC has improved significantly with the additional funds provided by the Subcommittee in FY 2008 (\$1,800,000) and FY 2009 (\$500,000) for the headstone raising and realignment program. The additional funds, in conjunction with the funds that were included in prior year President's budgets, have allowed ANC to embark on a program to raise and realign 100,900 of the 245,284 headstones on the grounds of ANC. A total of 58,500 headstones have been realigned as of April 1, 2009. The remaining 42,400 headstones are scheduled to be realigned by December 31, 2009. Future realignments will be scheduled commensurate with available funds.

ANC is continuing to develop a total cemetery management system, including burial records; gravesite locations; project and financial management; and supplies and equipment. The system will maximize the use of electronic means to deliver services and benefits to the public in a manner that promotes security and privacy. Development of the total cemetery management system is proceeding in accordance with the plan that was provided to the subcommittee on February 5, 2007.

ADMINISTRATION PROGRAM

The Administration program provides for essential management and administrative functions, including staff supervision of Arlington and Soldiers' and Airmen's Home National Cemeteries. The program includes personnel compensation, benefits, and reimbursable administrative support services provided by other government agencies.

CONSTRUCTION PROGRAM

This program includes construction and renovation of buildings, structures, roadways and walkways, and development of land parcels to make them suitable for gravesites. The most significant construction effort currently underway is the Millennium Project, which consists of the development of 36 acres of land into gravesite areas, roads, utilities, columbarium walls, and a boundary wall with niches for the placement of cremated remains. Approximately 14,281 additional gravesites and 22,460 niches would be provided when development is complete, although actual yields could change significantly, depending upon final design. The current design would extend burial capacity to the year 2045 and extend niche capacity to the year 2037. The project is being constructed in phases, depending upon availability of funds each year.

MASTER PLAN

The current master plan for ANC was published in 1998. Due to post 9/11/01 force protection issues regarding Fort Myer and ANC, and other considerations, development of a new master plan is being considered to evaluate a full array of options regarding management of ANC in the future, including, but not limited to, capital development, land management, burial eligibility and consideration of another burial site.

FUNERALS

In FY 2008, there were 4,123 interments and 2781 inurnments, of which 73 were related to the war on terror. In FY 2009, we estimate there will be 4,170 interments and 2,800 inurnments.

CEREMONIES AND VISITATION

Millions of visitors, both foreign and American, come to Arlington to view the Cemetery and participate in ceremonial events. During FY 2008, about 2,960 ceremonies were conducted, with the President of the United States attending the Memorial Day event and the Vice President attending on Veterans Day. The President has visited twice so far in FY 2009 to participate in wreath laying ceremonies at the Tomb of the Unknowns.

Arlington National Cemetery accommodates approximately four million visitors each year, making it one of the most visited historic sites in the National Capital Region.

PARKING RECEIPTS

A visitor parking facility was constructed at a cost of \$9.8 million and opened to the public in 1989. It is operated by lease with a private vendor. The lease proceeds that are in excess of operating costs are deposited into an account in the United States Treasury. A total of \$2,407,692 is available to pay for maintenance, repair and upgrades of the parking

facility. ANC is in the process of developing plans to use these funds for various projects, such as concrete repairs, expansion to accommodate additional vehicles and landscape improvements.

TOMB OF THE UNKNOWNNS MONUMENT

I would like to update you on the status of our efforts to address the cracks that have been developing at the Tomb of the Unknowns monument. Options are being considered in accordance with the consultation process under the National Historic Preservation Act. A report on alternative measures was transmitted to Congress on August 11, 2008. Repair of the cracks is being pursued, with a grouting contract anticipated later this year. The Army also is planning to evaluate a donated block of marble to determine its suitability as a potential replacement, should a decision be made to replace the current Tomb monument at some future date.

CONCLUSION

I would like to thank the Subcommittee for the support that it has provided to maintain Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery, provide services for the many visitors, make capital investments needed to accommodate burials, and preserve the dignity, serenity and traditions of the cemeteries.

Mr. Chairman, this concludes my testimony. We will be pleased to respond to questions from the Subcommittee.

Mr. EDWARDS. Thank you, Mr. Secretary. And Mr. Metzler, again, thank you for you and your father's labor of love in Arlington Cemetery. What a legacy in life to be a steward in the most hallowed of hallowed grounds in our nation.

I would like to begin by bringing up an issue that I know Secretary Geren has raised with each of you. And I would like to ask unanimous consent to have entered into the record two notes; one is a memorandum for the Assistant Secretary of the Army for Civil Works, subject "Niche Wall at Arlington National Cemetery," from Secretary Geren and then the other is a letter to me from Secretary Geren on this issue.

If there is no objection, we will enter that into the record. I would like to read part of the letter because frankly it reflects my thinking on this and then we will go from there.

[The information follows:]



SECRETARY OF THE ARMY
WASHINGTON

21 APR 2009

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

SUBJECT: Niche Wall – Arlington National Cemetery

1. Arlington National Cemetery is a sacred place for all Americans. Its grounds are the final resting place for legions of our Nation's beloved sons and daughters who devoted their lives to the service of our country. It is their final resting place, but it is that and more. It is a memorial to all who have worn the uniform of the United States military. Its hallowed grounds serve as a reminder to our Nation and the free world of the price of freedom and the exalted status that our Nation holds for those who paid the price for our freedom.
2. Across those rolling hills stand symbols of national pride, sacrifice, courage and selfless service. The stark white headstones speak eloquently and profoundly to those who view them of the debt owed by all Americans to those who have worn our Nation's uniform. The numerous viewscapes of our Nation's most hallowed ground are a national treasure that must be preserved.
3. The current Master Plan calls for a "niche" wall around much of the cemetery perimeter, a 2400-foot segment of which already has been completed along Highway 110. The wall adds capacity for inurnment, but destroys much of the public's priceless viewscape of Arlington National Cemetery, denying tens of thousands who pass by every day the constant reminder of the sacrifice and service on which their freedoms depend.
4. Arlington National Cemetery is our Nation's most coveted and treasured burial ground and it is also our most sacred memorial. Further development of the cemetery must weigh both missions of Arlington – burial and memorial.
5. Accordingly, pending the completion of the new Master Plan, I direct that the existing Master Plan be amended to require that any construction along the perimeter of Arlington National Cemetery be accomplished in such a manner that the existing viewscapes not be compromised further. Therefore, in cooperation with the required federal agencies, I direct that the design of all remaining niche wall segments be immediately reviewed and modified as necessary to prevent further destruction of the existing viewscapes.
6. The patriots who eternally rest in the graves of Arlington served our Nation in life. In death their remains hallow the grounds of Arlington and continue to render service to our Nation by reminding future generations that freedom is not free.

Pete Geren

CF:
Chief of Engineers
Commanding General, Military District of Washington
Superintendent, Arlington National Cemetery



SECRETARY OF THE ARMY
WASHINGTON

APR 23 2009

The Honorable Chet Edwards
Chairman
House Appropriations Committee,
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
United States House of Representatives
Washington, DC 20510

Dear Chairman Edwards:

Pursuant to the Army's authority to administer Arlington National Cemetery (ANC), the Army Corps of Engineers is initiating the development of a new Master Plan for the cemetery. Enclosed is a letter from the Assistant Secretary of the Army for Civil Works [ASA(CW)] to the Office of Management and Budget explaining the way ahead for the new Master Plan.

The new Master Plan will guide the operations of the cemetery for the years ahead. Decisions will be made under that plan that will impact the future of ANC forever.

As Chairman of the House Appropriations Committee Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, you share in the Army's stewardship of this national treasure, a treasure that is the final resting place of legions of our Nation's most cherished sons and daughters. It is their final resting place, but it is that and more. It is our Nation's most sacred memorial – a memorial to those who, but for their service and sacrifice, there would be no Nation.

In our stewardship of ANC, we must do justice to both missions: Honor the fallen and comfort their families, and, maintain the memorial that is ANC so that it will forever speak to future generations of the debt we owe to those who have borne the battle for us.

Recently completed construction on the perimeter of Arlington has reduced the public's view of the cemetery. Pending the development of the new Master Plan, I have directed that any cemetery construction along the perimeter be accomplished in such a manner that the existing viewscapes not be compromised further. I have done this to ensure that we properly consider and weigh both missions of Arlington – burial and memorial. Enclosed is a copy of the directive I have provided to the ASA(CW).

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The development of the new Master Plan provides an opportunity to ensure that the future of ANC continues to honor those who devote their lives to the service of our Nation and serves as a fitting memorial to their sacrifice.

Thank you for your continued support of Arlington National Cemetery and our Army.

Sincerely,



Pete Geren

Enclosures

Mr. EDWARDS. Secretary Geren's letter in part says that Arlington National Cemetery is a treasure that is a final resting place of legions of our nation's most cherished sons and daughters. It is their final resting place, but it is that and more.

It is our nation's most sacred memorial. A memorial to those who, but for their service and sacrifice, there would be no nation.

In our stewardship of ANC we must do justice to both missions: honor the fallen and comfort their families, and maintain the memorial that is ANC so that it will forever speak to future generations of the debt we owe to those who have borne the battle for us.

Pending the development of the new master plan, I have directed that any cemetery construction along the perimeter be accomplished in such a manner that the existing viewscapes must not be compromised further. I have done this to ensure that we properly consider and weigh both missions of Arlington, burial and memorial.

Let me just say for now that I do not know all of the facts involved in the process of deciding to build the niche walls. I don't know all of the future plans. I intend to go out and visit in person sometime soon to go over that.

I always, on any issue, maintain an open mind to hear all points of view and all facts before making any conclusions. But let me say, long before I spoke to Secretary Geren I have made it the habit for the last 5 years that every day when I drive to the Capitol rather than coming down George Washington Parkway, McLean to the 14th Street Bridge, I purposely exit at Memorial Bridge because I am inspired every single morning by the sight of that hallowed ground and those who hallow it.

Long after I am gone, I want to be sure that tens and tens and tens of thousands of people who drive that road daily, many of them men and women who have served in the military and continuing to serve at the Pentagon, are not prohibited from being inspired as I feel inspired every single morning when I drive by the cemetery.

And I just want to say and I am just speaking for myself here that I feel very, very strongly and we may consider putting this into our appropriation bill, too, but just what Secretary Geren has done that I would like to see no additional encumbrance of visual access to that hallowed ground from the public's point of view until we have had further discussions on it.

And I know there is always a balance. I know there are sometimes competing needs, but I wouldn't want a wall built around Arlington Cemetery anymore than I would want a wall built around the Lincoln Memorial or the Jefferson Memorial or the U.S. Capitol. And frankly, of the four sites I consider Arlington Cemetery more hallowed than all the others.

MILLENNIUM PROJECT

Having expressed for the record my strong and passionate views on this, I would welcome any insights you might have. But I would like to specifically ask you whether there is any intention in any way in the months ahead to move ahead with any additional construction other than that which has already been completed?

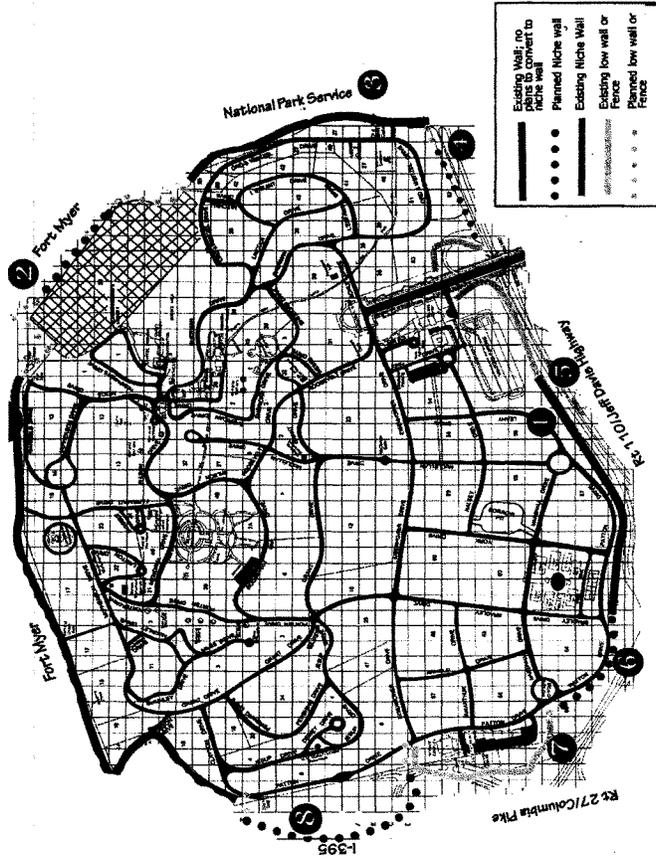
Mr. SALT. At the present time, we have one project that is being worked on and that is the Millennium Project. Now the Millennium Project is adjacent to Fort Myer, inside of Arlington Cemetery to develop the last 36 acres of property that we have on the western side of the cemetery.

That does call for a niche wall to be placed onto that boundary as well.

Mr. EDWARDS. Do you have a map for the cemetery with you?

Mr. SALT. I have maps—certainly.

[The information follows:]



Arlington Cemetery Boundary Walls

Points of Interest:

- 1. Niche Wall interior
- 2. Millennium Wall location (R Myer perspective)
- 3. Marshall Drive
- 4. R1 110 -- Section 52
- 5. R1 110/LD 90 Wall
- 6. R1 110 and R1 27 - Section 64
- 7. R1 27 - viewshed
- 8. Air Force Memorial overlook

Mr. FARR. What do you mean by niche wall?

Mr. SALT. A traditional stone wall and on the inside has columbarium features so that you would be able to place remains at that location at the same time.

Mr. FARR. But this is not a force protection wall?

Mr. SALT. No. These are not force protection walls. If you go to the top of the map where you see the blue dots, number two, Fort Myer, that is the area that we are referring to. And that hash mark right below the blue dots, is the Millennium Project. Now this is a combination of three pieces of land, the old picnic area on Fort Myer, our old warehouse and then part of the National Park Service property which was transferred to us a few years ago.

So this particular area has been designed. It has not been fully funded yet so we are working on that with our budget submissions to the committee. The rest of the cemetery as you look around it, these are all proposed areas and as you look where the solid red lines are we would not be able to put additional niche walls there. The existing wall would stay or it would be improved if you will. These are all very old walls. So only where you see the blue dots are potential areas for additional niche walls.

Mr. EDWARDS. So significant areas. How high would that niche wall be in the Fort Myer area?

Mr. SALT. Approximately six feet from the road and then when you go on the inside, it is a different height than it is on the outside.

Mr. EDWARDS. Which is part of the problem. Some of the roads—depending on which side of the cemetery you are on, a six-foot wall might as well be a sixty-foot wall in terms of you know tens and tens if not hundreds of thousands of people a day having an opportunity to see this hallowed ground.

Do you interpret, Mr. Metzler, or Mr. Secretary, do you interpret Secretary Geren's memorandum as a prohibition on the building of this niche wall until—

Mr. METZLER. I think we obviously need to revisit the issue.

Mr. SALT. Sir, I spoke to the Secretary this morning on this. I received his memo last night. To me it is very clear that my guidance and my direction to Jack will be that we build no niche walls that interfere with the viewscape.

And so we will go back and we will re-look at all of our plans for niche walls and we will ensure that there are places where the road is, the terrain is such that you don't have a view of the cemetery anyway. And there are places where it would be appropriate to have a wall there with a niche wall.

There are other places where the cemetery is lower, and a niche wall would interfere with the view that you were talking about. And that is what the secretary is talking about, right?

Mr. EDWARDS. So your interpretation is the secretary—does the secretary's memorandum have policy effect?

Mr. SALT. What, sir?

Mr. EDWARDS. Or is it just seen as just a recommendation or is it seen as a policy that Secretary—

Mr. SALT. No, this is direction; this is the policy direction.

Mr. EDWARDS. So to be clear that means that as you interpret that directive of the secretary, this niche wall could not be built unless there is a change in the policy?

Mr. SALT. Could not be built—only that part could be built that would not affect the existing viewscape. That would not affect, the point that you made earlier—

Mr. EDWARDS. What would be the earliest possible time if you didn't have Secretary Geren's directive in place? Mr. Metzler, what would be the earliest possible time that the niche wall along the Fort Myer area would be built?

Mr. METZLER. Well at the present time, there is a need for an additional \$35 million to move forward with this project. So until that funding is in place, nothing would be done.

Mr. EDWARDS. Okay.

Mr. METZLER. It has been designed but no construction has been done.

Mr. EDWARDS. Now am I correct in understanding that \$35 million would come from this subcommittee—

Mr. METZLER. Yes, sir.

Mr. EDWARDS [continuing]. Or do you have any other source of funding that would pay for that?

Mr. METZLER. It would come from this committee.

Mr. EDWARDS. Okay.

Mr. SALT. And just in context, the funds for this year are largely for earthwork on the site and so I don't know what the schedule would be when you get to the wall, but it is in the out years which haven't been identified for funding yet, sir.

Mr. METZLER. Sir, we are not going to put a wall up there.

Mr. EDWARDS. I want to spend a lot of time on this but in the meantime until this full subcommittee has had a chance to carefully review this and listen to all perspectives and interests, I would like to see nothing further done. You know for example, this area along 110 to me that is one of the most moving areas of the cemetery to see. And I see that is a proposed wall there.

Would that be proposed at six feet?

Mr. SALT. It would be. I mean if we were to build any niche walls, the only height would be a six-foot height. That is the standard if you will for this type of development.

Mr. EDWARDS. And the purpose of niche walls is to be able to place cremated remains there?

Mr. SALT. That is correct, and to continue the life of the cemetery for burial.

Mr. EDWARDS. Well that is the intended purpose. The intended or unintended result is to block visual access to this hallowed grounds for an awful lot of Americans.

Mr. SALT. Well, the Secretary's guidance says we are not to do that and so we are not going to—and there are two parts of it. There is the initial part of don't—we are instructed, we are directed not to build any walls that would interfere with that view. And number two, as I mentioned in my testimony or my oral statement about the master plan, that we will be looking at options in the master plan that would also try and address that.

Mr. EDWARDS. Okay. And I hope again I know you are—I am so grateful to both of you for your dedicated stewardship over Arling-

ton National Cemetery. And I know, as you know, one goal is to provide as much possible space for as many possible burials.

But I hope in the master planning, I hope part of the process takes into account that important value of this hallowed ground is to be a cherished memorial for Americans and an awful lot of them, tourists and otherwise. People working at the Pentagon drive by that every day. And add me to that list. They are inspired every single day.

But anyway I think you answered my question. I appreciate that and I look forward to sitting down with you and talking about it.

Mr. Wamp.

Mr. WAMP. Well I had also talked to Secretary Geren, Mr. Chairman, and your words, your sentiment and your inquiry were exactly mine. So I have really nothing else to add except that everything you said was exactly where I was going, exactly what I was going to say.

But I also feel like there is a keen awareness of the sensitivity of this for everyone, but I do think we all play a role to make sure that the right thing is done over time. And I think you said it extremely well and I stand with you 100 percent.

Mr. EDWARDS. Thank you, Mr. Wamp. Mr. Farr.

Mr. FARR. Thank you. In this master plan, do you have to adjust anything for force protection requirements?

Mr. SALT. I will start and then I will let Mr. Metzler finish. The existing master plan included some assumptions for land acquisition at Fort Myer that had been affected by BRAC decisions and force protection requirements at Fort Myer. And so that is one of the key reasons for the initiation of a new master plan to deal with that change.

Mr. FARR. There is one type that call for force protection. As we get others, it is sort of risk analysis and they are fortressing in the middle of my town.

Mr. SALT. Sir, this is more of a consolidation of joint—

Mr. FARR. So it is all dealing with you having to comply with all of the security—

Mr. SALT. Sir, it is mainly facilities required as a result of the BRAC process and the consolidation of facilities at Fort Myer and to operational requirements that are needed for those facilities. Now—

Mr. FARR. That is not additional security.

Mr. SALT. If I may, sir? Inside the cemetery we are not dealing with force protection issues. We are not hardening the cemetery.

Mr. FARR. Okay.

Mr. SALT. It is the result of Fort Myer and what they are concerned about is they are our neighbor and we share a fence line. So what Fort Myer does has an effect on us. Some of the lands that we may have looked at in the previous master plan that may have been potential expansion areas now are being used as setback areas and they don't want to develop that land because of their needs for force protection.

It has nothing to do with Arlington Cemetery—

Mr. FARR. But they are not going to use that land, right? They are just going to leave it as a setback.

Mr. SALT. Part of it is they are going to use as their mission on Fort Myer is changing since the master plan was developed in 1998 and part of it is that they—

Mr. FARR. But do you still have to then or you have to access the cemetery through Fort Myer.

Mr. SALT. We do. We have a checkpoint—

Mr. FARR. So if they make it more difficult to get into Fort Myer, it is going to make it more difficult to get into the cemetery.

Mr. SALT. As Fort Myer improves its force protection, the people who are entering the cemetery through Fort Myer have to go through whatever Fort Myer sets up to get to the cemetery.

Mr. FARR. And as I read here, you expect in fiscal year 2009 an estimated 4,170 interments. And you don't do those on weekends, do you?

Mr. METZLER. No, sir. We are averaging about 27 funerals a day.

Mr. FARR. Yes. And you are going to have, you know between 17 and 27 a day assuming you do it every single day of the week—

Mr. METZLER. Yes, sir.

Mr. FARR [continuing]. For a year. And all of those targets as I have had to do have been at two funerals out there. I mean isn't there another way to get into the cemetery. Isn't there a better way to get the families and parties into the cemetery?

Mr. METZLER. The challenge is when you use Fort Myer for your funeral at the chapel or for your reception after the funeral, you have got—

Mr. FARR. (OFF MIKE)

Mr. METZLER. Right. And you are forced to go onto the Fort Myer property, and then do whatever force protection issues they have. If you stay in the cemetery or if you only just go to the chapel and don't go back to Fort Myer, then it is much easier to go in through the cemetery and you don't have to go through the vehicle inspection and all the things Fort Myer makes you do.

Mr. FARR. I know I have heard various officials tell me what they think. I think the purpose of the master plan is to flush all of that out and to come back to the committee to have a public process to go through these very issues. And our part of it is the cemetery master plan process. Some of the issues you are raising are concerning.

Okay. The security that the base is going through is one-size-fits-all and it just doesn't make sense. To require these people and families to come in to go through the military checkpoint—I mean it wasn't very hard for us but I had a congressional flight.

I hope in the master plan you will think about that access and egress. Maybe the chapel ought to be in your domain and not in the force domain.

Mr. METZLER. Well it was the reception afterwards back at the officer's club or back to the community center. That presents its own unique problem because then you are trying to get back to the cemetery—

Mr. FARR. Why don't we build one for you?

Mr. METZLER. Sir, whatever your direction—I mean that typically is not what we do. That is typically not our mission to have receptions and such at the cemetery.

Mr. FARR. But it is also awkward there. You have got a club. It has, you know, it has got a bunch of rooms in it and there are other parties going on.

Mr. METZLER. I guess the overall challenge, too, is we have very limited space left in the cemetery, and our focus has been to try to maintain the open space that you have for burial and not get distracted from other things that would take away from it.

Mr. FARR. I guess it is a good thing we are going to do a master plan.

Mr. METZLER. Sir.

Mr. FARR. Thank you—

Mr. METZLER. Thank you.

Mr. EDWARDS. Can I ask, who will be on the master plan committee? Do you actually have names of members of that committee now?

Mr. SALT. I don't know that we do.

Mr. METZLER. We don't. What the normal process would be is that we would hire the Baltimore Corps of Engineers to develop a master plan. In turn, they would hire engineers, landscape architects, the right team. They would put a team together, issue them a contract and then we would go through a set of specifications where we would address the various issues that this master plan should address.

Mr. EDWARDS. And will there be military retirees on this? Will there be—

Mr. METZLER. It will be stakeholders. We would—once we developed a team, we would then develop a list of stakeholders and that would include local representatives, obviously this committee and anyone else who is showing an interest. We have had other stakeholder meetings in the past and we would dust those lists off and incorporate those individuals as well.

The National Park Service, the Commission of Fine Arts, National Capital Planning Commission are typically members of this committee.

Mr. EDWARDS. If you can keep us in close touch, Mr. Metzler, with, you know, how that process is going, who is involved at each stage, when you know who is involved. I would love to stay involved in that.

TOMB OF THE UNKNOWN SOLDIER

And my final question is what is the status of the Tomb of the Unknown Soldier and potential renovations there?

Mr. SALT. Sir, we are planning this year to grout/re-grout the cracks. Later this spring, Mr. Metzler will go to inspect a possible block of marble that is being considered as—possibly be donated. We are not sure about that yet. But this—

The intention is to possibly bring it back and to store it in a secure site. Obviously, there is a lot of interest and views as to that; the issue as to what we might do with that. And we have made no decision beyond seeing that this particular block is suitable or not.

Mr. EDWARDS. Okay—

Mr. WAMP. I have no additional questions—

Mr. EDWARDS. Well, let me end as I began. Thank each of you for your—

BURIAL EXPENSES

Mr. FARR. Excuse me, sorry. I just wanted to ask you whether the burial expense is adequate? If not, is \$300, is that an adequate amount? And it may be outside your lane but—

Mr. METZLER. It actually does not apply to us at Arlington Cemetery. We charge no money for anything that is done inside the cemetery. An honorable discharged veteran who is entitled to a ground burial at Arlington Cemetery is not charged nor is their family charged.

So everything we do at the cemetery is a benefit without cost to them.

Mr. SALT. What you are referring to is if you bury someone in a private cemetery, the Department of Veterans Affairs, if you are eligible, would pay up to \$300.

Mr. EDWARDS. In fact, that raises a quick question I would like to ask. Do I understand that Secretary Geren or the Army may have changed the policy in terms of burial of enlisted personnel?

Mr. METZLER. What has changed, is not the burial policy for enlisted personnel, but the military honors.

Mr. EDWARDS. The military honors? Okay.

Mr. METZLER. On January 2nd, 2009, Secretary Geren issued a policy that directed us that anyone who was killed in the line of duty by the enemy would now be entitled to full military honors if the family so chose. The difference between full military honors and standard honors, if I will, standard honors would be the firing party, the casket team and the bugler.

If you were to have full honors, it would be the Caisson Military Band and an escort in addition to the elements of standard honors.

Mr. EDWARDS. And that is all paid for by you.

Mr. METZLER. It is all paid for by the Department of the Army. So again, there is no cost to the family.

Mr. EDWARDS. Is that in every cemetery or just—

Mr. METZLER. Arlington Cemetery is only the one that has that opportunity to provide those honors.

Mr. EDWARDS. Prior to that policy change, you could have died in combat; if you were enlisted receive posthumously the medal of honor but you would not have been given—

Mr. METZLER. Well the medal of honor was one area—

Mr. EDWARDS. That was an exception.

Mr. METZLER. That was an exception.

Mr. EDWARDS. Silver Star and you would not get full military honors.

Mr. METZLER. That is correct. You would get the standard honors based upon your rank for enlisted people, firing party, casket team, bugler.

Mr. EDWARDS. Are there any budget implications for your budget on that policy—

Mr. METZLER. No.

Mr. EDWARDS. Okay.

Mr. METZLER. It is really a scheduling issue for us.

Mr. EDWARDS. Okay. Well again let me just end as I began. Thank you both for your dedicated service to protecting this hallowed ground. And we are grateful you are here and look forward to following up with you on the wall issue.

Mr. SALT. Certainly.

Mr. EDWARDS. Thank you.

Mr. SALT. Thank you, sir.

Mr. METZLER. Look forward to your visit.

Mr. EDWARDS. Thank you.

Mr. METZLER. Just make sure it is a vertical visit.

Mr. EDWARDS. Mr. Cox, welcome. Welcome back. Is it Mr. McManus?

Mr. MCMANUS. Yes, sir.

Mr. EDWARDS. Thank you. Welcome to our subcommittee.

Members will now have testimony, Armed Forces Retirement Home. The witness, once again before the subcommittee, will be Mr. Timothy C. Cox, the Chief Operating Officer, and he is accompanied by Mr. Steven McManus, the Chief Financial Officer.

Mr. Cox, good to have you back. Your entire testimony will be submitted for the record, but I would like to recognize you for 5 minutes for any summary comments you would care to make.

Mr. COX. Great. I do have some. Just trying to turn off my phone here so it doesn't go off, right? Thank you.

Mr. EDWARDS. You bet.

STATEMENT OF TIMOTHY COX

Mr. COX. Mr. Chairman, members of the committee, as the Chief Operating Officer of the Armed Forces Retirement Home, I thank you for the opportunity to appear before you today.

Since the administration has not cleared me to discuss the detailed fiscal year 2010 appropriation request, we can only talk about the work that is ongoing within our home. I also want to update you on our progress that we evolved to meet the needs of a next generation of heroes.

AFRH is modernizing to promote this aging-in-place philosophy and to uphold the central promise to care for our residents. Under our controls and financial performance—couple of points for you—we are particularly proud that, for the fiscal year 2008, AFRH has once again received an unqualified audit opinion from an independent external auditor.

This marks the fourth consecutive year AFRH has received this distinction through our partnership with the Bureau of Public Debt, starting in the middle of 2004, our financial statements have had no material weaknesses since our very first audit in 2005. Our successful audits are a reflection of renewed emphasis on internal controls.

We experienced a stable financial year throughout 2008 despite an array of changing economic conditions all around us. We have consistently shown market growth in our trust fund over several years. In fiscal year 2008, the trust fund balance reached \$167 million, and is expected to reach \$171 million in 2009. This is quite a rebound from its lowest level of \$94 million in 2003.

The Scott project we discussed last year: we continue to need modernization in the D.C. campus—\$5.6 million in trust fund

money was requested, and approved, to begin planning for the design/build phase of our dormitory called Scott, built in 1954 and has had no major renovations since that point.

Completion of the Scott project will provide significant operational savings. About 54 percent of O&M now go into that building on our campus.

We appreciate the \$800,000 asked and provided—appropriated to us by Congress in fiscal year 2008 for the study of funding sources for the trust fund to determine the long-term viability of that trust. Thanks to your support, we are modernizing our Washington campus and rebuilding our Gulfport campus. Our team of key experts, consultants, through government as well as private industry, the final design concept for Scott, rather than rehab, as we talked about last year, is to replace.

Replacing it with a new commons building and a new health center, it shrinks our campus and also gives us a building that will be LEED-certified at least silver, if not higher, and reduced the footprint of that building by about half, which is appropriate for the size of who we are.

The opening of Gulfport is also part of our ongoing efforts. I am pleased to let you know that we remain within budget and on track for a July 2010 completion and resident occupancy in October 2010.

Design is 100 percent complete. Finishes and final color selections are being reviewed. Furniture, fixtures and equipment procurement packages are being prepared. We had a topping-off party for construction workers, community leaders and others on February 27th.

An update on our master plan here in D.C.: External forces are at work in our local, as well as global economy. We are mindful of these developments and want to update you on where we are for that financial challenge in our master plan.

We reached a major milestone in 2008 with the approval of our master plan from the National Capital Planning Commission. However, with the changing market, new challenges came up. We had selected a professional preferred developer, and we decided to stop negotiations because the benefit to the veterans was diminished in what they were offering us.

So we have a plan that is approved. We don't have an agreement. We didn't have an agreement with the developer. At this point, we are talking with the two hospitals that are neighbors to see if we should just do our master plan by parcel rather than doing it all at once.

And last point, we recently were awarded a 5-year accreditation for the first time by the Commission on Accreditation of Rehabilitation Facilities, known as CARF, a nationally recognized agency responsible for accrediting facilities and providing continuing care retirement communities.

This, along with the DOD Inspector General's Office preparing to come in this September, because the DOD Inspector General is required to come on the years we don't have a national accredited body accreditation inspection. They will come in September to do the same thing.

And I thank you, committee members and all of Congress, for all the support you give us, and I am honored to serve the veterans.
[The prepared statement of Timothy Cox follows:]

Testimony

ARMED FORCES RETIREMENT HOME

Statement by

Mr. Timothy Cox
Chief Operating Officer

on

Fiscal Year 2010 Budget Request

Introduction

Mr. Chairman, Members of the Committee, as the Chief Operating Officer of the Armed Forces Retirement Home, I thank you for the opportunity to appear before you today. Since the Administration has not cleared me to discuss the detailed Fiscal Year 2010 Appropriation Request, I can only talk about the work that is ongoing within the Armed Forces Retirement Home. I also want to update you on our progress as we evolve to meet the needs of the next generation of eligible military veterans.

Today, as well as for nearly two centuries, the Armed Forces Retirement Home has been a haven for eligible military service members in retirement. At present, we are revamping a mammoth 19th century institution into a modern 21st century community. This transformation is a direct result of our new perspective on aging. Today, progressive senior care includes services to help people maintain independence in their home of choice and support to help them stay connected, active members of the community. So AFRH is modernizing to promote this "aging in place" philosophy and to uphold the century old Promise to care for our heroes.

To continue needed modernization at the DC campus, \$5.6 million in Trust Fund money was requested and approved to begin planning for a design-build renovation of the Scott Dormitory or the "Scott Project." Built in 1954, the Scott Dormitory has had no major renovation and a 2007 capital study identified over \$81 million in needed repair work. In 2006, 54 percent of all the work orders on the

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Campus were associated with the Scott Building. Completion of the Scott Project will provide significant operational savings, result in a new commons space for all levels of care, and provide renovated assisted living space in the Sheridan Dormitory as well as new long-term care and memory support accommodations in the same footprint as the costly Scott Building.

Working in partnership with General Services Administration (GSA), our lead construction agent, I am pleased to report that the Gulfport rebuild remains within budget and on-track for a July 2010 completion and resident occupancy in October 2010. Design is 100% complete, finishes and final color selections are being reviewed, and furniture, fixtures and equipment procurement packages are being prepared. Construction is approximately 50 percent complete. A *"Topping Off"* ceremony for construction workers, community leaders, and others was held on February 27th.

Congressional Justification

It is an honor to represent the Armed Forces Retirement Home (AFRH). On behalf of AFRH, I would like to express our appreciation for the support that Congress has provided over the years. AFRH will continue to improve and reduce its infrastructure; develop world class Continuing Care Retirement Communities (CCRCs) at both Gulfport, MS and Washington, DC; and continue working towards the stand up of our Gulfport, MS facility and completion of our Scott Project in Washington, DC.

Controls

I am particularly proud that for FY 2008 AFRH once again received an "unqualified" audit opinion from independent, external auditors. This marks the fourth consecutive year AFRH has received this distinction. Through our partnership with Bureau of Public Debt (BPD) starting in the middle of FY04, our financial

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statements have had no material weaknesses since our very first audit in FY05. Our successful audit are a reflection of our renewed emphasis on Internal Controls. First we diligently meet our quarterly meeting requirements throughout the year. Also, key decisions we have made include changing the composition of our Local Advisory Board, ensuring more managers are allowed to comment in our annual questionnaire, and developing an AFRH Notice. The Notice identifies our senior assessment team, outlines our quarterly meeting agendas and discusses the five critical areas to pinpoint internal control (Control Environment, Risk Assessment, Control Activities, Information and Communications and Monitoring).

Plans

The Home experienced a stable financial year throughout FY 2008 – despite an array of changing economic conditions all around us. We have consistently shown marked growth in our Trust Fund over several years. The Trust Fund balance peaked this year to \$167 million. This is quite a rebound from its lowest level of \$94 million in 2003. All along, we have geared all our efforts to reviving the Trust Fund balance to produce net growth—we have truly succeeded.

External forces at work in the global economy are affecting AFRH operations. Financial instability, the credit crisis, declining real estate values, fluctuating fuel costs, rising utility costs and food price increases are the major challenges we're facing. We are mindful of these significant developments and their impact on our financial arena. In FY 2009 we began the necessary steps to meet our financial challenge of the future and sustain growth in the Trust Fund by controlling our operating environment.

The AFRH Trust Fund has funded our operation since 1851. Our greatest risk is a shrinking balance. So, we seek to maintain and grow its balance with three risk management strategies:

Testimony**1) Washington Master Plan**

Congress gave AFRH, through DoD, the authority to sell or lease portions of AFRH's valuable real estate. Our Plan calls for private, mixed-use development and leasing on portions of our southern-most acreage. The Plan keeps our community intact, protects resident vitality and preserves our historic grounds.

A major milestone was reached in FY 2008 with the approval of our Master Plan from the National Capital Planning Commission to proceed; however, the change in the financial market has created new challenges to contend with. This crisis directly impacts our ability to develop our property as quickly as we had planned. Plus, the lack of readily available financing may hinder potential developers from partnering with AFRH.

Although AFRH had selected a preferred developer, we decided to stop negotiations with this firm in late 2008. The developer was selected to develop a portion of our Master Plan which calls for the private development of Zone A of AFRH-Washington, an underutilized portion of the campus. Negotiations were halted by the AFRH, primarily due to the inability of AFRH and the developer to reach an agreement. The turbulent market conditions were not the sole cause of the termination of negotiations, but they certainly exacerbated the issues.

Additionally, the value to AFRH in the deal was largely driven by the property value at initial appraisal. Given the market conditions, the initial appraisal would have been conducted in a very poor market, and resulted in a long-term diminution of value to the Home.

2) Gulfport Master Plan

Rebuilding Gulfport is another key risk management strategy. The temperate weather and oceanfront views make Gulfport in high demand for potential residents. The targeted construction completion is no later than July 2010. We are working

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closely with GSA for transition of the facility and have set the initial occupancy date to October 1, 2010, the start of FY 2011.

3) AFRH Long Range Financial Plan

We appreciate the \$800 thousand appropriated by Congress in FY 2008 for the study of funding sources for the Trust Fund to determine the long-term viability of the Trust Fund. The resulting Plan, undertaken by a team of experts in senior living, engineering, financial analysis, and architecture, confirms the Trust Fund's solvency while addressing our capital requirements across the Agency. Additionally, the Plan presents a conceptual design for the Washington campus based on resident profiles and vitality, principles of aging in place, and economies and efficiencies.

The purpose of this Plan, is to inform decision-makers of the choices we have made and to outline the conceived future for AFRH. The various elements in the Plan are the building blocks of our vision conceived in 2003 to nurture the Health and Wellness philosophy of aging while providing a continuum of Life Care Services in a community setting.

Thanks to the support of Congress, we are modernizing our Washington campus and rebuilding our Gulfport campus with Hurricane Katrina emergency funding and Trust Fund monies. We are working closely with the GSA on both the Scott Project in Washington and the Gulfport restart in Mississippi.

GSA was given the task by legislation to rebuild our Gulfport home. Through two public laws, (PL 109-148 and 109-234), Congress authorized approximately \$240 million to rebuild the Gulfport Home. Because of the excellent GSA support in the Gulfport project, we engaged them for the Scott Project in Washington. GSA signed a Memorandum of Agreement in fourth quarter FY 2008 and has proceeded on schedule with soliciting for firms to begin the design based on the concepts in the Long Range Financial Plan - Scott Project.

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Our team of key AFRH staff and expert consultants studied various facility improvement scenarios to meet our new operating model. The initial focus was to undertake a major renovation of the nearly 60-year-old Scott Building (totaling 357 thousand square feet). Scott currently houses resident living units and healthcare, dental, and optometry services as well as primary "common areas" such as kitchen and dining, library, theatre, and administrative offices. After extensive analysis, it was determined that renovation was cost prohibitive, due to the many obstacles associated with this massive, aging structure (E.g., inadequate room heights for healthcare functions, oversized and inefficient common spaces, and unachievable energy conservation goals). Also, the large cost of a total renovation was estimated to be well beyond the Trust Fund capability.

The final design concept is to replace the Scott Building, replacing it with a new Commons building and a new Healthcare Center. The Commons would contain dining, the kitchen, a wellness center, dental and optometry services, administrative offices, and recreation spaces as well as a Hall of Honors and a Main Street with the post office, banks, and retail outlets. The new Healthcare Center, at a reduced population level, would house Long Term Care and Memory Support. The Sheridan Building would be remodeled to accommodate Assisted Living. We are mindful of maintaining our Washington campus population with as little disruption as possible. The opening of Gulfport will be a force multiplier in this effort.

Progress

Since 2002, we have been forging a transformation of AFRH, moving towards a more efficient model of operation. By FY 2004, with a dramatically reduced footprint of both campuses, allowing us to cut capital expenses, such as for vehicles and facilities, our financial performance improved via accounting with Bureau of Public Debt. In addition, we expanded our Strategic Plan with in-depth business and operational plans. Our success continued into FY 2005, when we were accredited by

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Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and both campuses earned the "Gold Seal of Approval." In 2005 we also received our first "Unqualified Audit" opinion meeting the new timelines required by the Chief Financial Officer's Act, which was subsequently awarded in FYs 2006, 2007, and 2008. We're proud that, for FY 2007, we also won the GSA "Customer of the Year" award and our Trust Fund balance reached \$159 million, a growth of \$65 million over four years. In 2008, our Trust Fund balance reached \$167 million and is expected to reach \$171 million in FY 2009.

AFRH takes its mission very seriously and we thank the members of Congress for your strong support of this one-of-a-kind independent agency, established to care for our Nation's Veterans in four settings – independent living, assisted living, memory support, and long term care. We were recently awarded a 5-year accreditation for the first time by the Commission on Accreditation of Rehabilitation Facilities (CARF), a nationally recognized agency responsible for accrediting facilities providing continuing care retirement services. We continue to work with the Deputy Director, TRICARE Management Activity in his role as AFRH Medical Advisor, to follow-up on allegations of substandard medical care and are reviewing on-going processes and procedures to ensure high quality standards of care are maintained. We are also working with the DoD Inspector General's office in preparation for a comprehensive inspection later this year.

This demonstrates our commitment to excellence. In truth, we focus on the Residents' needs in all we do – from improving basic necessities and activities – to advancing health and wellbeing. In fact our programs are being revamped to provide more interaction, stimulation and activity. Plus we are enhancing staff knowledge to keep our residents strong and productive.

This Justification presents complete, reliable information that demonstrates our efforts to hold both programs and financial systems to the highest standards of

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accountability. We have an impressive record in reducing costs and fiscal management as seen over the past few years.

As a result of our Long Range Financial Plan, we have ascertained that the Trust Fund will be solvent even after our capital improvements are completed.

Moving Forward

Regarding Gulfport. In 2008, we broke ground on the new residence facility in Gulfport and in 2009 we see the completion of all the floors, outside walls and roof. The builder has to complete the construction contractually by July 2010. To be ready for occupancy in the Fall of 2010, we have a lot of preparations to complete in FY 2009. Residents displaced to Washington from Gulfport must be prepared for relocation back to Gulfport. All contracts to operate the facility must be created; organization and staff positions, using the same model as the Washington campus, must be prepared.

For former Gulfport Residents residing on the AFRH-Washington Campus, AFRH will transport individuals and household goods from Washington to Gulfport in small groups. An extensive Gulfport admission priority list is maintained at AFRH. Continuous mailings to other former Gulfport Residents are being made to help them stay informed of construction progress as well as needed documentation for moving to Gulfport.

The Gulfport workforce will be recruited, trained and positioned in the building. When Residents will begin occupying Gulfport in early October 2010, all staff will be in place and ready to provide exceptional service. As discussed earlier

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we are working closely with GSA for transfer of the facility and have programmed funds appropriately followed by full operations in FY 2011.

To ready the building for occupancy, AFRH will be moving forward with securing support contracts and ramping up building utilities services and maintenance. Support services such as dining food services and healthcare services are also in the restart mode with a Fall 2010 target for full operations.

Regarding CARF. After our first inspection with CARF, we were presented with Quality Improvement Plans (QIP) that must be followed. Our staff must show progress towards meeting the plans and after the first review, we received only positive feedback.

Regarding the Scott Project. Following the recommendations in the Long Range Financial Plan, GSA has started the search for the firms to create architectural designs to match the design concept for the replacement buildings for Scott. Timing moves and relocations according to the schedule will be completed during FY 2009 so that all plans will be poised for implementation on schedule.

The implementation of our plans will require several ancillary projects, such as the permanent relocation of the onsite IT Center and Scott/Sheridan chiller plant – both of which are currently housed in Scott. Also, the build-out of temporary spaces will be required to maintain operations during construction – such as a dining area, wellness center and administrative offices. These functions are all currently housed in Scott and will eventually be relocated to the new Commons.

Regarding Resident Wellbeing. Key to our long range plans is the full realization of our “aging in place” philosophy. The concept of aging in place means that older persons are able to remain in their own living spaces as they age. AFRH is implementing this concept by creating physically supportive residential settings linked with services through coordination of health and housing programs to deliver a customized level of care in an enhanced residential operating environment. The

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Resident Profile completed as part of our study in 2008 defines the spatial needs for activities and leisure according to the resident population. The Vitality Plan was administered to 995 residents from July – September 2008. This model measures levels of Activities of Daily Living (ADL) and helps determine staff assistance required and resident level of independence.

Additionally, we are taking actions in response to our Inspector General's identification of management challenges: to stay on track with the restart of Gulfport, to stay on schedule with the initial tasks in the Scott Project, to provide a strategy for relocating our Gulfport Residents, to create succession planning for management, to ensure CARF accreditation criteria are maintained and quality improvement plans are implemented as recommended, and to educate Congress and our constituents on our direction and progress.

Looking Ahead

Our progress has been steady and the future looks bright. AFRH will realize great savings in operating and maintenance costs from the proposed downsizing and consolidation of the Washington facility, the elimination of the over-sized Scott Building, and the closure of the LaGarde Building. These savings are illustrated in the annual operating budgets, which were developed as part of the Long Range Financial Plan.

AFRH is focused on our financial strategy and careful management to ensure we reach our objectives is necessary. All indications are that we have the right concepts for implementation and we are poised for the transformation to tomorrow.

Conclusion

We thank Congress for its continued support of the AFRH Master Plan and funding support as a result of Hurricane Katrina. We hope that the Congress agrees that the progress the AFRH has made since 2002 has been remarkable and understands that continued funding is necessary for AFRH to continue serving those

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who so bravely serve us. When the FY 2010 Budget is released by the Administration, we will provide full details. Thank you.

HOMELESS VETERANS

Mr. EDWARDS. Great. Thank you, Mr. Cox, for your testimony.

Mr. COX. You are welcome.

Mr. EDWARDS. Where are we on the homeless issue that came up last year?

Mr. COX. About the homeless issue that came up last year; those residents were all placed in appropriate D.C. facilities with the voucher that Councilman Barry worked on for them. So they aren't in the temporary building anymore on our campus, and all have been placed.

Mr. EDWARDS. Okay.

REVENUES FROM WASHINGTON, D.C. SITE

On the development issue at the Washington site, you weren't projecting any revenues from that until 2013 or 2014.

Mr. COX. 2014. That is correct.

Mr. EDWARDS. So it doesn't put any immediate financial pressure on you. You don't feel any immediate financial pressure to do a fire sale agreement?

Mr. COX. None whatsoever.

Mr. EDWARDS. I mean, it would be good for a developer to do a deal in a down market, but not good for the—

Mr. COX. Correct. No, and that is why we backed off. It wasn't a fair deal for the veterans that we serve.

Mr. EDWARDS. Okay, so you feel no further pressure to do a deal until you feel—

Mr. COX. No. We did our long-range study through 2018, and we show a dip because of potential funding that may come out of that for a project we can't talk about. But through 2018, we see the curve going back up.

Mr. EDWARDS. Okay.

Mr. COX. So yes, so we can very well sit on that, and that is where you are going on that, and not have to develop it at this point.

Mr. EDWARDS. Good.

Mr. Wamp.

WAITING LISTS

Mr. WAMP. Well, I have been at both of these sites. I was down on the Speaker's trip when we went to the Gulfport site, and I was amazed at how impressive it was, even after the storm, and I knew we were building it back. Now, we built it back with supplemental funding, right?

Mr. COX. That is correct, sir. We did.

Mr. WAMP. And it houses how many veterans when you re-open July 2010?

Mr. COX. Five hundred eight-six.

Mr. WAMP. About 586. And the waiting list is how long?

Mr. COX. We have four different categories of a waiting list. One-A and B are people who lived in Gulfport and moved up with us since the beginning. Two and three are the categories of people who maybe didn't move with us, but came back. We had a deadline that

they had to live in D.C., so we would move them back by December of last year.

And then, category three are people who were there but chose to live somewhere else because they left before Katrina. Category four is just a waiting list. We have over 600 people on those four waiting lists.

Mr. WAMP. Right. So, it is a prized possession in the veteran community to be able to go there and live.

Mr. COX. Yes.

Mr. WAMP. And it is probably 10 times nicer than it was before, and it was nice before.

Mr. COX. It is, 100 percent. The rooms are——

Mr. WAMP. It was built back under these new hurricane standards, I assume?

Mr. COX. Hurricane V standards? Yes.

Mr. WAMP. And everything else on the Coast there is, too, probably by now, including all the casinos that are now all masonry and built to last?

Mr. COX. When I was down there at the end of February, it looked like everyone is building up at least a level for a wash-through.

Mr. WAMP. And so what kind of waiting list do you have on the Washington side?

Mr. COX. Washington, about 6-month's worth. And again, Washington now we have a thousand. When Gulfport goes back, we will do the new Scott project, it will be about 600 here, 600 there.

HOMELESS VETERANS

Mr. WAMP. Now, the other issue that came up last year, and this is my last question, the overall homeless issue, not just Washington, D.C. Sam Farr and I have talked a whole lot at these meetings about how unfortunate it is, whether the number is 140,000 or 100,000 or 180,000. It is somewhere in that range of homeless veterans down on the streets of our country.

But beyond the two facilities that you run and that we support, any other action to try to open up other facilities or modify other facilities for the veteran population that is on the streets?

Mr. COX. Because we are an independent agency, we don't go through the VA for those things. But we actually have some proposals through DOD to talk about changing our way to be able to appropriately serve many more veterans.

Mr. WAMP. Okay. That is all I have.

Thank you, Mr. Chairman.

Mr. EDWARDS. Okay. Thank you, Mr. Wamp.

Sam.

Mr. FARR. In dealing with DOD, can you work on that? I mean, I don't know what the answer is. I know that some of our local communities build homeless shelters. And I mean, for a small community, we have done an incredible job out of local money, but I have heard that they can't get reimbursement because of some kind of veteran department issue.

And it seems to me, if we are going to be dealing with permanent care of veterans, whether it be done in the homes or being done by

somebody else providing it, there ought to be some way of giving some financial aid for that housing cost.

You know what we do with people that are on the street, when you can get them into care, what you do is you enroll them, even if they are indigent. It is indigent care. There is money to pay for that. They may qualify for Medicaid, and the providers want to get that reimbursement.

But to me—and maybe I need to do some more homework in this area, but I think that we don't do that for homeless veterans. They may be eligible for the healthcare needs, but they are not eligible for the housing needs.

Mr. COX. That is correct.

And unfortunately for us, Congress set the four criteria of admission. So if they don't fit our four criteria of admission, we can't help them no matter what, because our rules are pretty narrow.

But there are several ways, and we actually have some suggested legislative language out there.

Mr. FARR. (OFF MIKE)

Mr. COX. In DOD, as a ULB right now.

Mr. FARR. Can you get me some copies of that?

Mr. COX. As soon as I know—yes, I can. I can.

Mr. FARR. Thank you.

Mr. COX. As a draft? Just as a draft from my agency?

Mr. FARR. Yes. Yes.

Mr. COX. Yes.

Mr. FARR. Thank you.

Mr. COX. You are welcome. Thank you.

Mr. EDWARDS. Do you need additional questions?

Mr. WAMP. No.

GULFPORT FACILITY

Mr. EDWARDS. You answered several of my questions. And the one question—just one last question about Gulfport. The cost of rebuilding that is how much?

Mr. COX. The cost is \$240 million, of which \$20 million will come from the trust fund, because we were going to build 64 new units, and we set aside that money in the trust fund. We did the design work, but we didn't start that building, so Congress asked if we would contribute that toward it.

We haven't contributed that toward yet because that is the last part to go, but so far they are on budget, and the budget is expected to use that money.

Mr. EDWARDS. They are on budget?

Mr. COX. Yes, so they are on that budget, and the \$20 million is part of that budget.

Mr. EDWARDS. Okay. Future hurricanes, as you referenced earlier, it will be able to withstand the wind and floods?

Mr. COX. Yes. Category five, so that is wind and as well as floods.

Mr. MCMANUS. I believe it is 35-feet high.

Mr. EDWARDS. Is it, 35-foot tidal swell?

Mr. MCMANUS. Where the main body is. It will wash through. There is stuff on the ground level. I will call it the ground level, but it will wash through that.

Mr. COX. There is no living. There is no kitchen. There is no storage like we had in the old facility. Our generators are much higher up than that. So we should be able to survive.

Mr. WAMP. The problem is, now that the barrier islands are gone, every storm that comes ashore is going to be devastating because you are right there.

Mr. COX. Right.

Mr. WAMP. The barrier islands is what used to slow it down as it came in and allowed for less protection, but they don't have any choice. If you stay there, you have to build there now.

Mr. COX. Well, we have a lot of gun-shy residents who actually—staff was working with Camp Shelby down there to look at a place to have safe evacuation when it is a hurricane category three or more. And of course, there is a funding issue, things like that, but they certainly have the space to do it. Because we could survive, like you said, in the building, but there will be no support services if it is a bad storm. So we don't want—

Mr. WAMP. With all due respect, you all need to see this building. Anybody that qualifies would be crazy not to go.

Mr. COX. Thank you. We appreciate your support. Thank you very much. We have worked hard to get there. We look forward to hosting any time.

Mr. WAMP. Great.

Mr. EDWARDS. I have no additional questions. We will have some written questions to follow up with.

Mr. COX. Great.

Mr. EDWARDS. But if the members have no other additional questions, we will stand adjourned until tomorrow morning, when we have General Petraeus.

Mr. WAMP. In the other room, in the big room.

Mr. EDWARDS. Yes, in the big room.

Thank you.

Mr. COX. Thank you.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

CAVC

Question. Could you explain further the temporary increase in judges for CAVC? Is there a reason why the increase in judges is temporary and not permanent?

Response. The statute governing the composition of the Court (38 U.S.C. § 7253(a)) states that the Court shall be composed of “not more than seven judges.” That provision, however, was amended in October 2008 to authorize the number of judges on the Court to increase to not more than 9, effective December 31, 2009. That amendment makes the expansion temporary by also stating: “Effective as of January 1, 2013, an appointment may not be made to the Court if the appointment would result in there being more judges of the Court than the authorized number of judges of the Court specified in subsection (a).”

When requesting authorization from Congress for additional judges, the Court did not request that these positions be temporary. My understanding is that there was some disagreement as to this request, and the temporary provision was the result of a compromise. There is precedent in some Article III courts for having temporary judgeships. The Court will certainly assess its needs as the sunset provision approaches, although based on current trends we do not anticipate a decrease in the number of appeals filed over the next several years.

NEW CAVC COURTHOUSE

You say in your testimony that GSA is looking into a property that it owns in Southeast D.C. for the new courthouse.

Question. When do you anticipate their study on that property to be complete?

Response. Although we do not yet have a time line of events, in May 2009 the Court transferred \$7 million to the General Services Administration (GSA) and I met with the GSA Regional Commissioner for the National Capital Region to discuss the “next steps.” GSA reported to me that over the next several months it will draft a “scope of work” document, identify a project manager, identify the specific requirements for the program, and set out a milestone schedule for the project. The GSA project manager will then orchestrate necessary studies including the development potential of the parcel in Southwest, D.C.; a massing study to determine possible setback and building site configurations; and an investigation into possible soil contamination on this site and 50 526 1955 any necessary environmental remediation. During this same time, the Court will engage the services of an in-house project manager who will oversee the Court’s participation in the process. Accordingly, it is my hope that in the fall of 2009 we will have a much clearer sense of the project costs and timing.

Question. The GSA also recommended that the CAVC courts be located near other Federal courts. Have all location options near other Federal courts been ruled out as possible locations for a new courthouse?

Response. Over the past 5 years the Court has worked, both in collaboration with GSA and independently, to investigate possible courthouse sites in the Judiciary Square vicinity. That search has included consideration of commercial, federal, and D.C. owned buildings and land, keeping open the possibility of new construction or refurbishing or retrofitting an existing structure. Although we have investigated several potential sites, no option adequately meets the project goals of providing an appropriate setting to convey the Nation’s gratitude and commitment to veterans in a courthouse of adequate size, with appropriate accessibility and security, in a fiscally responsible manner.

When I met with the GSA Regional Commissioner last month I discussed this subject with him. We discussed the unique configuration and build out requirements of any courthouse, and how the Court’s unique space and layout requirements make finding and retrofitting an existing office building a challenging and expensive proposal. GSA assured me, however, that until a location is definitively selected, they will continue to assess other potentially suitable sites in the Judiciary Square area.

Question. When would you be able to give us a cost estimate for the construction of the new courthouse?

Response: Because of the unforeseeable contingencies and studies that may be involved in the advanced planning stage we are currently in, I am not able to predict when I will have a cost estimate for the courthouse construction. As previously stated in my testimony and in my written response above, I am hopeful that by the start of fiscal year 2010 I will have received from GSA a more concrete sense of the costs and timing of the project, and I will certainly provide these details to the Committee as soon as I get them.

ELECTRONIC MANAGEMENT/ELECTRONIC CASE FILING SYSTEM

The electronic management and filing system went live 7 months ago.

Question. How many of your cases use this system?

Response. The Court’s electronic Case Management/Electronic Case Filing (CM/ECF) system has 2 components—case *management* and case *filing*. All cases currently pending at the Court use CM/ECF; however, to what degree depends on the parties.

As to the case *filing* component, as of October 2008 when CM/ECF was fully implemented, all represented parties, absent a waiver from the Clerk, are required to register as “Filing Users” and to electronically file all documents with the Court. These documents become a part of and are accessible through the Court’s electronic case record. The Secretary of VA, who is a represented party in every case, is always a Filing User and required to file electronically.

Self-represented appellants, unless they are granted permission by the Clerk to become a Filing User, are required to file all pleadings and documents conventionally. The Court then scans those documents to create an electronic record that is entered into CM/ECF and that may be electronically accessed. The Court transmits its orders and decisions to Filing Users electronically through CM/ECF. For self-represented parties, the Court prints its orders or decisions and serves them in hard copy. Generally, between 20–25% of the Court’s cases include a self-represented appellant. Therefore, in approximately 75% of our pending cases, all filings are received electronically and all decisions are issued electronically. With regard to the case *management* component, the Court uses CM/ECF for every pending appeal.

Question. How has it helped in managing the Court’s caseload more efficiently?

Response: The Court and its practitioners have seen several gains since implementation of CM/ECF. Both have benefitted from reduced mailing and courier costs, and the reduced Court storage space now needed to retain records has been a welcome hiatus for our public office, which has been bursting at the seams for several years. The benefits to all users of remote 24-hour filing access, the opportunity for multiple simultaneous authorized users, and the efficiencies of instant filing and notification are self evident and allow our employees and practitioners more flexibility in “when” and “where” they can accomplish tasks. We are confident that as our staff and members of the Court’s bar become more familiar with CM/ECF, we will reap further administrative benefits.

Question. How many more cases will the courts be able to handle this year due to the electronic management/electronic case filing system being in place?

Response: The Court currently “handles” all appeals that are filed, and as stated above, all current cases are entered into CM/ECF. Thus, the phrasing of this question does not request an accurate measure of the benefits of CM/ECF. Although perhaps not easily quantified, the goal of CM/ECF is to create smoother case processing for the parties and the Court. It is our hope that we will then see a reduction in the overall time from case filing to case disposition, resulting in shorter waits for veterans to receive decisions on their appeals. It is our hope that the efficiencies of electronic filing will save resources and also enable Court employees and practitioners to complete tasks more quickly and efficiently.

AMERICAN BATTLE MONUMENTS COMMISSION FY 2010 BUDGET REQUEST

Question. Now that the dollar has rebounded somewhat against the euro can you tell the Committee how much the Commission will use under the Foreign Currency Fluctuation Account for the current year?

ABMC Response: Since the annualized trend of the US Dollar and the Euro is expected to be slightly lower than estimated, the Commission expects to use approximately \$15,500,000 from its Foreign Currency Fluctuation Account to offset exchange rate losses and to satisfy expenditures relating to our overseas operations during FY 2009.

Question. What is the FY 2010 estimate for the Foreign Currency Fluctuation Account?

ABMC Response: Based on amount requested by the Commission for its FY 2010 Salaries and Expenses Account, the Commission estimates that it will need \$17,100,000 appropriated in FY 2010 to replenish its Foreign Currency Fluctuation Account.

Question. How many projects, including maintenance, were planned for FY 2009 at our European battle monuments?

ABMC Response: ABMC currently has 71 projects planned at all sites for FY 2009.

Question. Will a stronger dollar allow the Commission to increase the number of projects that it will carry out in FY 2009 at our European battle monuments? If so, how many?

ABMC Response:

No. The number of projects that the Commission can initiate is dependent on the level of funding appropriated into our Salaries and Expenses Account.

The purpose of the Commission’s Foreign Currency Fluctuation Account (FCFA) is to offset the cost of exchange rate imbalances. If, however, the Commission did not have access to funds in its FCFA to offset currency exchange rate imbalances, then the relative strength or weakness of the US Dollar would have a profound affect on the number of projects that could be undertaken during the fiscal year.

DOD CEMETERIAL EXPENSES/ARLINGTON NATIONAL CEMETERY/FY 2010

OVERCROWDING

Question. Last year Mr. Metzler testified that mitigating the overcrowding of ceremonies was a high priority for ANC. With an average of 27 funerals per day, this is understandable. How has that situation changed, if at all?

Answer: Mitigation of overcrowding, primarily of funeral services, remains a high priority for ANC. The number of funerals and ceremonies has remained about the same over the past year. ANC continues to have an average of 27 funerals per day and over 3,000 ceremonies a year. Overcrowding is primarily a problem with funeral services (not the other ceremonies) that are held from Monday through Friday because the funerals are concentrated in the southeast corner of the cemetery where most of the open land is available for in-ground burials and where niches are located for the placement of cremated remains. Construction of the Millennium

Project has begun in the northwest corner of the cemetery and Phase II is scheduled to be awarded this fiscal year (FY 2009). However, based on the current schedule, this project will take approximately seven years to complete. Until the project is completed, overcrowding will continue to increase.

TOMB OF THE UNKNOWNNS

In your testimony, you mention that the Army is looking at a donated block of marble to replace the block currently on the tomb. The August report on the condition of the current block stated that it was unknown when the current marble block would be beyond repair; however, it also stated that the kind and size of marble needed may not be available further down the road.

Question. If the donated marble meets the requirements, what would happen next?

Answer. If the donated marble is determined to be suitable as a potential replacement for the original block of marble, the Army intends to take possession of the donated marble in order to secure and protect it. However, no decision to replace the original marble has been made, and any such decision will be made in accordance with the provisions of Section 106 of the National Historic Preservation Act.

Question. If it is to be replaced, what would happen to the block currently on the tomb?

Answer. No decision regarding the disposition of the existing marble has been made, should replacement be selected for the long-term treatment of the Tomb Monument. Any decision regarding the disposition of the existing marble will be made in accordance with the provisions of Section 106 of the National Historic Preservation Act.

TOTAL CEMETERY MANAGEMENT SYSTEM/DIGITIZING RECORDS

Question. The idea of digitizing records at Arlington is a great one. Where does Arlington stand on the implementation of the Total Cemetery Management System?

Answer. The Total Cemetery Management System is approximately 35 percent complete. Version 3 of the Interment Scheduling System will be launched in July 2009. This system will upgrade ANC's funeral scheduling application that will allow ANC to provide funeral tasks to the military services electronically and to order headstones from the Department of Veterans Affairs in an automated manner. Completed projects also include the scanning of all burial records and grave cards. All of the cemetery burial records have been entered into a database and will be used for the next phase of the plan.

Question. As of today, is there a way for the public to look up records and/or geographical information of burial sites electronically? If not, is that something ANC is considering?

Answer. Currently the public can look up burial records that date from April 1999 to the present by using a locator/kiosk in the visitor's center. The system provides the location but does not provide geographical information at this time.

In FY 2010 ANC will start a triple validation process to validate burial records, grave cards and burial maps against the actual physical location of each gravesite. Each grave site will be able to be located by using the Global Positioning System. After the project is complete this data will be available for the public on the ANC website.

WASHINGTON D.C. CAMPUS

Question. Your testimony states that the partnership with a developer at the Washington Campus fell through. What is your plan going forward for the mixed-use development at the Washington Campus?

Answer. The approved AFRH Master Plan will serve as the blueprint for the redevelopment of the AFRH campus. At this time, AFRH is seeking development partners for implementing the plan, and is considering numerous options, including incremental development of the site with multiple developers. Despite the difficult market conditions, there is still significant interest in the site from the development community, and AFRH is diligently working to assess the best opportunity to move forward with.

SCOTT DORMITORY RENOVATION (D.C. CAMPUS)

Question. How will the DC Campus handle the rebuild of the Scott Dormitory with the least disruption to the Washington campus population?

Answer. Working with the Resident Advisory Committee (RAC) we are forming new committees for the Gulfport Stand up and Scott Projects. These committees will

serve as a voice for the residents and be critical to our efforts. Coordination will be critical and, because the two projects are so interconnected, many of our same staff members will be working on both projects. Again, good communication will be extremely important in keeping these two projects balanced and moving forward. The Scott Project, unlike moving into the new facility in Gulfport, will involve the movement of residents and services from the Scott building while it is being demolished, and establishing temporary quarters or places of operation. Demolition and construction will be taking place around us, as we go about the business of our day, so we will stress and be mindful of safety. Placement of services such as dining, the wellness center, the library and other activities will be temporarily displaced to our Sheridan Dormitory and Sherman building, which are easily accessible to residents. We will use multiple means of communication, such as the newly established committees, our in-house television station "Channel-99" for updated information, the Weekly Bulletin, monthly Communicator, AFRH website, and flyers and notices will be used to get the word out about changes going on in and around our Home.

Question. In your testimony you alluded that the Gulfport facility will be reopening at about the same time the Scott Dormitory will be closing for renovations. Do you intend to move any residents from the Scott Dormitory to Gulfport?

Answer. Yes. Over 200 prior Gulfport residents have requested to move back to Gulfport. These residents have rooms in both our Scott and Sheridan dormitories.

ADMISSION CRITERIA

Question. Last year you testified that spouses are not allowed to come into a facility unless they independently qualify. Has there been a re-evaluation of the criteria by the Armed Services Committee?

Answer. No, to the best of our knowledge there has not been a re-evaluation of the criteria for spouses by the Armed Services Committee.

FRAUD AND ABUSE

Question. Last year there was concern about healthcare management and oversight to GAO which led to the development of the fraud and abuse hotline. How many calls has the hotline received in the last year?

Answer. The AFRH hotline has received 13 calls for assistance or to report an allegation of fraud, waste or abuse from May 2008–May 2009. In all cases, either assistance was rendered or an investigation was conducted to bring each case to a resolution. The AFRH hotline was initially established in 2004, prior to the concern that was reported to the GAO. Reports of fraud, waste or abuse can be reported through the AFRH hotline, email or face-to-face to the AFRH Inspector General. Information pertaining to the reporting of fraud, waste and abuse is posted in every common area in the buildings at the AFRH, as well as on the AFRH website.

Question. What is the annual cost to operate the hotline?

Answer. The annual cost to maintain the AFRH hotline is \$192.60.

FINANCIAL STABILITY

Question. With regard to your financial stability, how has the current economic situation affected your facilities?

Answer. The current economic situation will slow Trust Fund growth, but should have limited impact on our facilities as a result of reduced infrastructure costs.

Over the years AFRH grew and spread across over 272 acres of infrastructure and historical buildings. The infrastructure was engulfing our resources and funding. Multiple studies had been completed between 1995 and 2002. Every study focused on the excessive cost at the Washington Home and recommended changes for success. At the heart of each study, results focused at excessive staffing and infrastructure costs. Over the past five years AFRH redefined our "footprint" on the Washington Campus. Our buildings began to serve multiple purposes. Administration buildings were vacated. Slowly we vacated numerous buildings totalling over 600 thousand square feet across 102 acres. After completion of the Scott Project we will have vacated over one million square feet. By reducing our "footprint" we began to realize savings we had not experienced before. The overall impact was sustained growth to the Trust Fund. In five years we have been able to grow the Trust Fund by \$73 million with a Fiscal Year 2008 ending balance of \$167 million.

The CENTCOM hearing was held before the subcommittee on April 24, 2009. The transcript and questions for the record were due back to the subcommittee on May 20, 2009. As of June 19, when this volume was sent to be printed, the Department had not returned the edited transcript and questions for the record. The Committee notes that this is the third year the Department has failed to respond in a timely fashion and in accordance with the law.

FRIDAY, APRIL 24, 2009.

CENTRAL COMMAND**WITNESS****GENERAL DAVID H. PETRAEUS, COMMANDER, U.S. CENTRAL COMMAND, UNITED STATES ARMY**

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS. Good morning. I would like to call the House Military Construction and Veterans Affairs Appropriations Subcommittee to order.

General Petraeus, welcome to our subcommittee. It is good to have you here. I want to thank you for your 35 years of distinguished military service to our Nation and especially for your leadership at this time of great challenge in such a critical region of the world.

The purpose of today's hearing is twofold. First, we want to hear General Petraeus' strategic overview of operations in Central Command's Area of Responsibility. This information will assist the subcommittee as we begin to mark up the fiscal year 2009 Supplemental Appropriations bill and the 2010 Military Construction Appropriations bill. Second, we want to review the \$947 million supplemental request by the administration for military construction funding for CENTCOM. Of the 45 projects requested, all but one are to be located in Afghanistan.

I would like to recognize our ranking member, Mr. Wamp, for his opening comments.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, I want to thank the chairman first for this hearing and for his leadership here on the Military Construction and Veterans Affairs Subcommittee. Most of all, I thank General Petraeus for his presence here today.

I want to thank you on behalf of all the people of Tennessee where you have a storied history as well, everything from commanding the Screaming Eagles of the 101st Airborne to having the surgery at the hands of Senator Bill Frist and a little bit of everything, I think, in between.

I have had the privilege in the last 15 years to meet kings and to become personal friends with prime ministers and with Presidents and to hold Mother Teresa's hands and pray with her in the Capitol, and I consider your presence here today one of those high moments in my service. We are honored. You are one of America's greatest living citizens, and we are so grateful for your service. You are the premiere soldier of our generation, and we thank you for what you have done and for what you continue to do and for your willingness to head up CENTCOM at a critical moment where success is imperative and where our presence in the world is very necessary. I thank you, and I look forward to your testimony and to the questions and answers. On behalf of everyone on our side and on our subcommittee and in the Congress, we will stand with you in a bipartisan and unified way until you are successful on every front.

Thank you, General.

Mr. EDWARDS. Well stated. Thank you, Mr. Wamp.

General Petraeus, your full written statement will be submitted for the record. Now I would like to recognize you for any opening comments you care to make.

STATEMENT OF GENERAL DAVID H. PETRAEUS

General PETRAEUS. Well, thank you, Mr. Chairman, Congressman Wamp, and members of the subcommittee. Thank you, not just for the opportunity to provide an update on the situation in the U.S. Central Command Area of Responsibility, but thanks to each of you for all that you have done for our soldiers and their families over the years, in recent years in particular.

I would like to begin this morning by discussing the way ahead in Afghanistan and Pakistan, as these countries contain the most pressing transnational extremist threat in the world and, in view of that, pose the most urgent problems set in the Central Command Area of Responsibility. I will then discuss Iraq and the status of our major efforts elsewhere in the Area of Responsibility.

Disrupting and ultimately defeating al Qaeda and the other extremist elements in Pakistan and Afghanistan and reversing the downward security spiral seen in key parts of these countries will require sustained substantial commitment. The strategy described by President Obama several weeks ago constitutes such a commitment. Although the additional resources will be applied in different ways on either side of the Durand Line, Afghanistan and Pakistan comprise a single theater that requires comprehensive whole of governments approaches that are closely coordinated.

This morning, I will briefly discuss the military aspects of the new strategy, noting, however, that, while additional military forces clearly are necessary, they will not by themselves be sufficient to achieve our objective.

It is equally important that the civilian requirements for Afghanistan and Pakistan be fully met. To that end, it is essential that the respective civilian elements be provided the resources necessary to implement this strategy. In particular, I urge Congress to fully fund the State Department, USAID, the Office of Coordinator for Reconstruction and Stabilization, and the interagency Civilian Response Corps to enable this overall strategy.

Achieving objectives in Afghanistan requires a comprehensive counterinsurgency approach, and that is what General David McKiernan and ISAF are endeavoring to execute with the additional U.S. and Coalition resources being committed.

The additional forces will provide an increased capability to secure and serve the people, to pursue the extremists, to support the development of host nation security forces, to reduce the illegal narcotics industry, and to help develop the Afghan capabilities needed to increase the legitimacy of the national and Afghan local governance. These forces will also, together with the additional NATO elements committed for the election security force, work with Afghan elements to help secure the national elections in late August and to help ensure that those elections are seen as free, fair, and legitimate in the eyes of the Afghan people.

A major focus of our efforts in Afghanistan is building the Afghan security forces so that they are capable of assuming full responsibility for their country's security over time. Your support for generating, training and equipping Afghan national security forces continues to be critical to our long-term success, just as your support has proven to be of such importance in the case of the development of Iraqi security forces.

As was the case in Iraq, additional forces will only be a value if they are employed properly. It is vital that they be seen as good guests and good partners; not as would-be conquerors or superiors, but as formidable warriors who also do all possible to avoid civilian casualties in the course of combat operations.

As additional elements deploy, it will also be essential that our commanders and elements strive for unity of effort at all levels and integrate our security efforts into the broader plans to promote Afghan governance and economic development. We recognize the enormous sacrifices of the Afghan security forces since 2002 and by the Afghan people over the past three decades, and we will continue working with our Afghan partners to build the trust of the people and, with security, to provide them with new opportunities.

The increase in our forces in Afghanistan has created new critical infrastructure requirements. Expanded contingency construction authorities for Afghanistan and across the AOR serve as important interim solutions because they push construction decision-making authority to our engaged commanders in the field.

We appreciate your support for expanded CCA, and increasing the operations and maintenance construction threshold for minor construction in support of combat operations would also be helpful.

The situation in Pakistan is, of course, closely linked to that of Afghanistan. The extremists that have established sanctuaries in Pakistan's rugged border areas not only contribute to the deterioration of security in eastern and southern Afghanistan, but they also pose an ever more serious threat to Pakistan's very existence. Al Qaeda's senior leadership and other transnational extremist elements are located in Pakistan and have carried out an increasing number of suicide bombings and other attacks. In addition, they have carried out terrorist attacks in India, in Afghanistan, and in various other countries outside the region, including the United Kingdom, and they have continued efforts to carry out attacks in our homeland.

In response to the increased concern over extremist activity, the Pakistan military has stepped up operations in parts of the tribal areas. Everyone recognizes, however, that much further work is required, and the events of recent days underscore that point. Given our relationship with Pakistan and its military over the years, it is important that the United States be seen as a reliable ally in assisting with that work.

The Pakistani military has been fighting a tough battle against extremists for more than 7 years. They have sacrificed much and have suffered very tough losses in this campaign, and they deserve our support.

The U.S. military will focus its assistance in two main areas:

First, we will expand our partnership with the Pakistani military and help it build its counterinsurgency capabilities by providing

training, equipment and assistance. We will also expand our exchange programs to build stronger relationships with Pakistani leaders at all levels.

Second, we will help promote closer cooperation across the Afghan-Pakistan border by providing training, equipment, facilities, and intelligence capabilities and by bringing together Afghan and Pakistani military officers to enable coordination between the forces on either side of the border. These efforts will support the timely sharing of intelligence information and will help to coordinate the operations of the two forces.

These efforts to build the capacity of the Pakistani military would be aided substantially by the Pakistan Counterinsurgency Capability Fund. Pakistan is a unique situation that requires unique and nuanced authorities. Ambassador Holbrooke and I have determined that we need both foreign military financing and PCCF to accomplish our mission, along with the other categories, such as 1206, 1207 and 1208. PCCF will allow us to focus, as well as expand our security development plan with Pakistan.

In addition, we support the continued use of Coalition support funds as a tool for supporting the operations of our Pakistani partners as they confront extremists who operate in Afghanistan as well as in Pakistan, and we believe the expansion of outreach and exchange programs will enable the establishment of stronger relationships with Pakistani leaders at all levels as well.

Within the counterinsurgency construct we have laid out for Afghanistan and together with the support provided to Pakistan, we will, of course, continue to support the targeting, disruption, and pursuit of the leadership basis and support groups of al Qaeda and other transnational extremist groups operating in the region. We will also work with our partners to challenge the legitimacy of the terrorist methods, practices and ideologies, helping our partners address legitimate grievances to win over reconcilable elements of the population and supporting promotion of the broad-based economic and governmental development that is a necessary part of such an effort.

As we increase our focus on and efforts in Afghanistan and Pakistan, we must not lose sight of other important missions in the CENTCOM AOR. There has, for example, been substantial progress in Iraq, but numerous challenges still confront its leaders and its people, and we have seen some of those in the past couple of days. Although al Qaeda and other extremist elements in Iraq have been reduced significantly, they do pose a continued threat to security and stability and, again, we have seen that recently.

Beyond that, lingering ethnic and sectarian mistrust, tensions between political parties, the return of displaced persons, large detainee releases, new budget challenges, and the integration of the Sons of Iraq, as well as other issues, remind us that the progress there is still fragile and reversible, though less so than when I left Iraq last fall, especially given the conduct of provincial elections in late January and the recent election of the Council of Representatives Speaker.

Despite the many challenges, the progress in Iraq, especially the steady development of the Iraqi security forces, has enabled the continued transition of security responsibility to Iraqi elements and

has enabled further reductions of Coalition forces and the steady withdrawal of our units from urban areas. We are, thus, on track in implementing the security agreement with the Government of Iraq and in executing the strategy laid out by the President at Camp Lejeune.

A vital element in our effort in Iraq has been congressional support for a variety of equipment and resource needs, and I want to take this opportunity to thank you for that. In particular, your support for the rapid fielding of mine-resistant, ambush-protected vehicles and various types of unmanned aerial vehicles, as well as for the important individual equipment and for the Commanders Emergency Response Fund, has been of enormous importance to our troopers. Your continued support for these programs, capabilities and equipment, as well as for the expanded intelligence and IED defeat capabilities, will continue to be important as we expand our operations in Afghanistan.

Iran remains a major concern in the CENTCOM AOR. It continues to carry out destabilizing activities in the region, including the training, funding and arming of militant proxies active in Lebanon, Gaza and Iraq. It also continues its development of nuclear capabilities and missile systems that many assess are connected to the pursuit of nuclear weapons and delivery means.

In response, we are working with partner states in the region to build their capabilities and to strengthen cooperative security arrangements, especially in the area of shared early warning, air and missile defense, and the establishment of common operational pictures.

Iran's actions and rhetoric have, in fact, prompted our partners in the Gulf to seek closer relationships with us than we have had with some of them in some decades. We are also helping to bolster the capabilities of the security forces in Egypt, Lebanon, Jordan, Yemen, the Gulf States, and the Central Asian States to help them deal with threats to their security, which range from al Qaeda to robust militia and organized criminal elements.

In addition, we are working with partner nations to counter piracy, to combat illegal narcotics production and trafficking, and to interdict arms smuggling activities that threaten stability and the rule of law and often provide funding for extremists. Much of this work is performed through an expanding network of bilateral and multilateral cooperative arrangements established to address common challenges and to pursue shared objectives.

As we strengthen this network, we strive to provide our partners with responsive security assistance, technical expertise and resources for training, educating and equipping their forces, and for improving security facilities and infrastructure. Exceptional funding programs that provide training, equipment, and infrastructure for our partner security forces enabled our successes in Iraq, and are of prime importance if we are to achieve comparable progress in Pakistan and Afghanistan. Lebanon and Yemen also warrant similar attention. We believe significant gains result from these activities, and we appreciate your support for them.

Finally, in all of these endeavors, we seek to foster comprehensive approaches by ensuring that military efforts are fully integrated with broader diplomatic, economic and developmental ef-

forts. We are working closely, for example, with former Senator Mitchell and Ambassador Ross as they undertake important responsibilities as Special Envoys in the same way that we are working together with Ambassador Holbrook and the United States Ambassadors in our region.

In conclusion, there will be nothing easy about the way ahead in Afghanistan or Pakistan or in many of the other tasks in the Central Command area. Much hard work lies before us, but it is clear that achieving the objectives of these missions is vital, and it is equally clear that these endeavors will require sustained substantial commitment and unity of effort of all involved.

Over 215,000 soldiers, sailors, airmen, marines, and Coast Guardsmen are currently serving in the CENTCOM Area of Responsibility. Together with our many civilian partners, they have been the central element in the progress we have made in Iraq and in several other areas, and they will be the key to achieving progress in Afghanistan and Pakistan and in the many other locations where serious work is also being done.

These wonderful Americans and their fellow troopers around the world constitute the most capable military in the history of our Nation. They have soldiered magnificently against tough enemies during challenging operations in punishing terrain and extreme weather, and they and their families have made great sacrifices since 9/11, as I know the members of this subcommittee know very well. Nothing means more to these great Americans than the sense that those back home appreciate their service and their sacrifice.

In view of that, I want to conclude this morning by noting my gratitude for the extraordinary support the American people have provided to our military men and women and their families and by thanking the members of this subcommittee for your unflagging support and abiding concern for our troopers and their families as well.

Thank you very much.

Mr. EDWARDS. Thank you, General Petraeus.

[The prepared statement of General David H. Petraeus follows:]

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STATEMENT OF

GENERAL DAVID H. PETRAEUS, U.S. ARMY

COMMANDER

U.S. CENTRAL COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE --

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES
SUBCOMMITTEE

ON

THE POSTURE OF U.S. CENTRAL COMMAND

22 APR 2009

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Chairman Edwards, Congressman Wamp, and members of the committee, the United States Central Command (CENTCOM) is now in its eighth consecutive year of combat operations in an area of the world critical to the interests of the United States, its allies, and its partners. CENTCOM seeks to promote cooperation, to respond to crises, to deter aggression, and, when necessary, to defeat our adversaries in order to promote security, stability, and prosperity in the CENTCOM Area of Responsibility (AOR). Typically, achieving US national goals and objectives in the CENTCOM AOR involves more than just the traditional application of military power. In many cases, a whole of government approach is required, one that integrates all tools available to international and interagency partners to secure host-nation populations, to conduct comprehensive counterinsurgency and security operations, to help reform, and in some cases build, governmental and institutional capacity, and to promote economic development.

These are challenging missions, and the conditions and dynamics shaping the region's security environment are constantly evolving. Major changes in just this past year include: increased violence in Afghanistan and Pakistan; transition of authority to elected civilian leadership in Pakistan; progress against extremists in Iraq; expiration of UN Security Council Resolution 1790, which authorized the Coalition to conduct military operations in Iraq; damage to still resilient Al Qaeda and allied extremist elements; continued Iranian intransigence over its nuclear program and support to proxy extremist elements; increased piracy in the Gulf of Aden and off the coast of Somalia; and the global financial crisis and accompanying decline in oil prices. These developments, as well as recent events on the borders of our AOR, particularly in Gaza, India, Somalia, and Russia, suggest that the dynamics shaping security in the CENTCOM AOR will

continue to evolve, presenting both challenges and opportunities as we seek to address insecurity and extremism in the AOR.

Following conversations with our coalition partners and a recent comprehensive review of our AOR by members of CENTCOM, interagency partners, and academic experts, we have identified the following priority tasks for the coming year:

- Helping to reverse the downward cycles of violence in Afghanistan and Pakistan;
- Countering transnational terrorist and extremist organizations that threaten the security of the United States and our allies;
- Helping our Iraqi partners sustain hard-won security gains and build on the progress in their country while reducing US forces in Iraq;
- Countering malign Iranian activities and policies;
- Bolstering the capabilities of partner security forces in the region;
- Working with partner nations to counter piracy, illegal narcotics trafficking, arms smuggling, and proliferation of the components of weapons of mass destruction;
- Working with the US military Services to reduce the strain on our forces and the cost of our operations; and
- Supporting new policy initiatives, such as the establishment of the Special Representative for Afghanistan and Pakistan, efforts to reinvigorate the Middle East Peace Process, and the designation of a special envoy for Iran.

The intent of the remainder of this Posture Statement is to address these priorities and the broader, long-term solutions they support by providing a more detailed overview of the AOR, assessments of the situation in each of its major sub-regions, brief descriptions of the approaches and techniques for improving security and preserving our national

interests, and comments on the programs and systems needed to implement and to support these approaches.

II. Overview of the CENTCOM AOR

A. Nature of the AOR

The lands and waters of the CENTCOM AOR span several critical and distinct regions. Stretching across more than 4.6 million square miles and 20 countries, the AOR contains vital transportation and trade routes, including the Red Sea, the Northern Indian Ocean, and the Arabian Gulf, as well as strategic maritime choke points at the Suez Canal, the Bab el Mandeb, and the Strait of Hormuz. (With the establishment of the US Africa Command (AFRICOM) and the realignment of the Unified Command Plan on 1 October 2008, AFRICOM assumed responsibility for US operations in the six countries of the Horn of Africa and the Seychelles, countries previously in the CENTCOM AOR.) The CENTCOM AOR encompasses the world's most energy-rich region, with the Arabian Gulf region and Central Asia together accounting for at least 64 percent of the world's petroleum reserves, 34 percent of its crude oil production, and 46 percent of its natural gas reserves.

Social, political, and economic conditions vary greatly throughout the region. The region is home to some of the world's wealthiest and poorest states, with per capita incomes ranging from \$800 to over \$100,000. Despite scattered pockets of affluence, however, many of the more than 530 million people living in the AOR suffer from

inadequate governance, underdeveloped civil institutions, unsettling corruption, and high unemployment.

As a result of this diversity, many people in the AOR struggle to balance modern influences with traditional social and cultural authorities and to manage change at a pace that reinforces stability rather than erodes it. For the past century, the sub-regions of the AOR have been torn by conflict as new states and old societies have struggled to erect a new order in the wake of the collapse of traditional empires. These conflicts have intensified in the past three decades with the emergence of extremist movements, nuclear weapons, and enormous wealth derived from oil and natural gas, and today we see stability in the AOR threatened by inter-state tensions, proliferation of ballistic missile and nuclear weapons expertise, ethno-sectarian violence, insurgencies, sub-state militias, and proxy forces, as well as horrific acts of terrorism and extremist violence.

B. Most Significant Threats to US Interests

The most serious threats to the United States, its allies, and its interests in the CENTCOM AOR lie at the nexus of transnational extremists, hostile states, and weapons of mass destruction. Across the AOR, Al Qaeda and its extremist allies are fueling insurgencies to destabilize the existing political, social, and economic order and to reduce US and western influence. Meanwhile, some countries in the AOR play a dangerous game of allowing or accepting extremist networks and terrorist facilitators to operate from or through their territory, believing that their own people and governments will be immune from the threat. Efforts designed to develop or acquire WMD and delivery systems magnify the potential dangers of the marriage between some states and their

extremist proxies. Indeed, the proliferation of WMD technology outside established international monitoring regimes and the acquisition of WMD by hostile states or terrorist organizations would constitute a grave threat to the United States, our allies, and the countries of the region, and it likely would spark a destabilizing arms race. In the near term, the greatest potential for such a threat to arise is found in the instability in South Asia and the activities and policies of the Iranian regime.

- **Instability in Afghanistan and Pakistan.** Pakistan and Afghanistan pose the most urgent problem set in the CENTCOM AOR. Destabilization of the nuclear-armed Pakistani state would present an enormous challenge to the United States, our allies, and our interests. Pakistani state failure would provide transnational terrorist groups and other extremist organizations an opportunity to acquire nuclear weapons and a safe haven from which to plan and launch attacks. The Pakistani state faces a rising – indeed, an existential – threat from extremists such as Al Qaeda and other transnational terrorists organizations, which have developed safe havens and support bases in ungoverned spaces in the Afghanistan-Pakistan border regions. Nevertheless, many Pakistani leaders remain focused on India as Pakistan’s principal threat, and some may even continue to regard certain extremist groups as potential strategic assets against India. Meanwhile, Al Qaeda, the Taliban, and other insurgent groups operating from the border region are engaged in an increasingly violent campaign against Afghan and Coalition Forces and the developing Afghan state.
- **Iranian Activities and Policies.** Iranian activities and policies constitute the major state-based threat to regional stability. Despite UN Security Council resolutions, international sanctions, and diplomatic efforts through the P5+1, Iran is assessed by many

to be continuing its pursuit of a nuclear weapons capability, which would destabilize the region and likely spur a regional arms race. Iran employs surrogates and violent proxies to weaken competitor states, perpetuates conflict with Israel, seeks to expand its regional influence through legitimate and illegitimate means, and obstructs the Middle East Peace Process. Iran also uses some of its proxy groups and the Quds Force to train and equip militants in direct conflict with US forces and to frustrate the effort to stabilize Iraq, Lebanon, and Gaza. Syria, Iran's key ally, facilitates the Iranian regime's reach into the Levant and the Arab world by serving as the key link in an Iran-Syria-Hizballah-Hamas alliance and allows extremists (albeit in smaller numbers than in the past) to operate in Damascus and to facilitate travel into Iraq.

The situation in Iraq, lingering Arab-Israeli tensions, and arms smuggling and piracy in the Gulf of Aden and off the Somali coast also pose significant challenges to the interests of the United States, its allies, and partners.

- Iraq. The situation in Iraq has improved significantly since the peak of violence in mid-2007, but the gains there remain fragile and reversible, though less so than last fall, especially given the successful conduct of provincial elections in late January. In Iraq, a number of factors continue to pose serious risks to US interests and have the potential to undermine regional stability, disrupt international access to strategic resources, and frustrate efforts to deny terrorist safe havens and support bases. Internally, fundamental issues such as the distribution of political power and resources remain to be settled. The Iraqi state is still developing, and numerous challenges still confront its leaders and people. Lingering ethnic and sectarian mistrust, tensions between political parties, the return of displaced persons, large detainee releases, new budget challenges, and the

integration of the Sons of Iraq continue to strain governmental capacity. Externally, Iraq's position with its neighbors is still in flux, with some playing a negative role in Iraq. Ethnic and sectarian tensions persist, and were large-scale communal conflict to return to Iraq, the resulting violence could still "spill over" into other states. Such violence could also enable terrorist and insurgent groups to reestablish control over portions of the country, which would destabilize Iraq and the surrounding region. To further complicate matters, the decline in oil prices and the resulting cut in the Iraqi budget are likely to delay Iraqi Security Force modernization and security initiatives, programs for the revitalization of the oil and electricity sectors, and improvements in the provision of government services. These challenges notwithstanding, the progress in Iraq has been substantial; nonetheless, Iraq clearly does face innumerable challenges.

- The Arab-Israeli conflict. The enduring Arab-Israeli conflict presents distinct challenges to our ability to advance our interests in the AOR. Israeli-Palestinian tensions often flare into violence and large-scale armed confrontations. The conflict has created a deep reservoir of anti-American sentiment, based on a perception of US favoritism for Israel. Arab anger over the Palestinian question limits the strength and depth of US partnerships with governments and peoples in the AOR and threatens the continued viability of moderate regimes in the Arab world. Extremist groups exploit that anger to mobilize support. The conflict also gives Iran influence in the Arab world through its clients, Lebanese Hizballah and Hamas. The attention to this issue in recent months and the appointment of Senator Mitchell have been heartening and have generated positive reactions.

C. Other Challenges to Security and Stability

While this statement will describe in greater detail the dynamics and challenges in the sub-regions of the AOR, there are a number of cross-cutting issues that serve as major drivers of instability, inter-state tensions, and conflicts. These factors can serve as root causes of instability or as obstacles to security.

- Extremist ideological movements and militant groups. The CENTCOM AOR is home, of course, to important transnational terrorist networks and violent extremist organizations that exploit local conflicts and foster instability through the use of terrorism and indiscriminate violence. The most significant of these is Al Qaeda, which, along with its associated extremist groups, seeks to undermine regional governments, challenge US and western influence in the region, foster instability, and impose extremist, oppressive practices on the people through indiscriminate violence and intimidation.
- Ungoverned, poorly governed, and alternatively governed spaces. Weak civil and security institutions and the inability of certain governments in the region to exert full control over their territories are conditions extremists exploit to create physical safe havens in which they can plan, train for, and launch terrorist operations or pursue narco-criminal activities. Increasingly we are seeing the development of what might be termed sub-states, particularly in Lebanon, Pakistan, and the Palestinian territories, which are part of an extremist strategy to “hold” territory and challenge the legitimacy and authority of the central government.
- Significant source of terrorist financing and facilitation. The AOR, particularly the Arabian Peninsula, remains a prime source of funding and facilitation for global terrorist

organizations. This terrorist financing is transmitted through a variety of formal and informal networks throughout the region.

- **Piracy.** The state collapse of Somalia has enabled a significant increase in piracy in the Gulf of Aden and off the coast of Somalia. Since the August 2008 spike in piracy acts, we have worked in close cooperation with the international community to counter this trend by focusing on increasing international naval presence, encouraging the shipping industry to take defensive measures, and establishing a sound international legal framework for resolving piracy cases. With UN Security Council resolution authorities in place, over twenty countries have deployed naval ships to conduct counter piracy operations in the Gulf of Aden. In January 2009, we stood up a Combined Task Force (CTF-151) for the specific purpose of conducting and coordinating counter piracy operations.
- **Ethnic, tribal, and sectarian rivalries.** Within certain countries, the politicization of ethnicity, tribal affiliation, and religious sect serves to disrupt the development of national civil institutions and social cohesion, at times to the point of violence. Between countries in the region, such rivalries can heighten political tension and serve as catalysts for conflict and insurgency.
- **Disputed borders and access to vital resources.** Unresolved issues of border demarcation and disagreements over the sharing of vital resources, such as water, serve as growing sources of tension and conflict between and within states in the region.
- **Weapons and illegal narcotics trafficking.** The trafficking and smuggling of weapons and illegal narcotics and associated criminal activities undermine state security, spur

corruption, and inhibit legitimate economic activity and good governance throughout the AOR.

- Uneven economic development and lack of employment opportunities. Despite substantial economic growth rates throughout much of the region over the past few years, significant segments of the population in the region remain economically disenfranchised, uneducated, and without sufficient opportunity. The recent economic downturn has heightened these problems. Without sustained, broad-based economic development, increased employment opportunities are unlikely given the growing proportions of young people relative to overall populations.
- Lack of regional and global economic integration. The AOR is characterized by low levels of trade and commerce between and among many of the region's countries, and these diminish prospects for long term economic growth and opportunities to deepen interdependence through private sector, social, and political ties between countries.

III. Major Operating Concepts

A. Implementing Comprehensive Approaches and Strengthening Unity of Effort

Addressing the challenges and threats in the AOR requires a comprehensive, whole of government approach that fully integrates our military and non-military efforts and those of our allies and partners. This approach puts a premium on unity of effort at all levels and with all participants. At the combatant command level, this means working with our interagency and international partners to develop joint action or campaign plans that establish appropriate missions and objectives for our subordinate elements, from major

commands such as Multi-National Force–Iraq (MNF-I) to country-based offices of military cooperation. To effectively carry out these plans, the military elements must be coordinated carefully with the corresponding State Department envoy or ambassador.

CENTCOM also strives to help subordinate command efforts and to address areas and functions not assigned to subordinate units or that are cross-cutting, such as combating the flow of foreign fighters.

B. Nesting Counter-Terrorism within a Counter-Insurgency Approach

Success against the extremist networks in the CENTCOM AOR - whether in Iraq, Afghanistan, Pakistan, Yemen, Lebanon, or elsewhere - requires all forces and means at our disposal employed in a strategic approach grounded in the principles of counterinsurgency. Our counter-terror efforts, which seek to dismantle the extremist networks and their leadership, often through the use of military force, are critical. However, it is also important to eliminate these networks' sources of support. Often this support comes from sympathetic populations who provide financial support and physical safe haven or who simply turn a blind eye to extremist activities. At other times, support comes from populations directly subjected to extremist intimidation and extortion. Eroding this support, eliminating these safe havens, and ultimately preventing networks from reconstituting themselves requires protecting populations, delegitimizing the terrorists' methods and ideologies, addressing legitimate grievances to win over reconcilable elements of the population, and promoting broad-based economic and governmental development. Defeating extremist groups thus requires the application of

basic counter-insurgency concepts not just counter-terrorist operations. We cannot be just “hard” or just “soft”—we must be both.

This does not imply, however, that US forces must conduct counter-insurgency operations everywhere in the AOR where there are extremist groups. Rather, this demands an approach in which the United States provides support to our partners in their own counter-terror and counter-insurgency efforts. We should help nations develop their own capacity to secure their people and to govern fairly and effectively, and we should build effective partnerships and engage with the people, leaders, and security forces in the AOR. Whichever forces are involved, ours or our partners’, their actions and operations must adhere to basic counter-insurgency principles, with the specifics of the operations tailored to the circumstances on the ground.

C. Strengthening and Expanding the Regional Security Network

A new architecture for cooperative security is emerging in the region from what in the past has been a relatively loose collection of security relationships and bi-lateral programs. Conflicts in recent years have demonstrated that previous security paradigms and architectures for the region, those which focused on balancing regional blocs of power or solely on combating terrorism, have been insufficient to ensure regional stability and security in the globalized, post-Cold War environment.

We are now seeing that a model characterized by a focus on common interests, inclusivity, and capacity-building can best advance security and stability in the region. Networks of cooperation are both effective and sustainable because they create synergies and, as they grow, strengthen relationships. Each cooperative endeavor is a link

connecting countries in the region, and each adds to the collective strength of the network. The mechanisms put in place to coordinate efforts in one area, such as piracy, smuggling, or littoral security, can often be leveraged to generate action in other areas, such as a rapid response to a major oil spill in the Gulf or coordinated effort in the aftermath of a typhoon or earthquake. Moreover, progress made in generating cooperation in a set of issues can serve as an opening for engagement on other issues, thereby promoting greater interdependence. As a result, a growing network of networks not only works to improve interoperability and overall effectiveness in providing security; it also builds trust and confidence among neighbors and partners.

The foundation of this network is a focus on common interests, an attitude of inclusivity, and collective efforts to build security capacity and infrastructure.

- **Common interests.** The security challenges we face together can be a unifying force for focusing regional attention and increasing cooperation. With a few exceptions, we all have an interest in preventing terrorism, reducing illegal drug production and trafficking, responding to environmental disasters, halting the proliferation of WMD and related technology, countering piracy, and deterring aggression. However, no nation can protect itself from these threats without cooperation from others. Collective action and comprehensive approaches are required to address these issues. Therefore, nations must work to build the trust and confidence required to pursue these common interests.
- **Inclusivity.** An atmosphere of broad inclusivity expands the pool of resources for security issues and allows partnerships to leverage each country's comparative advantages, from expertise and facilities to information or even geo-strategic location. The network is not an alliance or bloc, and countries link into this network to address

issues as they desire. This suggests that there may be room for cooperation between countries inside and outside the region and even some who may have been seen as competitors. Security initiatives start out as bilateral partnerships and then expand to multilateral ones as cooperation improves. Ultimately, broad participation in the network is an important means to promote security and stability in the region.

- **Capacity building.** Improving the overall effectiveness of our security efforts requires strengthening each country's ability to maintain security inside its own borders and to participate in joint endeavors. This capacity building includes collective and individual training programs, educational exchanges, and the development of security-related facilities and infrastructure, as well as equipment modernization efforts. These programs benefit from the talents and resources each partner brings to the network, and they can be tailored to the nature of each country's participation. In addition to military programs, this also will require increasing the civilian capacity in the Department of State and the US Agency for International Development to enable them to play their roles more effectively than they can at present.

Already, there is great breadth and depth to the cooperative activity that is underway, and there is more design and coherence to this network than is commonly understood. In addition to our ongoing partnerships with the Iraqi Security Forces and the Afghan National Security Forces, numerous multilateral counter-terrorism, maritime, and coastal security initiatives are ongoing in the region. Additionally, many countries participate in an extensive array of combined ground, maritime, aviation, and special operations exercises, each designed to respond to different types of threats. There are partnerships in the region for improving coordination and information sharing through, for example,

air and missile defense initiatives with several Gulf countries, border cooperation programs with other countries in the region, and critical infrastructure protection initiatives with still others, and many countries are working together to fund or provide military equipment to security forces needing assistance, with the US government's own Foreign Military Sales (FMS) and Foreign Military Funding (FMF) programs playing large roles in these efforts.

IV. Critical Sub-regions in the CENTCOM AOR

The complexity and uniqueness of local conditions in the CENTCOM AOR defy attempts to formulate an overall estimate of the situation that can address, with complete satisfaction, all of the pertinent issues. The boundaries of the AOR do not encompass a cohesive social, cultural, political, and economic region. Thus, the best way to approach the challenges in the AOR is through a disaggregation of the problem sets into six sub-regions, described as follows:

- Afghanistan, Pakistan, and India (though India is not within the boundaries of the CENTCOM AOR)
- Iran
- Iraq
- The Arabian Peninsula, comprised of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE, Oman, and Yemen
- Egypt and the Levant, comprised of Syria, Lebanon, and Jordan (as well as Israel and the Palestinian territories which are not within the CENTCOM AOR)

- Central Asia, comprised of Turkmenistan, Kyrgyzstan, Uzbekistan, Tajikistan, and Kazakhstan

A. Afghanistan and Pakistan

The United States has a vital national security interest in the stability of Afghanistan and Pakistan. Indeed, Afghanistan and Pakistan pose the most urgent problem set in the CENTCOM area of responsibility. The Taliban and other insurgent groups have been growing in strength and waging an increasingly violent campaign against Coalition Forces and the Afghan state. Pakistan, too, faces an existential threat from extremist groups such as Al Qaeda and Lashkar-e-Tayyiba, which enjoy the benefit of safe havens and support bases in Pakistan, particularly in the rugged region along the Afghanistan-Pakistan border. Additionally, the possibility, however remote, of serious instability in a nuclear-armed Pakistan would pose a serious danger to the United States, its allies, and its interests.

Reversing the cycle of violence, defeating the extremist insurgencies in these countries, and eliminating safe havens for Al Qaeda and other trans-national extremist organizations will require a sustained, substantial commitment. Afghanistan and Pakistan have unique internal dynamics and problems, but the two are linked by tribal affiliations and a porous border that permits terrorists and insurgents to move relatively freely to and from their safe havens. Although our presence, activities, and rules of engagement differ on each side of the Durand Line, Afghanistan and Pakistan represent a single theater of operations that requires complementary and integrated civil-military, whole of government, approaches.

In accordance with the Administration's new strategy for Afghanistan and Pakistan, we are substantially increasing our forces in Afghanistan. However, it is important to note that military forces are necessary but, by themselves, not sufficient to achieve our objectives. We will foster comprehensive approaches by ensuring our military efforts reinforce US policy goals and are fully integrated with broader diplomatic and development efforts. In fact, it is critical that the complementary efforts of other departments and agencies receive the necessary support, manning, and other resources. The United States must have robust and substantial civilian capacity to effectively complement our military efforts.

Afghanistan

In parts of Afghanistan, the situation has been deteriorating. The Afghan insurgency expanded its strength and influence – particularly in the south and east – significantly in 2008, and 2009 levels of violence are higher than those of last year. The Taliban have been resilient, and their activities are fueled by revenues from illegal narcotics production and trafficking, the freedom of movement they enjoy in the border region between Afghanistan and Pakistan, and ineffective governance and services in parts of the country, as well as by contributions from groups outside the Afghanistan/Pakistan area. Indeed, insurgent successes correlate directly to the Afghan people's growing disenchantment with their government due to its lack of capacity to serve the population and due to concerns about the competence and honesty of public officials.

In order to address the situation in Afghanistan, we will implement a comprehensive counter-insurgency approach that works to defeat existing insurgent groups, develops the

institutions required to address the root causes of the conflict, maintains relentless pressure on terrorist organizations affiliated with the insurgency, targets illegal drug networks, and thereby prevents the emergence of safe havens for the transnational extremist groups that led to our intervention in Afghanistan in 2001.

This campaign has several components, but first and foremost is a commitment to protect and serve the people. We and our Afghan partners must focus on securing the Afghan people and building their trust. As part of this focus, we will take a residential approach and, in a culturally acceptable way, live among the people, understand their neighborhoods, and invest in relationships. The recent commitment of additional forces by the President will allow us to implement this strategy more effectively, because we will be able to expand the security presence further in the provinces and villages. With these additional forces we will be better able to hold areas cleared of insurgent groups and to support a new level of Afghan governmental control. We recognize the sacrifices of the Afghan people over the past decades, and we will continue working to build the trust of the people and, with security, to provide them with new opportunities.

As a part of this approach, we will also expand efforts to develop the capabilities of the Afghanistan National Security Force, including the Afghan National Army, the Afghan Police, the Afghan National Civil Order Police, the Afghan Border Forces, specialized counter narcotics units, and other security forces. We recognize the fact that international forces must eventually transfer security responsibility to Afghan security forces. To do this we must continue to expand the size and capacity of the Afghan forces so they are more able to meet their country's security needs. A properly sized, trained,

and equipped Afghanistan National Security Force is a prerequisite for any eventual drawdown of international forces from Afghanistan.

In addition, we will bolster the capabilities and the legitimacy of the other elements of the Afghan government – an effort in which, in much of Afghanistan, we will be building not rebuilding. We will do this through our support to the Provincial Reconstruction Teams and through civil-military and ministerial capacity building efforts, empowering Afghans to solve Afghan problems and promoting local reconciliation where possible. Moreover, we will support the Afghan government and help provide security for the Presidential elections later this year to ensure those elections are free, fair, and legitimate in the eyes of the Afghan people.

Another major component of our strategy is to disrupt narcotics trafficking, which provides significant funding to the Taliban insurgency. This drug money has been a significant part of the “oxygen” that enables allowed these groups to operate. With the recent extension of authority granted to US and NATO forces to conduct counter-narcotics operations, we are better able to work with the Afghan government more closely to eradicate illicit crops, decrease illegal narcotics cultivation, shut down drug labs, and disrupt trafficking networks. To complement these efforts, we will also promote viable agricultural alternatives, build Afghan law enforcement capacity, and develop the infrastructure to help Afghan farmers get their products to market.

Executing this strategy will require unity of effort at all levels and with all participants. Our senior commanders in Afghanistan will be closely linked with Ambassador Holbrooke, the US Ambassador to Afghanistan, key international leaders in Kabul, and the Afghan leadership. Our security efforts will be integrated into the broader

plan to promote political and economic development, with our security activities supporting these other efforts. Additionally, we will continue to work with our coalition partners and allies to achieve progress, in part by refining our command and control structures to coordinate more effectively the actions of US forces working for NATO ISAF and with Afghan forces. These cooperative relationships have proven extremely helpful, and we have benefited from the Central Asian States' recognition of the importance of international success in Afghanistan and their granting us overflight and transit rights to support our operations there.

Pakistan

Pakistan is facing its own insurgency from militants and extremists operating from the country's tribal areas. As in Afghanistan, violent incidents in Pakistan, particularly bombings and suicide attacks, have increased over the past three years. Most of these have targeted security personnel and government officials, but some have intended a more public impact, as we saw with the tragic assassination of Prime Minister Benazir Bhutto and the more recent attacks in Mumbai. In response to this extremist activity, the Pakistani military has stepped up operations against militants in parts of the tribal areas, expanding a campaign that the Pakistani military has been prosecuting against extremists for more than seven years. The Pakistani military has sacrificed much during this campaign, and we will support their efforts in two ways.

First, we will expand our partnership with the Pakistani military and Frontier Corps to help them better secure their borders, deny extremists safe-havens, fight insurgents, and provide security to the people. We will provide increased US military assistance for

Pakistani helicopter mobility, night vision equipment, and training and equipment – especially for the Pakistani Special Operations Forces and the Frontier Corps to make them a more effective counter-insurgency force.

Second, we will help promote cooperation across the Afghanistan-Pakistan border by providing training, equipment, facilities, and intelligence. These efforts will promote sharing of timely intelligence information, help to deconflict and coordinate security operations on both sides of the border, and limit the flow of extremists between Afghanistan and Pakistan.

These efforts to build the capacity of the Pakistani military would be aided by the Pakistani Counterinsurgency Capability Fund constituted as a single authority under Department of Defense control and requiring Secretary of State concurrence. This authority combines several previous authorities and will allow us to fully resource our Security Development Plan with Pakistan. In addition, CENTCOM supports the continued use of Coalition Support Funds as a tool for increasing support to Operation Enduring Freedom and the expansion of our outreach and exchange programs, like the State Department's International Military Education and Training (IMET) program, to build stronger relationships with the Pakistani leadership.

Within the counter-insurgency construct we have laid out for Afghanistan and Pakistan, we will of course continue to target, disrupt, and pursue the leadership, bases, illegal funding, and support networks of Al Qaeda and other transnational extremist groups operating in the region. We will do this aggressively and relentlessly. We will also help our partners work to prevent networks from reconstituting themselves, helping them to delegitimize the terrorists' methods and their ideology, to address legitimate

grievances to win over reconcilable elements of the population, and to promote broad-based economic and governmental development.

B. Iran

The Iranian regime pursues its foreign policies in ways that contribute to insecurity and frustrate US goals in the CENTCOM AOR. It continues to insert itself into the Israeli-Palestinian situation by providing material, financial, and political support to Hamas and Hizballah; it remains in violation of three UN Security Council Resolutions regarding its nuclear program; and it still provides arms and training to militias and insurgents in Iraq and Afghanistan.

Iran continues to use Hizballah as a proxy to assert its influence in the region and to undermine the prospects for peace in the Levant. Despite Hizballah's participation in the government, the group continues to undermine the Lebanese state's authority and remains a threat to Israel. Hizballah's military support from Iran moves mainly through Syria, and thus is dependent on a continuation of the Syria-Iran alliance.

Iran's nuclear program is widely believed to be a part of the regime's broader effort to expand its influence in the region. Although the regime has stated that the purpose of its nuclear program is peaceful, civilian use, Iranian officials have consistently failed to provide the assurances and transparency necessary for international acceptance and for the verification required by the Nuclear Non-Proliferation Treaty, to which Iran is a signatory. The regime's obstinacy and obfuscation have forced Iran's neighbors and the international community to conclude the worst about the regime's intentions. As a result, other regional powers have announced their intentions to develop nuclear programs. This

poses a clear challenge to international non-proliferation interests, in particular due to the potential threat of such technologies being transferred to extremist groups.

The Iranian regime has also attempted to thwart US and international efforts to bring stability to Iraq and Afghanistan. In Afghanistan, Iran appears to have hedged its longstanding public support for the Karzai government by providing opportunistic, albeit limited, support to the Taliban. In Iraq, however, the Iranian regime has provided much more robust support for extremist elements, although Iran's efforts have sustained setbacks. Iraqi and Coalition forces have succeeded in degrading Iranian proxy elements operating in southern Iraq, and, during January's provincial elections, the Iraqi people voiced a broad rejection of Iranian influence in Iraqi politics.

Pursuing our longstanding regional goals and improving key relationships within and outside the AOR help to limit the negative impact of Iran's policies. A credible US effort on Arab-Israeli issues that provides regional governments and populations a way to achieve a comprehensive settlement of the disputes would undercut the idea of militant "resistance," which the Iranian regime and extremists organizations have been free to exploit. Additionally, progress on the Syrian track of the peace process could disrupt Iran's lines of support to Hamas and Hizballah. Moreover, our cooperative efforts with the Arab Gulf states, which include hardening and protecting their critical infrastructure and developing a regional network of air and missile defense systems, can help dissuade aggressive Iranian behavior. In all of these initiatives, our military activities will support our broader diplomatic efforts.

C. Iraq

The situation in Iraq has improved substantially in the past year. Where security incidents once averaged well over 1,500 per week in the early summer of 2007 when sectarian violence raged at its peak, there have been less than 150 incidents, including criminal violence, per week for the past five months. These improvements in security and the increasing capabilities and expanding operational independence of the Iraqi Security Forces, due in large part to coalition support, have allowed for a drawdown to fourteen US Brigade Combat Teams, with two more and thousands of “enabler” forces to be reduced this year. Beyond that, we remain on track to meet the commitments of the US-Iraq Security Agreement signed in late 2008.

Though the trends in Iraq have been largely positive, progress has been uneven, and the situation still remains fragile and reversible. A return to violence remains an option for those who have set aside their arms. Enemy organizations, especially Al Qaeda in Iraq (AQI) and Iranian-backed Shi’a extremist groups, remain committed to narrow sectarian agendas and the expulsion of US influence from Iraq. These enemy organizations will undoubtedly attempt to disrupt or derail several key events during the next year, including the national elections scheduled for December. However, the most difficult and potentially violent problem may be the Arab-Kurd-Turkmen competition in disputed Iraqi territories. Beginning this spring, Iraqis will take up the long-deferred, contentious question of Iraq’s disputed internal boundaries, and this has fundamental implications for the role of the Kurds in the future Iraqi state and for the likelihood of Sunni Arab and Turkmen insurgent groups returning to large-scale violence.

The central questions for the United States as these events develop are how to help the Iraqis preserve hard-won security gains as US forces withdraw and how to further

develop US-Iraq relations that best enable regional stability. The successful conduct of the 2009 Provincial elections showed that the checks and balances of the Iraqi constitution and professionalism of the ISF act as a brake upon any party's ambitions to control the Iraqi state. However, the Iraqi government has much work to do to develop the essential services the Iraqi people expect and to perform the functions necessary to achieve full support over time. The Iraqi government in 2009-2010 will be under great popular pressure as the Iraqi electorate's expectations will be higher than ever after electing new provincial and national governments.

US forces and Provincial Reconstruction Teams are still elements that help hold the security, governance, and development effort together. In some areas, US military and civilian officials are still important mediators in local conflicts and key interlocutors between local communities and higher levels of the Iraqi government. Prior to disengaging from those roles, US and Iraqi officials must work hard to ensure certain conditions prevail, including:

- A security force capable of coping with current and intensified enemy action
- An Iraqi government capable of meeting basic needs and expectations and delivering services on a nonsectarian, non-ethnic basis
- Adequate rule of law and sufficiently stable civil institutions

D. The Arabian Peninsula

The Arabian Peninsula commands significant US attention and focus because of its importance to our interests and the potential for insecurity. The Arab states on the Peninsula are the nations of the AOR most politically and commercially connected to the

United States and Europe. They are more developed economically, collectively they wield defense forces far larger than any of their neighbors, and they are major providers of the world's energy resources. However, many Gulf Arab citizens suffer from degrees of disenfranchisement and economic inequity, and some areas of the Peninsula contain extremist sentiment and proselytizing. As a result, the Peninsula has been a significant source of funding and manpower for extremist groups and foreign fighters. The Peninsula's internal troubles are often aggravated and intensified by external factors, such as the Iranian regime's destabilizing behavior, instability in the Palestinian territories and southern Lebanon, the conflict in Iraq, and weapons proliferation.

Because of the Arabian Peninsula's importance and its numerous common security challenges, the countries of the Peninsula are key partners in the developing regional security network described earlier. CENTCOM ground, air, maritime, and special operations forces participate in numerous operations and training events, bilateral and multilateral, with our partners from the Peninsula. We help develop indigenous capabilities for counter terrorism; border, maritime, and critical infrastructure security; and deterring Iranian aggression. As a part of all this, our FMS, FMF, and other programs are helping to improve the capabilities and interoperability of our partners' forces. We are also working toward an integrated air and missile defense network with various Gulf partners. All of these cooperative efforts are facilitated by the critical base and port facilities that Bahrain, Kuwait, Qatar, the UAE, and others provide for US forces.

Yemen stands out from its neighbors on the Peninsula. The inability of the Yemeni government to secure and exercise control over all of its territory offers terrorist and insurgent groups in the region, particularly Al Qaeda, a safe haven in which to plan,

organize, and support terrorist operations. It is important that this problem be addressed, and CENTCOM is working to do that. Were extremist cells in Yemen to grow, Yemen's strategic location would facilitate terrorist freedom of movement in the region and allow terrorist organizations to threaten Yemen's neighbors, particularly Saudi Arabia and the other Gulf States. In view of this, CENTCOM is working to expand our security cooperation efforts with Yemen to help build the nation's security, counter-insurgency, and counter-terror capabilities.

E. Egypt and the Levant

The Egypt and Levant sub-region is the traditional political, social, and intellectual heart of the Arab world and has historically been the primary battleground between rival ideologies. The dynamics of this sub-region, particularly with regard to Israel and extremist organizations, have a significant impact on the internal and external politics of states outside the region as well. In addition, US policy and actions in the Levant affect the strength of our relationships with partners throughout the AOR. As such, progress toward resolving the political disputes in the Levant, not to mention the prevention of conflict, is a major concern for CENTCOM.

Egypt continues to be a leading Arab state, a stabilizing influence in the Middle East, and a key actor in the Middle East Peace Process. In recent years, however, the Egyptian government has had to deal with serious economic challenges and an internal extremist threat; as such, US foreign aid has been a critical reinforcement to the Egyptian government. At the same time, Egypt has played a pivotal role in the international effort to address instability in Gaza. CENTCOM continues to work closely with the Egyptian

security forces to interdict illicit arms shipments to extremists in Gaza and to prevent the spread of Gaza's instability into Egypt and beyond.

In Lebanon, Lebanese Hizballah continues to undermine security throughout the Levant by working to undermine the authority of the Lebanese government, threatening Israel, and providing training and support to extremist groups outside Lebanon. Syria and Iran continue to violate UN Security Council resolutions and provide support to Hizballah - support which allowed Hizballah to instigate and wage a war against Israel in 2006 and reconstitute its armaments afterward. Stabilizing Lebanon requires ending Syria and Iran's illegal support to Hizballah, building the capabilities of the Lebanese Armed Forces, and assisting the Lebanese government in developing a comprehensive national defense strategy through which the government can exercise its sovereignty, free of interventions from Hizballah, Syria, and Iran.

The al-Asad regime in Syria continues to play the dangerous game of allowing extremist networks and terrorist facilitators to operate in Syria, believing incorrectly that their people and government will be immune from the threat. Whether hosting Hamas leadership, supporting the shipment of armaments to Hizballah, or cooperating with AQI operatives, the al-Asad regime has used its support for its neighbors' opposition movements as strategic leverage. However, unlike Iran, Syria's motives probably stem from short-sighted calculations rather than ideology, as such activities will inevitably undermine Syrian internal security. Nonetheless, it is possible that, over time, Syria could make changes and emerge as a partner in promoting security in the Levant and in the region.

Jordan continues to be a key partner and to play a positive role in the region. Jordan participates in many regional security initiatives, in part through the support of Coalition Support Funds, and has placed itself at the forefront of police and military training for regional security forces. In addition to its regular participation in multi-lateral training exercises, Jordan promotes regional cooperation and builds partner security capacity through its King Abdullah Special Operations Training Center, Peace Operations Training Center, International Police Training Center, and Cooperative Management Center. These efforts will likely prove critical in the continued development of legitimate security forces in Lebanon and the Palestinian territories and, as a consequence, in the long-term viability of the peace process.

Through capacity building programs, joint and combined training exercises, information sharing, and other engagement opportunities, we will continue to work with our partners in Egypt and the Levant to build the capabilities of legitimate security forces, defeat extremist networks and sub-state militant groups, and disrupt illegal arms smuggling. In addition, we will work to develop the mechanisms of security and confidence building to help support the Middle East Peace Process.

F. Central Asia

Though Central Asia has received relatively less attention than other sub-regions in the AOR, the United States maintains a strong interest in establishing long-term, cooperative relationships with the Central Asian countries and other major regional powers to create a positive security environment. Central Asia constitutes a pivotal location on the Eurasian continent between Russia, China, and South Asia; it thus serves

as a major transit route for regional and international commerce and for supplies supporting Coalition efforts in Afghanistan. Ensuring stability in Central Asia requires abandoning the outdated, zero-sum paradigms of international politics associated with the so-called "Great Game," replacing them with a broad partnership to combat the common enemies of extremism and illegal narcotics trafficking. The United States, Russia, and China need not court or coerce the Central Asian governments at the expense of one another. Instead, there are numerous opportunities for cooperation to advance the interests of all parties involved.

However, public and civic institutions in Central Asia are still developing after decades of Soviet rule, and they present challenges to efforts to promote security, development, and cooperation. Although there is interdependence across a broad range of social, economic, and security matters, these nations have not yet established a productive regional modus vivendi. Overcoming these challenges requires gradual, incremental approaches that focus on the alleviation of near-term needs, the establishment of better governance, the integration of markets for energy and other commercial activity, and grass-roots economic development.

As a part of a broader US effort to promote development and build partnerships in Central Asia, CENTCOM works to build the capabilities of indigenous security forces as well as the mechanisms for regional cooperation. Besides providing training, equipment, and facilities for various Army, National Guard, and border security forces through our Building Partnership Capacity programs, we also work with the national level organizations to facilitate dialogue on security and emergency response issues. For example, in February 2008 and again this past March, CENTCOM hosted Conferences

for the Chiefs of Defense from the Central Asian States to discuss regional security issues. CENTCOM also co-hosts the annual Regional Cooperation Exercise, which is designed to improve regional coordination on issues such as counter-terrorism and security and humanitarian crisis response.

CENTCOM is also working to ensure continued access to Afghanistan through Central Asia. With great support from the US Transportation Command, we have established a Northern Distribution Network through several Central Asian States to help reduce costs of transporting non-military supplies to support NATO, US, and Afghan security operations, while decreasing our exposure to risks associated with our supply lines running through Pakistan. On a related note, we have concluded successful negotiations with Uzbekistan for the transit of supplies to Afghanistan, and we continue to negotiate with the Kyrgyz government for continued US and Allied access to and use of Manas Airbase to support Coalition operations in Afghanistan.

V. Critical Mission Enablers

Success in our ongoing missions and maintaining a credible, responsive contingency capacity in the AOR require the support of several key mission enablers. The impacts of these capabilities range from the tactical to the strategic, and CENTCOM fully supports their continuation, expansion, and improvement.

A. Building Partnership Capacity (BPC)

Our security cooperation and security assistance efforts are critical to improving security and stability in the region. They help strengthen our relationships and build the

security capabilities of our partners in the AOR. Increases to global train and equip resources; Coalition Support Funds; and the State Department's FMF, FMS, and counter-narcotics security assistance and reimbursements programs are essential in generating comprehensive and cooperative solutions to defeat insurgent and extremist groups. FMF and FMS remain our mainstay security assistance tools and are reasonably successful in meeting needs in a peacetime environment. The IMET program is also a vital contributor to developing partner nation capabilities and building enduring ties. However, in the face of enduring, persistent irregular warfare, we look to expanded special authorities and multi-year appropriations to quickly meet the emerging needs of counterterrorism, counterinsurgency, and Foreign Internal Defense operations. Exceptional funding programs that provide training, equipment, and infrastructure for our partner security forces enabled our successes in Iraq and are of prime importance if we are to achieve comparable progress in Pakistan and Afghanistan. Lebanon and Yemen also warrant similar attention.

B. Commander's Emergency Response Program (CERP)

CERP continues to be a vital counter-insurgency tool for our commanders in Afghanistan and Iraq. Small CERP projects can be the most efficient and effective means to address a local community's needs; where security is lacking, it is often the only immediate means for addressing those needs. CERP spending is not intended to replace USAID-sponsored projects but rather to complement and potentially serve as a catalyst for these projects. For this reason, CENTCOM fully supports expanded CERP authorities for its use in other parts of the CENTCOM AOR. CENTCOM has established

control mechanisms that exceed those mandated by Congress, to include having the Army Audit Agency review programs in Iraq and a command review to ensure CERP funds projects that advance US goals and are of the most benefit to the targeted populations in Iraq and Afghanistan. We will continue to seek innovative mechanisms and authorities to create similar counter-insurgency tools for use by coalition and host nation partners. These tools should allow for a variety of funding sources, to include contributions from Non-Governmental Organizations, International Organizations, and partner governments.

C. Adaptable Command, Control, and Communications Systems

Continued operations across a dispersed AOR call for a robust, interoperable, high-volume Theater Command, Control, Communications, and Computers Infrastructure. CENTCOM currently utilizes available bandwidth to full capacity, and theater fiber networks are vulnerable to single points of failure in the global information grid. Military Satellite Communications capabilities are critical to theater operations, and the acceleration of transformational upgrades to these systems would reduce our reliance on commercial providers.

We aggressively pursue means to extend Joint Theater Expeditionary Command, Control, and Communications support and services to disadvantaged users throughout the AOR. Some of these means include Radio over Internet Protocol Routed Network, which provides critical radio retransmission services to remote users on the move; the Joint Airborne Communications System, which provides a flexible aerial platform-based radio retransmission solution that can be shifted to extend services to disadvantaged users;

and the Distributed Tactical Communications System, which leverages new technologies to deliver reliable, critical communications capabilities to the most remote users. Overall, we require a fully integrated space and terrestrial communications network and infrastructure that support all Joint and potential partner nation users.

D. Intelligence and ISR

We continue to refine our techniques, procedures, and systems to optimize our Intelligence, Surveillance, and Reconnaissance (ISR) efforts and to improve our battle space awareness, seeking greater specificity, detail, and timeliness of intelligence whenever possible. We aggressively seek out ways to execute the entire Find, Fix, Finish, Exploit, Analyze, and Disseminate intelligence cycle. However, this requires improved imagery intelligence, wide area coverage, sensor integration, signals intelligence, moving target indicators, layered ISR architecture and management tools, biometrics, counterintelligence, and human collectors. In particular, the acceleration of ISR Unmanned Aerial Systems procurement is crucial to our success. There is also a requirement for greater sea-based ISR. CENTCOM also supports the Department of Defense's planned growth in intelligence specialists, interrogators, counterintelligence, and human intelligence personnel capabilities. Moreover, we have learned the critical importance of a host of other specialized capabilities that have been developed outside traditional military specialties, such as terrorist threat finance analysts, human terrain teams, and document exploitation specialists.

E. Joint and Multinational Logistics

The primary focus of our logistics efforts is the timely deployment, equipping, and sustainment of units engaged in combat operations. Working with our multinational partners, we have instituted an efficient and effective logistics architecture that supports our forces and operations, while constantly reducing costs. Our logistics posture consists of pre-positioned inventories, strategic air and sealift capabilities, and access to bases with critical infrastructure, all of which are key logistics components that support operational flexibility. Our logistics processes center on the Global Combat Support System–Joint portal, which provides a theater level logistics common operational picture and supports theater-wide logistics unity of effort.

A significant asset recently added to CENTCOM's logistics capabilities has been the Joint Contracting Command for Iraq and Afghanistan, which supports CENTCOM, MNF-I, and USFOR-A by providing responsive contracting of supplies, services, and construction, and which also supports capacity building efforts within Iraqi and Afghan Ministries. The Joint Contracting Command recently established the infrastructure to transition from a manual to an automated contract writing system and to a Standard Procurement System across Iraq and Afghanistan. As a result, in FY2008, the Joint Contracting Command-Iraq/Afghanistan was able to execute over 41,000 contract actions and obligate a total of \$7.5B, and over 45% of this funding went to Iraqi and Afghan firms. The Joint Contracting Command also teams with Task Force Business Stability Operations (TFBSO) and provides contracting support to execute Congressional resources to revitalize Iraqi State Owned Enterprises. We estimate that TFBSO's \$100M total in FY07 and FY08 revitalization efforts generated employment for 24,500 Iraqis.

Our logisticians are also focusing on other key initiatives supporting our forces and operations, while minimizing costs. We are now moving an increasing amount of non-military supplies into Afghanistan via the newly established Northern Distribution Network across the Central Asian States, with the cooperation of Russia and other European participants. As mentioned above, these new lines of communication (LOCs) will help reduce costs while decreasing our exposure to risks associated with our supply lines running through Pakistan. Reliance on these LOCs will be further reduced by our Afghan First initiative, which increases our use of Afghan producers and vendors for products such as bottled water.

F. Force Protection and Countering Improvised Explosive Device (IEDs)

Initiatives focused on countering the threat of IEDs are of paramount importance to our operations in Iraq and Afghanistan. IEDs continue to be the number-one threat to ground forces, and efforts to expedite the fielding of personal protective equipment, IED jammers, route clearance vehicles and equipment, and most recently, the Mine Resistant Ambush Protected vehicle (MRAP) have saved countless lives. Because of the MRAP's importance, we have more than tripled our MRAP fielding capacity and more than doubled the number of MRAPs in Afghanistan over the past eight months. In addition, we support the fielding of a lighter All-Terrain MRAP, which is intended to provide the protection of a standard MRAP but is better suited to Afghanistan's rugged terrain. Because we expect IEDs to remain a key weapon in the arsenals of terrorists and insurgents for years to come, CENTCOM urges continued support for the Joint IED Defeat Organization; the Services' baseline sustainment for MRAPs, base defense

initiatives, and counter-IED efforts; and Research, Development, Test, and Experimentation funding and procurement to counter IED tactics and networks..

G. Overseas Basing and Theater Posture

CENTCOM's overseas basing strategy and its associated overseas military construction projects at OSD-approved Forward Operating Sites and Cooperative Security Locations are developing the infrastructure necessary for global access, projection, sustainment, and protection of our forces in the AOR. Fully functional sites are essential to our ability to conduct the full spectrum of military operations, engage with and enable partner nations, and act promptly and decisively. Pre-positioned stocks and reset equipment provide critical support to this strategy but require reconstitution and modernization after having been employed to support operations in Iraq and Afghanistan.

Even with Global War on Terror budgets, military construction timelines are too long to respond to changes in a combat environment. Major events such as the approval of the Strategic Partnership Agreement with Iraq and the recent decision to send additional forces to Afghanistan show how rapidly basing requirements can change. While the drawdown of forces in Iraq reduces our basing requirements there, the increase in forces in Afghanistan has created new critical infrastructure requirements. Expanded Contingency Construction Authorities made available across the entire CENTCOM AOR can serve as partial, interim solutions because they push construction decision-making authority to our engaged commanders in the field. Increasing the Operations and Maintenance construction threshold for minor construction in support of combat

operations across the AOR would also increase the ability of our commanders to quickly meet mission requirements and fully support and protect our deployed forces.

H. Adaptive Requirements, Acquisition, and Technology Processes

The Joint Rapid Acquisition Cell (JRAC) has proven important to addressing non-counter-IED rapid acquisition needs for our operations, and we will continue to use the Joint Urgent Operational Needs (JUON) process to support our warfighters. However, because the JUON process requires execution year reprogramming by the Services, we have found in the past that the Rapid Acquisition Fund (RAF) is a useful JRAC tool for supporting immediate needs. When the authority existed, the JRAC used the RAF to field capabilities such as radio systems used for Afghanistan-Pakistan cross-border communications, which were procured in less than four months from the initial identification of the need. The JRAC has also used RAF funding to initiate the fielding of critical biometrics equipment until the JUON process could further source the program, significantly reducing the time required to deploy the technology. Reinstating RAF funding and using it as a complement to the JUON process would allow CENTCOM to more quickly resolve warfighter needs. In addition to the JUON process, CENTCOM leverages Department of Defense programs like Joint Capability Technology Demonstrations (JCTD) to rapidly field capability for the warfighter. Unmanned Aerial Vehicles, intelligence collection and analysis tools, and limited collateral damage weapons are examples of recent JCTD successes.

Additionally, DoD currently has authority to spend up to \$500,000 in Operations and Maintenance funds for procurement investment line items to meet the operational

requirements of a Combatant Command engaged in contingency operations overseas. Our immediate mission requirements frequently call for equipment which exceeds this cost threshold, such as water filtration equipment, generators, information technology/fusion systems, and heavy lift equipment. An increase of this threshold and a delegation of authority down to at least the theater level would allow commanders to address critical equipment shortfalls using commercially available systems, which in many cases are essential for mission accomplishment.

I. Personnel

Having sufficient and appropriate personnel for our commands and Joint Task Forces (JTFs) is critical to accomplishing our assigned missions and achieving our theater objectives. This is true at both the operational and strategic levels. Our headquarters require permanent, rather than augmentation, manpower for our enduring missions, as well as mechanisms for quickly generating temporary manpower for contingency operations. At the unit level, there continue to be shortfalls in many skill categories and enabling force structures that are low density and high demand. Intelligence specialists, counterintelligence and human intelligence collectors, interrogators, document exploitation specialists, detainee operations specialists, engineers, and military police are just a few of the enablers needed in greater number for current and future operations. As operations continue in Afghanistan, we also see critical need for Public Affairs and Information Operations personnel to improve our Strategic Communications capabilities. Similarly, as we draw down combat forces from Iraq, we will need enablers beyond the typical high-density/low-demand organizations, including such elements as leaders to

augment advisory assistance brigades, counter-terrorist threat finance cells, and critical logistics units. At the same time, I would also request that Congress recognize the vital importance of increasing civilian capacity, particularly in the Department of State and the US Agency for International Development.

Quality of life, family support, and retention programs remain vital to our operations in the AOR. The Rest and Recuperation program continues to be a success, having served more than 135,000 troopers in 2008 and over 710,000 since its inception in September 2003. We also depend heavily on entitlement programs such as Combat Zone Tax Relief, Imminent Danger Pay, and Special Leave Accrual for deployed service members.

VI. Conclusion

There are currently over 215,000 Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen serving in the CENTCOM region. Together with our many civilian partners, they have been the central element in the progress we have made in Iraq and several other areas, and they will be the key to achieving progress in Afghanistan and Pakistan and the other locations where serious work is being done. These wonderful Americans and their fellow troopers around the world constitute the most capable military in the history of our Nation. They have soldiered magnificently against tough enemies during challenging operations in punishing terrain and extreme weather. And they and their families have made great sacrifices since 9/11.

Nothing means more to these great Americans than the sense that those back home appreciate their service and sacrifice.

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In view of that, I want to conclude by thanking the American people for their extraordinary support of our military men and women and their families—and by thanking the members of Congress for your unflagging support and abiding concern for our troopers and their families as well.

Mr. EDWARDS. In terms of the process, we will abide by the 5-minute rule, which will include the time for the questions, comments and the answer.

General, if I gavel you down, please finish the thought. So if a member wants a 15-second answer, he or she can ask a 4.75-minute question, but we will try to adhere to that in order to maximize the number of questions, of answers, and discussion.

To all here, let me say everyone is welcome. This is a public, unclassified hearing. We welcome everyone. I would only ask that you respect the process itself, and allow the testimony to move ahead expeditiously.

AFGHANISTAN

General Petraeus, let me begin my questions with the issue of enduring installations in Afghanistan. Our policy in Iraq was to have, technically, no permanent U.S. bases. Obviously, concrete lasts a long time, but the idea was that we would not be permanently in Iraq, and we wanted the world and the Iraqis to understand that. There has been some discussion of potentially two enduring installations in Afghanistan.

If that is correct, if that is the policy, could you explain whether the term "enduring" means physically the construction of the bases will be such that they might last for decades, whether we are there or not; or does "enduring" mean you would expect a permanent U.S. presence in Afghanistan?

General PETRAEUS. It would be the former, Mr. Chairman.

Again, the fact that concrete might endure a lot of C-17 landings and hopefully endure beyond our departure, in fact, does not reflect any kind of commitment to an enduring basis or enduring presence.

Mr. EDWARDS. Okay. Good. May I ask you about benchmarks? Where are you in terms of public benchmarks so that a year from now, this subcommittee and the Congress, 2 years from now or 3 years from now, can judge whether we are making the progress that we would hope to make in Afghanistan?

General PETRAEUS. There is, in fact, a process ongoing, Mr. Chairman, in the administration to develop a set of benchmarks that will be done in consultation with the Congress. It is an inter-agency effort. We have visibility involvement in that from CENTCOM. The Intelligence Community is also very highly involved with it. I talked to Admiral Blair about it, for example, the other day, and at that point it had been agreed with all the inter-agency and on the Hill, and I am sure that those will be brought forward.

Mr. EDWARDS. Okay. On military construction vis-a-vis the supplemental appropriation bill, I will never ask you in public whether the funding request is adequate. The request has been made. That is official administration policy.

I would like to ask you, in terms of process between now and the time we get to the conference report on the supplemental appropriation bill, if conditions change in Iraq or Afghanistan in a way that you would on short notice see need for new construction projects that were not envisioned when you put together the sup-

plemental request, would you feel at ease to make those additional proposals to the subcommittee?

General PETRAEUS. I would, Mr. Chairman.

Mr. EDWARDS. Okay. Great.

Finally, let me ask, in terms of roads, much of your supplemental construction request for Afghanistan is for roads. Are roads in your opinion an effective way to protect the lives of our troops from IEDs?

General PETRAEUS. First of all, roads are important in a host of different ways, not just to ensure that you can spot where it has been disrupted and an IED has been planted, but also in terms of the comment that, where the road ends, the insurgency begins. Of course, with the ability of the road to tie together the revival of commerce and business and so forth, Afghanistan, for example, has substantial mineral reserves. The challenge is their extraction and then getting them to the market that could use them. So, again, roads are important.

With respect, Mr. Chairman, let us provide you, again, if we could, those items that will be constructed with the supplemental funds in particular, because the bulk of them really, I think it is correct to say, are for logistical infrastructure. I suspect we are putting as much concrete into runways as we are into ramp space and pads for sleeping accommodations for our troopers and mess halls and so forth, actually, as we are with that. I think the funding for roads may be a good bit more on the AID side and in other categories, actually, than in the construction, which we are really doing to accommodate the additional forces that are coming into Afghanistan.

Mr. EDWARDS. Great. Thank you, General.

Mr. WAMP.

Mr. WAMP. Thank you, Mr. Chairman.

General Petraeus, two days ago at Harvard and in your testimony today, you seem to feel the need to prepare Americans for the next 12 to 18 months as we transition from Iraq to Afghanistan. You have mentioned the issue in Pakistan, Somali pirates, Iran, other elements in the region.

Can you lay out what our objectives are and what Americans can expect in the next 12 to 18 months, particularly in Afghanistan? If we are successful with this surge of troops, what are the opportunities that we might see there in terms of longer-term security when we are successful?

General PETRAEUS. Congressman, our foremost objective in Afghanistan is to ensure that transnational extremists are not able to reestablish the kinds of bases and safe havens that they had and from which they were able to conduct the 9/11 attacks. That is, obviously, a vital national interest for us that was highlighted very clearly in the President's explanation of the strategy for Afghanistan and Pakistan.

Again, it is imperative that we ensure that conditions not return to the way that they were where, again, transnational extremists were able to establish that kind of presence—training camps, essentially—the global headquarters, if you will, for that particular movement.

Clearly the security situation has deteriorated in Afghanistan over the course of the last 2 years, particularly in certain areas of the Pashtun insurgency, the Pashtun belt in eastern and in especially southern Afghanistan. It is important that we stabilize those areas, that we arrest the downward spiral of security and, indeed, then roll back in some respects and improve the security for the Afghan people so that the other progress—and there has been considerably a great amount of other progress, whether it is in telecommunications, again, road construction, access to health care, the spread of education, you name it—but in many areas of this, in particular Pashtun, insurgency has been challenged and/or reversed.

To do that, we are obviously deploying additional forces. We are accelerating the development of the Afghan National Army and its expansion. There will be an increase in the police forces, and there is an increase in the NATO security forces as well, especially for the upcoming elections that will be held on 20 August.

As all of these forces are brought to bear on this problem and on this situation, they are going to have to take away from the Taliban, take away from the extremist syndicate in the east, safe havens and sanctuaries that have been established in some cases in league with the illegal narcotics industry and traffickers. As in Iraq with the surge, when we deployed additional forces and those forces began fighting to take back those sanctuaries and safe havens that al Qaeda in Iraq and some of the militia extremists had established, they will fight back; and so this will be a tough road that lies ahead, but it is also a vitally important road that lies ahead.

Mr. WAMP. Mr. Chairman, I will come back during the next round. I do not want to exceed my 5 minutes.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

General, thank you for your public service, for your career and particularly for your emphasis on academic training.

I began my public service in the Peace Corps. I now represent the Naval Postgraduate School and the Defense Language Institute. I have been very interested in my years in Congress to try to create a civilian capability in the U.S. government made up of the best and brightest civilians we have to do stabilization work. I authored the Reconstruction and Stabilization Civilian Management Act, that you have mentioned, to authorize the State Department to set up the coordinator for reconstruction and stabilization, and we created this Civilian Response Corps.

I just want to personally thank you. We would not have gotten that bill out of the Senate if you had not made the phone call to a certain Senator, and it amazed me because I did not know you were aware of the bill. It was Senator Coburn, actually, who told me that you had made a call, and I want to just personally thank you, because I really think you appreciate and understand the need to build this civilian capability.

General Abizaid, years ago before this committee, said something that I think was really profound. He said, America will never be able to sustain the peace until we learn to cross the cultural divide.

I think you understand that extremely well, probably better than anybody else, as to what it takes to cross that cultural divide. So my question is, has the military and CENTCOM Area of Responsibility worked or partnered with the State Department's Office of Coordinator for Reconstruction and Stabilization? To your knowledge, what is your assessment of the work that they are doing? Is it slow in getting started, particularly in being able to pull together a Civilian Response Corps? Do you have some ideas for the training expertise that you think they ought to have?

General PETRAEUS. Well, Congressman, I am actually very strongly committed to this, as you noted, and we are working with the Office. We did seek to encourage people to support its construction, and the reason is that, frankly, when I was on the ground as a division commander, as a major general in northern Iraq, I turned around and said: Okay, where are all these folks who were going to help us, who were talking to us when we were down in Kuwait before we went through the berm? Where are all the experts? Where are all the assistants?

There were not many. In fact, there were none for a while, and the pool that eventually emerged was thin, I think, and that is why our soldiers ended up doing nation building. It was necessary. We embraced it. We had to do it. We got after it.

We appreciate your enabling us with CERP, for example—which proved to be a hugely important component of that because we had such a vastly greater capability and capacity to actually do nation building than did the elements of our government that arguably could be said to actually have that as their primary mission rather than as an additional duty.

So, again, we want the Office to succeed. We want the Civilian Response Corps to grow rapidly, to expand. We want to see the kind of education, training and preparation for deployment that I think we have worked very hard in the military and have had a reasonable degree of success with.

Although I want to go on with this because, as you may know, I actually supervised DLI when I was the commander of the Combined Arm Center, we were in charge of all of the commissioned and noncommissioned officer education courses, the National Training Center scenarios, the doctrine. That is how we were able to do the Counterinsurgency Field Manual. DLI was actually under us in that role, and I was a huge proponent of it. And frankly, we desperately need the language skills; and to that degree, the cultural skills are also trained out there because, as you know, it takes more than just a sheer academic knowledge of the language. You have to have an understanding of the context and the culture in which you actually employ that language.

I actually went to Admiral Blair the other day after we did the CENTCOM assessment, the overall assessment that we took several months to do with a couple hundred people looking at the overall region, the subregions, the functional areas. In the functional area of intelligence, the major finding was that we do not have the capacity nor do we have the capability in the Afghanistan and Pakistan region in particular, and we shared that with Secretary Gates; with the chairman of the Joint Chiefs, Admiral Mullen; and with Admiral Blair.

Admiral Blair is going to take steps to appoint a very senior individual to oversee that effort. He agrees with it completely. As you know, he also has a very strong commitment to learning as well as doing. He is a Rhodes scholar and, again, an extraordinary and intelligent man on top of all the other qualities. So we need to expand that.

We also, actually, need to expand just the basic knowledge of Afghanistan and Pakistan among our forces. We were, over time, able to do this in Iraq. We were able to have recurring assignments, repeat tours, bring units back, sometimes actually where they served before, and to develop the kind of nuanced and granular understanding that eventually enabled us to do the kind of sophisticated reconciliation processes that turned out to be so important in Iraq.

Some of those will necessarily have to take place in Afghanistan. You cannot kill or capture your way out of an industrial-strength insurgency such as we had in Iraq or such as exists in Afghanistan.

So, again, you have to have that kind of real feel and appreciation and sophisticated understanding of the local context, and that can only come by experience, by study, by continued learning, and by capturing information and sharing it.

We will take steps, in fact, to develop this pool of people and then to try to keep them in that field while still ensuring their professional development and promotion and so forth. Over the long term, we have to get very serious about the true long-term development so we are not just filling slots right now and then keeping them in it for the short midterm. We need to make a much bigger commitment. And I think that is reflected in Secretary Gates' overall concept for the defense budget. It was also reflected in guidance that he gave last year to develop the real language expertise and the cultural understanding and, again, the assignment process that allows us to develop the experts in the State Department, in AID and in the military, so that we can be as effective as is possible in local conditions.

Mr. FARR. Thank you.

Mr. EDWARDS. Judge Carter.

TALIBAN

Mr. CARTER. Thank you, Mr. Chairman.

General, welcome. We are really proud to have you here today.

General, there is a story out today that the Taliban forces consolidated control of two northwestern Pakistan districts and went into a third district. These districts are within 60 miles of Islamabad. Do you have the necessary tools to counter the Taliban as they move closer to the capital city? Your comments on this.

General PETRAEUS. Well, Congressman, first of all this highlights, I think, and it underscores the importance of what Secretary Clinton has said on the Hill in the past 2 days, and that is the imperative that the Pakistani leaders not only recognize that the most important, most pressing threat to the very existence of their country, is the threat posed by the internal extremists and groups such as the Taliban and the syndicate of extremists in the Federally Administered Tribal Areas. That is the most pressing threat that they face right now.

Not only is it important to get that, if you will, intellectually, but then of course you have to act on it. The institutions have to reflect that. Military forces, over time, have to be configured for that kind of fight, for that kind of threat, rather than strictly focused on the conventional threat that has been traditionally the focus of the military to their east, in India.

In fact, one reason that we have requested the Pakistani Counterinsurgency Capability Fund is to have a source of funding similar to that provided by the Iraqi Security Forces Fund or the Afghan Security Forces Fund that has the flexibility and responsiveness that the Office of Defense Representative, Pakistan, needs in the same way that the training equip elements had, again, in Iraq and Afghanistan. That does not mean that we do not need, again, the traditional mechanisms with the same kinds of authorities for DoD when it comes to 1206, 1207, 1208. We do not need Coalition support funds or FMF or access to FMS. All the rest of these are certainly very much needed. IMET, again, is another one.

The fact is we need, again, a source of funds that has this responsiveness, that has the flexibility, that can enable us to focus the effort on the training and equipping and development of forces that will conduct counterinsurgency operations as their primary objective. And we have been doing that on a small scale, providing assistance to the forces, for example, of the Frontier Corps and to the 11th Army Corps, which are the elements operating mostly in the Federally Administered Tribal Areas and in the Northwest Frontier Province.

In fact, there was a small element of those forces, 300 to 350 members of the Frontier Corps, that moved to Buner, which is one of these districts in which the Taliban had located. So this capability will help us enormously. Again, that is why we requested it.

Mr. CARTER. Do you perceive that there is a will to start a change of direction in as far as the counterinsurgency effort is concerned so that our money will be well invested?

General PETRAEUS. Well, there is certainly a will on the ground among those troopers who are fighting, again, in the FATA. I mean they know what this enemy represents, and they have sustained very substantial losses. So, again, the Pakistani Army has taken significant losses in this fight over a number of years now, and that is why in my statement I said they deserve our support. They not only need it. I think they have earned our support.

What we need to see, of course, over the weeks and months ahead, is the kind of whole-of-government approach that would result from a complete commitment by the Pakistani senior leaders to enable their forces. So, again, you do not have a situation where it is only the Frontier Corps and the Army that are doing counterinsurgency operations. That is not possible. Again, military by itself cannot do it, and they are actually studying our counterinsurgency manual. Their director of the joint staff is working with their interagency to develop a counterinsurgency concept and policy. There is encouragement in that. But, again, what has to happen is we have to see that actually manifest itself. We have to see it operationalized over time and to see the kind of commitment and will that will be necessary to face up to what is, again, an existential threat to Pakistan.

Mr. CARTER. Thank you, Mr. Chairman.
 Mr. EDWARDS. Thank you, Judge Carter.
 Mr. Salazar.

AGRICULTURE POTENTIAL IN AFGHANISTAN

Mr. SALAZAR. Thank you, Mr. Chairman.

General, thank you so much for everything you do for this country. We are very proud of you.

I was an Army man myself and never got to the four stars, but I was an enlisted man.

Mr. DICKS. You got to Congress, though.

Mr. SALAZAR. Yes.

Let me just ask you—I know, the last time that we were in Iraq and you were still there, we visited about the potential in Afghanistan in reference to agriculture. I understand that we have to build an economy before you can actually really build a society.

Could you maybe comment about that potential and what you are seeing and what role the USDA could actually have in helping you achieve those goals?

General PETRAEUS. Well, it could have an enormous role. In fact, Ambassador Holbrooke and I are very seized with the agricultural potential in Afghanistan and in helping them redevelop it. As you know, this was once a very fertile country until it entered 30-plus years of war. The irrigation systems, the vineyards, the fields—all of these that take years or sometimes decades to fully mature and develop—were destroyed over the course of that time. And there has been an enormous effort to rebuild those, but it still has a very long way to go.

So we are very keen to see the kind of interagency support for this that can help it. But we have already, in fact, again gone to our uniformed services. In this case, the National Guard stepped forward and said, you know, we have folks in our ranks in agricultural States who are willing to volunteer to give their agricultural expertise to the Afghan people and to the Afghan farmers. These agricultural teams have been of enormous help and of enormous value over there. In many cases, these are true agricultural experts. They are both farmers and academic experts who can do the kind of soil analysis, crop analysis and then end-to-end market analysis that could enable real progress if we can ensure that the security situation does not disrupt it.

So, again, Ambassador Holbrooke and I are very, very keen on this. It is a recurring theme if you hear him talk about Afghanistan, and we hope very much that the interagency can contribute substantially to it.

Mr. SALAZAR. Well, thank you very much.

Mr. Chairman, I yield back so that other members can ask questions.

Mr. EDWARDS. Okay. Mr. Dicks.

Mr. DICKS. Thank you, General. I am sorry I missed you at the Defense Appropriations Subcommittee. I have a subcommittee that I have to chair myself, so there was a total conflict.

I remember going over with Congressman Lewis in 2003 when you were commanding the 101st, and then came back in 2007 when you were getting ready to do the surge with General Odierno. I just

want to compliment you on your extraordinary work. If we had followed the lead of what you were trying to do in the north throughout the country, I think we would have been in better shape.

ILLEGAL DRUGS IN AFGHANISTAN

I want to ask you one thing about the drug issue, you know, the heroin. I see this as just a cancer that is in Afghanistan, and we have not been dealing with this forthrightly, I believe. And I hope that the new administration is going to have an aggressive strategy to deal with this issue.

The other thing I will mention, just to follow up on Mr. Farr, is I have been a supporter of the Olmstead program, of which General Abizaid took a year off as an Army officer, went to a country, learned the language, learned the culture. And I thought this was such a great program. Then I asked the Army how many people are in the Olmstead program. I think they said six or seven. So that is of concern.

Because of Mr. Edwards' sharp eye on time, I would like to know what you think about this piracy problem. What do you think we should do about it? How do we respond to this?

Thank you.

General PETRAEUS. Sir, first of all, the illegal narcotics industry in Afghanistan is a cancer, and it not only eats at the rule of law of Afghanistan and provides substantial resources to the insurgency, as do some other activities, but it is one of the top two or three primary sources of funding for the insurgency. It also, of course, causes enormous problems throughout the entire region. It is, in fact, one of those areas in which we actually have common interests with Iran and with Russia and certainly with all of the other Asian states, none of whom want to see the already substantial numbers of addicts that they have in their countries increase nor to see the expansion of the illegal aspects of this and the Mafia-related types of activity that it gives rise to.

By the way, with respect to these opportunities for our soldiers to go to foreign countries for school and experience and to graduate school and all the rest of that, really to provide them, out of their intellectual comfort zone experiences, which are so important when you are doing the kind of work that our troopers are doing in Iraq, Afghanistan and Pakistan, I hope that as our end strength increases and as we are able to bring our numbers down in Iraq that, again, our officers, in particular, can take more advantage of this, but also some of our noncommissioned officers and warrant officers as well.

PIRACY

With respect to piracy, there are a number of actions that need to be taken. Among them, it is important that the maritime shipping industries get more serious about this problem. I have just reviewed with Vice Admiral Gortney, who is the Naval component commander for Central Command—it is his forces, by the way, that were on the Bainbridge that were augmented by the Navy SEALs.

Mr. DICKS. And we want to compliment the SEALs and the whole operation.

General PETRAEUS. So they did a magnificent job.

The work by the crew of the Bainbridge, by the conventional sailors and our special operations sailors was fantastic, and I saw some of their leaders yesterday, I might add.

With respect to this problem which, of course, stems from the fact that you have an ungoverned space, essentially, at this point in time, and that has severe poverty and economic problems and a lack of rule of law and all the rest of that, those are the conditions, of course, that give rise to this kind of illegal activity. But we need the maritime shipping companies to do more than they have.

We started off by saying, if you would just speed up when the pirates approach you, that will help. If you take evasive action, that is even better. If you unbolt the ladder that allows the pirates to climb onto your ship before you set sail, you get extra credit for that. These were not being taken before. This was strictly viewed as a business proposition up until recently. They figured, well, we will go park if, you know, only less than 1 percent of the ships get pirated. Anyway, if it is, they have insurance, and it would just go and park off Somalia, and they would negotiate.

Well, that price is going up, and of course the violence is going up, and the pirates have moved farther and farther and farther out. As you know, originally it was in the Gulf of Aden, just south of Yemen and between the Horn of Africa. Now they are as far out as 450 nautical miles off the coast of Somalia proper.

So I think that they are going to have to take a very hard look at not just taking additional defensive preparations in terms of just simple things like Concertina wire to make it hard to climb over the side or, again, up over a railing, but also in looking at the employment of armed guards or security forces on those. We have put them on many of the ships that have our equipment on them. Again, I think that is something that they are going to have to look hard at.

There is no way that the limited number of vessels from the U.S., the Coalition maritime force that we have, NATO, EU, and even others is going to be enough, given the thousands of vessels that transit that area and the vast size of it. There are disputes about how many times the size of Texas that actually is. I would defer to the Chairman on that. Again, this is a problem that we have to get much more serious with.

Also, you can do a risk analysis. You can look at the ship. There are certain characteristics of a ship that make them more vulnerable to piracy. Again, I think the maritime shipping industry is going to have to look very hard at whether they keep those ships going through these particular waters. And there is a variety of others. We are going to do a review of this with the leadership in the Pentagon over the course of the next couple of weeks and with the interagency, and then we will propose going back.

Mr. DICKS. What about training the crews?

General PETRAEUS. Well, sir, you could. Of course, some crews have been trained. You heard about that in the case of this Maersk ship.

Mr. DICKS. Yes.

General PETRAEUS. The arming of crews is another aspect. Of course, they need to be trained in the use of those weapons then

as well. That has to be another element of this. Certainly, the defensive preparations can work. You can have water hoses and others that can make it more difficult. But as someone observed the other day, it is tough to be on the end of a water hose if the other guy is on the end of an RPG. So you have got to think your way through that calculation as well.

Mr. DICKS. I yield back my remaining time.

INTERAGENCY INVOLVEMENT

Mr. EDWARDS. I thank the gentleman.

General Petraeus, you have spoken today in your testimony, orally and in writing, and repeatedly that you cannot win a counter-insurgency effort by simply a military effort alone. You have to have civilian support. You have to win the hearts and minds of the people of that region or of that country.

You spoke of the need for full funding of State Department, USAID, perhaps USDA, the Department of Commerce, and other programs. Is funding the constraint? I guess what I would ask is: If you have the funding, do we still have problems with getting those people from those particular agencies to go to Iraq and Afghanistan?

General PETRAEUS. It is a mix, Mr. Chairman. Based on my experience when I was a commander in Iraq and, before that, the training equip commander—because we drew on a number of the different interagency elements during that time—there are certain organizations that are ready to help.

I have to single out the Department of Homeland Security, for example, which was willing to provide border tactical officers, customs agents, and other experts on border security, which was something that was desperately needed in Iraq, even as it is of course needed in our own country. But they had those assets. They had the capabilities. They were willing to provide them, but they ran into both authority and authorization issues.

I think they did not have the funding for it, and I am not sure they had the authority to shift other funding to do that. So, in some cases, we were able to use training equip moneys for that, because it fit the language that was provided by Congress for that; but in other cases, we did not, and we just had challenges with that.

There are other cases with other interagency elements where they just do not have the capacity to provide the people, and that, I think, is a serious challenge. It may well be.

There have been reports, public reports—and I think that Under Secretary of Defense Flournoy talked in a conference about this the other day—that as the augmentation of civilian members of the effort in Afghanistan goes forward, that it may be necessary to provide some uniformed members to augment that effort. We had to do that in Iraq as you will recall. You know, it is just a lot faster to give someone in the military an order, one who is already prepared for deployment and who has weapons training, preparation and so forth, or who can get that in relatively short order, than it is to bring someone in from the outside and go through the entire process and clearances and everything else if they are contracted or hired in some other fashion. So it may be. That is certainly an

option that Secretary Gates is looking at, although there has not been a commitment or numbers assigned to it yet.

Mr. EDWARDS. Do you have any kind of broad estimate today in Afghanistan and in Iraq, if you had all of the civilian employees from the various Federal agencies—USDA, the Department of Commerce—as to how many military troops you could free up for their military mission?

General PETRAEUS. I think, in truth, that freeing up would be relatively small in number because, again, if you come back just for example to the agricultural area, we could send home a few agriculture teams if we had more agricultural experts. In many cases, though, I think what it would do is it would enable our soldiers to focus more on their primary responsibilities of providing for the security of the people, securing and serving the people, and focus less on these other duties that they end up having to get into because of the lack of additional capacity in the civilian arena.

AFGHANISTAN

Mr. EDWARDS. Clearly, our goal ultimately is to have the people of Iraq and Afghanistan be self-sufficient and providing for their own security. It has taken an awfully long time to try to build up the forces, the police and security forces in Iraq.

Is there any reason to believe, for whatever differences or learning curves or experiences in Afghanistan, that we will be able to move that process forward more quickly than has occurred in Iraq?

General PETRAEUS. Well, we have certainly tried to take lessons from Iraq and apply them appropriately with an understanding of the significant differences in Afghanistan. In many respects, Afghanistan represents a more difficult problem set. It does not have a number of the blessings that Iraq has in terms of the sheer oil, gas, land of two rivers, the human capital that Iraq built up over the years, the muscle memory of a strong government, albeit one that was corrupted over time by Saddam Hussein. But, again, it had a large number of advantages and extraordinary natural blessings in comparison to Afghanistan, which is much more, obviously, landlocked, mountainous, rugged, rural, with a 70 to 80 percent illiteracy rate. You have the challenging situation of policemen who cannot read or comprehend the laws that they are enforcing. These kinds of difficulties make Afghanistan very, very hard.

We have seen that, and we will continue to see that. This is why up front I said this is going to take a sustained substantial commitment, and I have provided that in each of the testimonies that I have had on this, and certainly to the military and civilian leadership of our country.

Mr. EDWARDS. Thank you.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

To follow up on that line of questioning, General, there is no question the surge was successful in Iraq and that great gains have been made, but your testimony said that those gains are “fragile and reversible.” As I said to you earlier today in my office, my nephew is a marine right now, and I am interested in the question of Iraq.

There was a bombing there yesterday of significant proportion, still. Yet some Members who have been there in the last 3 weeks have said that the policing versus the warfighting is the primary problem, and that law enforcement there is more the issue than a lack of our warfighting capabilities.

So, as we transition more and more out of Iraq and into Afghanistan, give us a feeling, from your perspective, of how much security and warfighting capability is still necessary for us in Iraq to leave it in the condition that those security forces in Iraq will be able to maintain the progress that has been made so that it is not fragile and reversible.

General PETRAEUS. Well, that is a very good question. Again, obviously, there has been, clearly, very substantial progress in Iraq. When you go from 160 attacks per day to now an average of 10 to 15, obviously that represents a significant degree of progress.

Having said that, for all the reasons that I mentioned in my opening statement, which include the resilience of al Qaeda in Iraq—although considerably diminished, it retains a capability, and it does retain a desire to reestablish its networks, and it does periodically still have the capability to carry out the kind of horrific attacks that it carried out yesterday.

I talked to General Odierno, in fact, not long before coming over here. They are obviously going through the intelligence, doing, you know, a very, very rigorous job of trying to determine which network was reestablished, how it was able to carry out the attacks that it did. In some respects, some of this is actually a bit of the result of the relaxed security, to some degree, over the very, very tight security and the innumerable checkpoints and walls and barriers and all the rest of that, some of which has been taken down over time as, in fact, the security has been improved.

General PETRAEUS. And so, maintaining the vigilance and the discipline in the actions, particularly of local Iraqi Security Forces who are the ones on the checkpoints and securing these very sensitive locations, is very important.

We have seen in this case, we do know that, for example, a network that provides foreign fighters from Tunisia through Syria to Iraq was reactivated or reestablished after the foreign fighter network inside Iraq was damaged very significantly over the course of the last 6 months or so. And we know that, for example, four of the suicide bombers in the past couple of weeks were Tunisians and we captured one of the facilitators. There may be some others that have come through.

Again, this is the kind of intelligence focus that is taking place to determine again what network has been able to carry these out and what actions need to be taken against them.

Those actions will be taken though with considerably larger and more capable Iraqi Security Forces. They are carrying out the vast majority of the security operations at this point. We are well into the process of withdrawing additional forces, the remaining coalition forces going home, gradually coming out of the cities in anticipation of the deadline this summer in the security agreement, and continuing on with the other aspects of security agreement.

The Iraqi Security Forces number some 600,000 now. Again they are considerably more capable than they were just a couple of years

ago. But there will be continued attacks of this type over time. It is going to take a considerable time for Iraq to eliminate all of the remaining elements and you see in fact in that region periodic attacks of this type even in countries in which there are relatively small cells of extremists, and so forth.

So this is why we say the progress continues to be fragile and reversible, and it is why we say that it requires continued vigilance and continued effort. And again we think the policy adopted for this is the appropriate one, it is something that General Odierno and I and Ambassador Crocker supported.

Mr. WAMP. I want to pursue Pakistan and FATA, but I will do that on the third round.

Mr. EDWARDS. Okay. Mr. Farr.

Mr. FARR. Mr. Chairman, I want to continue with the discussion of crossing that cultural divide. I think you are able to understand the need to do that better than anyone. It's ironic that there are protest signs in this room that say "no military solution", and you are essentially saying the same. There is no military solution. It has got to be a civilian solution, and we need to work on diplomacy and it ought to be in the future words, not war.

So this hearing is really in the interest of trying to find how do we for the first time really begin that transition of developing the civilian capacity.

The Naval Postgraduate School has a center for post conflict stabilization and reconstruction. Where they do exercises with people from the U.N. and NGOs, U.S. civilian agencies and military, and foreign military officers. The exercises try to find out help plan how you really do stabilization and reconstruction in a war torn areas.

There is also a course being offered to military officers in that field, but there is very little interest in going into it because there is no MOS. There is nothing to do with this degree and expertise that you are developing. Yet you established in your answer to the first question that there is lack of expertise. I think we agree we need to develop it, but the Department of Defense is not yet there in developing the career path for these specialists.

Are you using FAOs, and are they well trained? Is there something beyond that specific to linguistic and culturally expertise, region by region around the world? And do these teams train together so that they—as we do in a disaster mitigation—can go in and do the ounce of prevention before we need the pound of cure.

I am interested in your thoughts about how we can further develop that professionalism. And is the State Department coordinator for reconstruction in dialogue with you?

General PETRAEUS. The answer to that is yes. If I could go back, because you have actually touched on an area that I have enormous interest in actually. When you talk about changing an institution, which is what we are talking about here, to appreciate the need for a particular skill set in vastly greater number than we have right now. Any time you change an institution, though, you need the big ideas and then you have to of course educate the organization on the big ideas and hopefully they embrace the big ideas. And if they don't, you help them put their arms around the big ideas and squeeze them with them.

And then you implement the big ideas, if you will, in the military we practice them, sometimes we implement them in real operations if those are ongoing, as they are right now, and then you have a feedback mechanism. And we actually proposed an interagency engine of change in a briefing one time to an interagency—and I would be happy to provide that whole briefing to you—on how you would go about that.

We were talking about actually getting the interagency to embrace the concept of counterinsurgency because in my view and another the biggest of the big ideas that came out of the CENTCOM assessment was that the construct, the intellectual construct for the war on terror, at least within the CENTCOM area of responsibility, needs to be a counterinsurgency construct, not a narrow counterterrorism construct, counterterrorism being, as you know, special mission units, precise intelligence, intelligence agency activities, and very specific operations. It needs to be much broader than that. It needs to be not just special operations forces, but conventional forces, indigenous forces, and it needs to be broader than that. It needs to be economic, political, diplomatic, informational, educational and all the rest of that. And that is the ANACONDA slide that we briefed to the Congress in April of 2008 when we were explaining that within Iraq you couldn't do in al Qaeda in Iraq with just counterterrorism forces. It took a holistic approach. It takes corrections, too, by the way, because you have to separate the irreconcilables from the reconcilables there as well.

But I think what you are talking about, I mean, you have the big ideas right there, and the question is how to get the institution in a sense educated, the organizations educated on them and then to actually implement them, and then to follow it up and have lessons learned, then to help you refine the big ideas and the education of those and any implementation.

With respect to the FAOs, we do have very good FAO programs. They involve language training, oftentimes in a country or a region before they actually serve, and then repetitive tours in those. If anything, though, I think we have to be careful not to eat our young in this field, and make sure they don't run up against glass ceilings where all of a sudden they can advance to a certain point but now they can't go beyond that. There are exceptions to that and some significant ones, and I think we have to ensure that we do enable that kind of opportunity and embrace again people who have had these out of their intellectual comfort zone experiences.

As you may recall, 2 years ago there was a promotion board, and the Secretary was pretty clear about who was on the board, and there was a reason I think to ensure that certain kinds of officers were in fact selected, although of course there is very clear instructions, there is a legal process, and so forth.

So we have to again ensure that there is real opportunity for these individuals that they feel highly valid. It is ironic that just yesterday afternoon I sent an e-mail to the Chief of Staff at CENTCOM down in Tampa, and I said I want you to look at the coding, the personnel coding, of the spots in the J5 section, which is plans and policy and strategy, and make sure that they are FAO slot coded so that we are using the FAOs and the experts, so we don't bring in somebody who has never been the country and is all

of a sudden the country director for our plans and policy. Instead, we need the folks that are the experts.

Now you need both of course, and you also need the operational experience piece has to inform this, and we have to get a balance in there as well. But again obviously this is something that I feel pretty strongly about, and I appreciate the opportunity to—

Mr. FARR. The point is you are going to need some career development there and you are going to need some of those MOSs, as you say, developed.

General PETRAEUS. Sir, again when it comes to the conflict prevention that one I have to put my thinking cap on and figure out. We are actually pretty good now in the FAO field, and again there is a revamping in the Army personnel system some years back that again does pretty well up to certain levels. But we have to take it beyond those levels, I think, as well.

Mr. EDWARDS. Thank you. Judge Carter.

Mr. CARTER. Thank you, Mr. Chairman. General Petraeus, I like to read history and I have been reading a little bit of Afghanistan history, it seems to me that the Afghan people don't like invaders very much, and they certainly don't like conquerors, the entire population turns on the conqueror. I think the junkyard Soviet equipment that is in Afghanistan today gives a pretty good indication of that.

As we ramp up forces in Afghanistan, how do we do that without giving that perception that we are an invader. I think right now we are still perceived as a helper, but I think that is a fine line that has to be walked. I am asking you if you perceive any indication of that in Afghanistan and in turn what assets or infrastructure you might need to assist us, assist our forces so that we are able to continue to be perceived as helpers and not as invaders.

General PETRAEUS. Well, you are exactly right, Congressman, that the Afghan people do not take kindly to conquerors and they have shown that over the centuries. And so that is why it is not just having additional forces, it is employing those forces properly. And they cannot be seen to be there as invaders or conquerors. They have to be there to be seen as helping to secure and serve the people, to be partners and, while being tough warriors, still being very sensitive, for example, to civilian casualties, which is probably the single most important issue and the single most challenging issue and sensitive, because in fact the Taliban in particular will literally create conditions in which there is a high prospect of civilian casualties, disregarding the risk that they are putting the civilian population of a local area to by their actions in certain occasions.

So it is something that we have to be keenly sensitive to. And in fact General McKiernan and I issued tactical directives on this issue. And his recently released counterinsurgency guidance highlights this, I think we gave a copy of this to all the members before the hearing. If not, I will make sure that we get it to you right after this.

Mr. CARTER. The last time I was over there, the only smiles I got from people were when they were traveling down a new highway that was being built or under construction and then you saw it. They don't smile a whole lot over there, but they were smiling

about that. So I happen to agree with the discussion that as we ramp up our forces and we do them intelligently, and I trust you very much to do that, we also need to make sure that they think we are there to help because then it will be different. Alexander the Great was the first one to learn this lesson, and everybody has been learning it ever since.

General PETRAEUS. Absolutely right.

Mr. EDWARDS. Judge, thank you. Mr. Salazar.

Mr. SALAZAR. General, the transition from our soldiers in Iraq to Afghanistan, what additional training are you putting them through? I know we face different challenges and the preparedness may not be the same as what it was in Iraq. We are fighting in different territory. Could you address the challenges that we might have? And how can we help you better prepare our soldiers for that?

General PETRAEUS. Well, Congressman, we actually—the best example of this I think is to look at the National Training Center at Ft. Irwin, California, which is one of the primary sites at which we prepare units. That is where we conduct the—in a sense the final exercise, graduation exercise, the culmination to the road to deployment, which now starts, by the way, with a counterinsurgency seminar, and that has been the case now for a couple of years. And that seminar is tweaked, but then the entire road to deployment is tweaked to have an Afghan focus, rather than an Iraq focus.

At the National Training Center it is a much more rural setting for these kinds of exercises, rather than for in Iraq where we have literally built up a lot of small urban areas in the desert, in the Mojave Desert, to get them up into the mountains there more, out again in the Mojave Desert which has some pretty good little peaks out there as well. Everything is done and I mean literally of course we have Afghan natives, often Afghan Americans, but the Afghan Americans replace the Iraqi Americans. In every respect that we can, we try to replicate the situation in Afghanistan rather than of course the situation in Iraq.

Needless to say, there are always going to be limits. We haven't found a way to bring 10,000 and 12,000 foot peaks into the Mojave Desert, but they do have again have several thousand foot peaks out there and they can get the sense of that as well.

There are language differences again for those that are going to get some of the language training; the cultural training again is obviously different. And again this is all hugely important, because what worked in Iraq where we literally would move into a neighborhood, right into the neighborhood, right into a deserted house or a deserted factory or a looted governmental facility. In Afghanistan out in those rural areas that is not done, and so you literally have to sit with the tribal elders, with the local mullahs, and work out an arrangement. Typically we provide the security, the persistent security presence that is so important in partnership with the Afghan forces by being just outside a village rather than right in the center of it.

So again, that is the kind of changes that we make to ensure their soldiers are prepared for that.

Now in some cases we have had to send soldiers literally from Iraq to Afghan, in some other cases to divert them from a deploy-

ment plan from Iraq to Afghanistan. Needless to say, the sooner we can do it the better, but inevitably there are requirements that emerge, and we just went through that. We just had a period where General McKiernan requested additional forces and those that had the sufficient dwell, the only ones were either in Iraq or en route to Iraq, and we had to make some very, very tough decisions, and we did it in coordination with General Odierno and with General McKiernan in full visibility to the Secretary and the Chairman, but at the end of the day had to make some very difficult choices and had to send 3,500 or so over in a couple of different decisions of so-called enablers. And these are the very highest demand, low density elements, construction engineers again to get the infrastructure going, route clearance teams, joint tactical air controllers, military working dogs, a whole host of intelligence, command and control, and other elements that again with dwell time the only place we could find them was in Iraq or en route to Iraq and we had to divert some of those to Afghanistan.

This, by the way, is what the Secretary's budget is designed to address. His budget is, as has been observed, a warfighter's budget and it gets at the shortages and the enablers in particular, these forces that everyone needs.

I met with the Special Operations Command Commander yesterday, Admiral Olson, and the most important topic of that conversation was again these enablers that the special operations forces need from the conventional side to help their forces be effective. They are also the same ones that are needed by conventional units to ensure that they can be effective.

And again, that is the concept of the Secretary's budget. Also, then those items that everybody can't get enough of, such as intelligence, surveillance, and reconnaissance platforms, and a variety of other intelligence-related items.

Mr. EDWARDS. Mr. Dicks.

Mr. DICKS. Secretary Gates said—when he was out at Camp Lejeune, he said that the civilian side of this equation is not coming into place. This is the same problem we had, as you talked about earlier, in Iraq.

General PETRAEUS. Right.

Mr. DICKS. And now the same thing is happening in Afghanistan, according to Secretary Gates. How do we deal with this? How do we get the State Department and these other agencies to come up with the people that we need or are we going to just have to rely on reservists to volunteer? How do we deal with this?

General PETRAEUS. Well, in part this is again Vice Chairman Farr's point of developing the capability and the capacity, much greater of each in the interagency, and in particular in those agencies that have as their primary mission some of the tasks that we were having to do with folks in uniform. That is the first issue.

Mr. DICKS. Is there anybody inside the government to get people together to try to work out a strategy about how we are going to do this?

General PETRAEUS. Sir, that is going on. Again, this is very much ongoing. It started, I think, a couple of years ago. In fact, I think this conference that I talked about at which we presented the idea of the interagency engine of change was in fact one of the early

catalysts for that overall effort, and it is actually gradually coming together.

But the other issue, that is an issue of just having the sheer capacity and capability. The other effort is then having the deployability on fairly short notice, and that is a quality that the military has of course that is fairly unique. We have that ability to either take someone who is already serving or could be called up on very short notice and in a very smooth deployment process. They already have all their paperwork done and clearances and basic levels of training and equipment and everything else. And you can just add to that, relatively short order, as you know, put them through an existing deployment process and then get them down range. And that is part of that, the overall effort that needs to be looked at as well.

PAKISTAN

Mr. DICKS. Now, you know there was a lot of objection on our side when the government of Pakistan made this arrangement in Swat and put their forces in the barracks. Are those forces still in the barracks in Swat? And is this what has led to this collapse?

General PETRAEUS. Well, there was an agreement again to allow essentially sharia law, and at the heart of the dispute had to do with the lack of what is termed speedy justice, and there was a complete and utter dissatisfaction with the pace of resolution of relatively small level conflicts, but ones that were tying local communities in knots. And that was not provided, and over time that led to, that was the cause on which the Taliban was able to build, among some others. In fact, there is a very good article, I think in the New York Times the other day, that talked about the other social situations, inequities, and so forth, that persisted there on which the Taliban was able to play and to generate local support for them assuming greater control over the area than the governmental authorities whose control was eroding.

And then it was also pursued with some considerable employment of threats, force, intimidation, murder, and so forth. All of that combined to enable them to get in a position where they could push this agreement through, and then the greater political dynamics in Pakistan led eventually, after considerable stalling and regret, I think frankly, to an agreement to it.

And then the big concern after that was the movement beyond that particular Swat district into Buner and some of the other areas, from which they supposedly have now withdrawn with the arrival of the Frontier Corps Forces.

IRAQ

Mr. DICKS. I am going to give you this article. I am not going to get into it, but it says rape, beatings and bribery, Iraqi Police out of control. The London Times story of April 24th. It sounds very, very discouraging about their police force, their security people.

General PETRAEUS. Well, again the police in Iraq do have first of all a checkered history. They were part of the sectarian violence, as you will recall. The national police when we went in with the surge in very short order, with Prime Minister Maliki's action real-

ly, not just his support, but he was the one that pushed this through, replaced the national police commander, both division commander, every brigade commander, and 80 percent of the battalion commanders, and then had to replace those replacements a couple of times in some instances.

Over time they became a considerably better force and a much more effective force, but the memories that some of them have of how to do things are bad, and the practices that were employed in history, going back into the time of Saddam and so forth, which is what many of them know, those are certainly not in line with the rule of law as we understand it and as the Iraqis want to implement. And so again there is no question that there is more work that needs to be done.

Having said that, I think it is only fair to acknowledge the enormous sacrifices that have been made by the Iraqi security forces as they have taken considerably many times more casualties than our forces have in the course of the effort to reduce the security threats and challenges in that country.

Mr. DICKS. Thank you, Mr. Chairman.

KYRGYZSTAN

Mr. EDWARDS. Thank you, Mr. Dicks.

General and members, I believe we have time for one more round of questions, and let me begin by asking regarding the supplemental appropriation request. There is a \$30 million request for Kyrgyzstan, given that government's decision to remove U.S. forces from Hamas airbase. Can you tell me what the rationale is for that request?

General PETRAEUS. First of all, Chairman, if of course it came that we were to leave obviously we would not invest in that particular air traffic control improvement. I don't want to get ahead of things, but we need to give this time still, I guess would be the best way to say.

Mr. EDWARDS. Okay, that answers the question. There was another additional \$36 million funded last year from our subcommittee to improve the airfield there, and that has been put on hold, as I understand. So if there is an opportunity to continue discussions with the government—

General PETRAEUS. It is our hope, Chairman. In fact, it is our hope that actually all parties in the region, and this includes Russia, could see that the great game, the new great game in the Central Asian states should be replaced with a broad partnership against transnational extremism and the illegal narcotics activities. It is in everyone's interest to unite in that effort, and we think that that can be done. There are some signs of recognition of that. Certainly I visited every one of the Central Asian states as part of the effort to establish the northern distribution network with—together with the TRANSCOM Commander who did a phenomenal job with his team there and our joint logistics teams.

We have now, for example, three different routes into Afghanistan from the north. Russia is allowing—two of those routes go through Russia. They will ultimately end up going through Uzbekistan, which why it was important I had that visit that I talked to you about in your office. And it is our hope that all the

countries again in the region are going to see the wisdom of working together against these common threats rather than competing for influence in a continuation of a zero sum approach that has characterized activities in the region in the past.

DRAWDOWN OF TROOPS IN IRAQ

Mr. EDWARDS. Thank you. My last question would be in regards to the drawdown of U.S. forces in Iraq. Do you have a timetable at this point of when our forces will be out of various locations in Iraq? And also what is the implication in terms of Camp Victory, for example? Do we still have some forces there or will all forces be removed from Camp Victory?

General PETRAEUS. Sir, we are actually in the process right now. There is quite an aggressive process of either handing off to Iraqis, after removing everything that we can that would be serviceable and useful and so forth and all of that process, of either handing off to Iraqis or closing out in some cases the dozens and dozens of patrol bases, combat outposts, joint security stations, and so forth, that we built during the surge and during the embrace of the counterinsurgency principles about securing the people by living with them.

For example, in Baghdad alone we created 77 additional locations in which our forces were located to ensure the security of the people with our Iraqi partners. And we do indeed with a very detailed schedule that shows when we will either close out or hand off these various small installations. We are doing that with some of the bigger and medium size as well and gradually pulling to some of the—and I don't use the term "enduring" to imply again an enduring commitment or an enduring presence, but again there are places in which we will be until our eventual withdrawal from Iraq. And of course you are familiar with the time line in the security agreement in that regard.

Mr. EDWARDS. Right. Thank you. Mr. Wamp.

INDIA

Mr. WAMP. To set up my final question, let me say that we heard from the Pacific Command a few weeks ago how pleased we were with India's response to what happened in Mumbai on their western edge.

But then Pakistan on your eastern edge is my greatest concern in the world having been on the ground there a few months ago, because they are the sixth largest country in the world they have nuclear weapons and from Zardari to Gilani the leadership is not as secure as it should be. And as a result you get to the FATA and you see sharia law and you talked about the education levels. The closer to the heart of the troubled areas you get, the less they are educated. I mean it goes down to a level at which they are frankly not at all educated.

So knowing your capabilities and your success and I think I am reading clearly what our Commander in Chief desires, I believe you can win in Afghanistan, but what concerns me is the FATA, and how in the world you ever leave that situation secure enough that, speaking of fragile and reversible, you would not invest this kind of commitment in Afghanistan and ultimately have to leave it even

more fragile and reversible. And I know that is a \$64,000 question, but that is my last one.

General PETRAEUS. Well, Congressman, it is very important, first of all, to come back to what you highlighted at the outset. In fact, there are people who have rightly said that Ambassador Holbrooke's title should be Afghanistan, Pakistan and India. Now let me just tell you his portfolio very much includes India, and in fact the Central Asian states and the other neighbors there. But it is very important to reduce the tensions between India and Pakistan so that again Pakistan can both intellectually and physically focus on the most pressing threat to their existence, which again is the internal extremist threat rather than the traditional threat of India, and especially when you look at the number of forces tied up with that, the percentage of their defense budget that is devoted again to that standoff in the same way that we sort of had a standoff with the Warsaw Pact for so many years.

India did indeed show impressive restraint in the wake of the Mumbai attacks. That was a 9/11 moment for them, and in fact they did not ratchet up the tensions. And in fact, I think many observers correctly assessed that they played a very constructive role in avoiding further increase in tensions that might have been understandable, in fact, given the death inflicted on their innocent civilians in their financial capital.

Ambassador Holbrooke and I have in fact met with the Indian National Security Adviser, the Indian Foreign Minister, others. And we obviously work very closely with the PACOM Commander when we are doing this on the military side. But Ambassador Holbrooke's first trip to the region, for example, didn't include just Afghanistan and Pakistan; it then continued on into India. He had my deputy with him for those and then it brought the PACOM deputy out in fact to do the final two stops. So we worked that very hard.

But we should observe that the Lashkar-e-Taiba, LET, that carried out the Mumbai attacks, again we think they are trying to do more damage and they are trying to carry out additional attacks. And one would think that again extremists that are trying to cause that kind of tension and also to take the focus off of the internal extremist threat would indeed strive to do that.

The FATA, as you mentioned, is indeed the location of al Qaeda senior leadership headquarters. It is the location for the other transnational extremist groups that form the syndicate with them. That is the syndicate that is of most concern outside the borders of Pakistan. It certainly causes significant problems in Afghanistan, although obviously the Afghan Taliban is also a huge concern, as are some other elements. But it is the organization that of course has carried out attacks in the U.K. And is trying to plan and execute attacks in other countries, including our own.

And over time, dealing with that, again is going to become a real bellwether, if you will, for the—not just the capacity and capability of the Pakistani forces, but also frankly the seriousness of the overall effort focusing on the internal extremist challenge that they face and that we all face.

Mr. EDWARDS. Thank you, Mr. Wamp.
Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman. General, I was impressed with your opening remark asking this committee to make sure that we fully fund the State Department's needs as well as the Department of Defense. Unfortunately, that account is not in this committee, and I hope that you will make that same recommendation to Mr. Murtha's committee.

General PETRAEUS. I did, sir.

Mr. FARR. I don't know whether you are going to be up here before Chairwoman Lowey's committee. She is the Chair of Appropriation Subcommittee on State Department and the Foreign Ops.

General PETRAEUS. Right.

Mr. FARR. That is where the money is. I am interested in following through to build that civilian capability. I don't know what is in the President's budget. We haven't seen those numbers yet. But it seems to me that we are right on the edge of developing that skill set.

A couple of questions. What are the skills that you need from your civilian partners that you don't have right now? Is it numbers or is it specific skills? And secondly, you have of the 215,000 military personnel serving in CENTCOM, many of those are National Guard and Reserves. Do those folks receive the same kind of cultural awareness and foreign language training that the active duty soldiers and officers receive?

So essentially what I am looking at here is the skill development both from the military side and from the civilian side that will enable you to make this transition, working ourselves out of Afghanistan and out of Iraq?

General PETRAEUS. Mr. Vice Chairman, again I think you are right that there is recognition of the need for these skills for the capability, for the capacity. And in answer to your question, I think we need all of the above. I mean, we need, clearly need more numbers, but in those numbers we need individuals that have the kind of technical expertise in certain functional areas. So in some cases it will be health, it might be education, it may be local governance, there will be financial kinds of treasury skills, and again really all of the different governmental organizations. And then as you work your way on out to local levels, again sufficient expertise for those, but then to be effective in another culture it is not enough to know about those functional areas or have that technical expertise for our system or our cultures. It is important to know how they work in the culture in which you are actually going to operate. So there has to be this—and it has to be very significant in some cases. For example, in the Iraq situation, Iraq has a very good legal code actually. Yes, Saddam perverted it for his own use during his time as the leader there, but the basic foundation was quite solid, but we needed the expertise in it. I mean we literally needed people who were certified, you know, the equivalent of the Iraqi bar or something like that, but we needed some of them from our own side. And then it was an enormous plus if you could get someone who had all of that and was a near native Iraqi Arabic speaker, and that is sort of the trifecta when you get that, and those individuals are extraordinarily valuable.

Now, with respect to the preparation of our reserve components, we certainly do provide culture and language and that kind of

thing. But again, I can't sit here and say that an active force in which there is a yearlong, say, road to deployment, that all of that that is done during that time can be compressed into the shorter period of preparation for our reserve component units. And I think we have to just be again forthright as we assess that to ourselves, and then ensure that we provide them everything that we can as they are in their final preparation, in their left seat, right seat ride, and then in their early months because they will develop expertise. The fact is once you are down range and you look at a soldier, airman or Marine, there is no difference. You can't look at someone, you can't even see them operate and say necessarily this is clearly a reservist.

Mr. FARR. The Post yesterday said that we were perhaps going to use the Guard and Reserves as the civilian—

General PETRAEUS. Oh, I am sorry, that is a different—I thought you were talking about just in strictly the military tasks. I was talking about combat—unit combat service support, what have you.

No, there is—and we did do this for Iraq as well. In our Reserves in particular, but in the National Guard as well, but in the Reserves we have people that actually are city administrators, they are certainly lawyers. We have construction expertise in those units. It is really extraordinary and of course they do it full time. So you take someone who really does this all the time, put them in uniform. But you do then need to give them the kind of preparation that is required, and that is something again that we work to do, but I am sure that we could do that better frankly. Again, there has to be an investment in them.

We have a limit with the reserve clock, and we have to keep that in mind, and I think that we have limited it to a year right now. And so every bit that we take off the front end of that for predeployment, you are going to pay back in terms of the amount of time on the ground. And so you have to do a real weighing again of the risks. Is it better to get the individual out there, allow him or her to get on the ground and just experience it, and learn on the job, and particularly if you can get a long right seat, left seat ride where the person he or she is replacing is going to be there. That is the ideal situation, I think.

Mr. EDWARDS. I am going to have to ask the police to remove anyone who would interrupt the proceedings. I appreciate the respect with which the citizens here have allowed us to continue on with this hearing.

Judge Carter.

KASHMIR

Mr. CARTER. Thank you, Mr. Chairman. General Petraeus, going back to what Mr. Wamp was talking to you about, it seems that someone has some vested interest in keeping the Kashmir dispute, the old historical dispute between India and Pakistan, going because of the Mumbai attack and others. As we were talking before, I was thinking, is there anything we could do to beef up of the Pakistani forces for counterinsurgency if we could get an international diplomatic effort to try to solve the issue in Kashmir?

General PETRAEUS. I think that that is—first of all, it is something that is being looked at, and of course if you could resolve that

conundrum or even again reduce the tensions, again that could contribute to an ability to focus more again intellectually as well just sheer forces physically on the internal extremist threat.

Now there are some organizations though that of course want to prolong that. They have built their existence on the basis of the need, if you will, to continue to carry out violent activities. So again, if that could be done, frankly in the same way that we look at the Mideast peace process, frankly. That colors everything that takes place in the CENTCOM AOR, certainly in the western portion of it. And we are very encouraged frankly to see the appointment of Senator Mitchell, met with him on several occasions already, and supporting very significantly one of his deputies as well.

The kinds of political overarching issues that so affect everything that we do, when those can be resolved or even attended to, they can help enormously.

Mr. CARTER. I agree, that seems to be something that ought to be tried. This is a quick final question, as we draw down in Iraq, there is going to be some presence that is going to be, at least some kind of short-term presence of American troops over there. Are we leaving enough infrastructure in place for them to have the recreational, medical and housing facilities they are going to need?

General PETRAEUS. Absolutely, absolutely. Look, I have to tell you that the medical infrastructure in particular that you all have provided for our soldiers, sailors, airmen and Marines has been extraordinary. And I think the number now is something like 90 percent of those who are hit survive, which is the highest in history, and it is because of advances of course in battlefield medicine, but also the facilities that are available within that golden hour and the whole Medevac process and the equipment and training of our medical personnel.

As you may know, we have also provided a substantial number of additional helicopters to Afghanistan because of concerns in fact that we ensure that we have that same kind of responsiveness there, which is even more challenging given the very rugged terrain and the high altitude. And one of the large elements of the additional forces is an entire combat aviation brigade, of which we only had one in the country before, and then also some additional Medevac aircraft on top of that particular brigade.

Mr. CARTER. Thank you very much for this really tough job that you are doing. We appreciate it.

Mr. EDWARDS. Thank you, Judge Carter. Mr. Salazar.

Mr. SALAZAR. Mr. Chairman, I don't really have any more questions. I just wanted to thank the General. Thank you very much for your service.

And I will yield my time to you, Mr. Chairman, if you have any additional questions.

Mr. EDWARDS. Thank you, Mr. Salazar. And thank you all, all members for being here. General Petraeus, thank you for your service. And I would like to finish my comments as you finished your opening testimony by saluting the men and women who serve under you and your command, not only those who wear the uniform, but those married to the uniform and the children who sacrifice every day. And how grateful I am that because of them and because of leaders such as yourself, we live in a country where citi-

zens can come to an open forum and even in their own way express their personal opinions that might agree or disagree with the opinions of those of us that sit on this subcommittee.

Thank you. And any way we can continue to work together please let us know. The committee now stands adjourned. Thank you, General.

The Army hearing was held before the subcommittee on May 6, 2009. The transcript and questions for the record were due back to the subcommittee on May 29, 2009. As of June 19, when this volume was sent to be printed, the Department had not returned the edited transcript and questions for the record.

WEDNESDAY, MAY 6, 2009.

ARMY BUDGET**WITNESS****GENERAL GEORGE W. CASEY, JR., ARMY CHIEF OF STAFF**

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Good morning to everyone. I would like to call the subcommittee to order. We are privileged today to have with us the 36th Chief of Staff of the Army, General Casey, and also the Deputy Assistant Secretary of the Army—thank you very much for being here today.

I am going to be keeping it very brief in my opening statement just so we can maximize time for questions and answers.

Chief, let me thank you for your leadership during such a critical and challenging time for the Army. I don't know of any other institution, public or private, that could have handled facing multiple warfronts, transformation, growing the institution as much as growing the forces has meant to the Army—global reposition, that amount of change, given we are facing multiple warfronts, it is a real testament to you and every soldier that serves under your command, from general officers and to privates. And we thank you and everyone you represent here by your presence here today.

It is good to have you both here, and we look forward to the testimony and questions and answers.

At this point I would like to recognize Mr. Wamp our ranking member.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

General Casey, Secretary—thank you for being here, thank you for what you do for every soldier in the United States Army. They have taken more casualties, done more, growing still, asymmetrical, many challenges. You have served us incredibly well.

General Casey, you are a good man. I appreciate our relationship. We have had a good one. And it carries forward. I know that we can't talk about everything in the budget request today, but I am looking forward to hearing as much as we can hear today.

I need to say for the record, Mr. Chairman, that tomorrow morning, 8:30, my son graduates from college in Knoxville, Tennessee. And there is really bad weather coming tonight, and I may have to miss the hearing this afternoon, in order to make sure that I am there. If I have to crawl, I am going to be there—we will make sure that we have someone in this chair this afternoon in the event I am not here. I want to say, for the record, early, it is for a good cause—thank you Mr. Chairman.

Mr. EDWARDS. You bet. Congratulations. Thank you, and I congratulate you for putting first things first for your family.

You have been an incredible partner in this entire process. I don't think you have ever missed a committee hearing—

Mr. WAMP. Not yet.

Mr. EDWARDS [continuing]. For the entire time serving together as partners. I wish you a safe, safe trip.

General Casey, your full testimony will be submitted, without objection, for the record, but I would like to recognize you now for any opening comments you care to make.

STATEMENT OF GENERAL GEORGE W. CASEY, JR.

General CASEY. Thank you very much, Mr. Chairman—Thank you for the kind words on the performance of the men and women of your Army, but I will tell you, we couldn't do what we have done were it not for the support of this committee. And I welcome the opportunity to give you an update on what we have done over the last year and to talk a little bit about a way ahead.

You may recall from last year's testimony that I said that the Army was out of balance, and I have really been saying that since the summer of 2007. And by "out of balance," I mean that we are so weighed down by our current demands that we can't do the things that we know we need to do to sustain this all volunteer force for the long haul and restore strategic flexibility to do other things.

In 2007 we put ourselves on a plan to put ourselves back in balance by the end of 2011, and it centered on four imperatives: sustain our soldiers and families, continue to prepare our soldiers for success in the current conflict, reset them—when they return, and then continue to transform for our uncertain future.

I would like to just give you an update where we are on the six major objectives that will put us back in balance and then say a little bit about some programs we have in each of the imperatives. First of all, our first objective was to finish our directed growth that the President directed in February, 2007—taking the active Army to 547,000 and increasing the Guard and Reserve by 8,000 and 2,000, respectively.

Originally our plan was to complete that by 2012. With the Secretary of Defense's support we moved it to 2010. I can tell you that as of today, each of the components of the Army has met their end-strength targets, and that is a big lift for us. Now, we still have to build units to put about 20,000 of those soldiers in, but having completed that growth is very important for us.

Two other aspects to that: First of all, one of the reasons it is important is it allows us to begin moving off the stop-loss this year, and the Secretary of Defense has announced our plan to do that, and the Reserves will begin coming off, deploying units to that stop-loss in August, the Guard in September, and the active force in January of 2010.

Mr. EDWARDS. So it means you can't call up Congress—

General CASEY. This is one of our key objectives, because all along, as we convert to modular organizations operating on a rotation cycle, our goal has been to be able to deploy units without stoporders. And so we will meet that goal, I believe, by 2011.

The other thing I know may cause some concern to the members of this committee—as part of this budget the secretary has announced that we will not build the last three brigade combat teams that we were originally scheduled to build.

Members of the committee should know that there has been no final decision on where those brigades will come from, and we will address that as part of the ongoing quadrennial defense review as

part of our overall force mix discussions. And we recognize that some of the communities that were expecting to receive those units have already made some significant investments, and we surely will take that into consideration as we finalize our decisions.

Second key point, and that is to increase the time the units spend at home between deployments, and this is critically important from three perspectives: One, it gives them time to recover; two, it allows them to have a more stable preparation period for the next deployment; and three, frankly, it gives them even more time to equip and train them so that they are properly trained and equipped.

Originally, I expected with our growth and holding demand steady at about 15 brigades. I expected that we would not quite get to 1 year out, 2 years back in 2011.

With the president's drawdown plan, if that is implemented as scheduled, we would get to almost 2½ years back in 2011. And that is a very positive thing for us, because if we have to increase the time the soldiers spend at home if we are going to sustain this for the long haul.

Third, we are well on track and moving ourselves away from Cold War formations and organizations to organizations that are far more relevant for the operations that we are conducting today. We are 85 percent done with the conversion of the Army to modular organizations. That is about 300 brigades that have been or will be converted by 2011. We are 85 percent done with that.

We are almost two-thirds of the way through rebalancing our force away from Cold War formations, again, to formations more relevant in the 21st century. An example—we have stood down around 200 tank companies, artillery companies, and interdefense companies. And we have stood up an equivalent number of engineers, military police, special forces, and civil affairs units. It is their units that have been directing that today.

Together, that is the largest organizational transformation of the Army since World War II, and it has been done at a period where we are deploying 150,000 soldiers over and back every year. So it is a significant accomplishment, and we are on track to deliver on that.

Fourth, we are posturing ourselves and we are putting the whole Army on a rotational cycle, much like the Navy and the Marine Corps have been on for quite a while. This is a big change for us.

Before September 11th we were largely a garrison-based Army that lived to train. Now we are rotating on a cycle, and we are going to have to sustain this rotation for a long time to ensure that we can provide trained and ready units for whatever contingencies come up, but also to give soldiers and families a predictable and stable deployment level, and we are on our way to doing that.

Fifth, we are about halfway through our basing and realignment effort, and I think the committee knows what a significant accomplishment this is because when you take realignment and closure, and the modular and the growth of the Army, that affects about 380,000 soldiers' families and civilians—and again, your timely funding of all of those accounts has enabled us to keep this on track. All of that is very tightly and closely interwoven.

And lastly of it all, is to restore strategic flexibility, and to have units trained for the full range of missions. And the longer we have units at home—18 months or more—the more they will have time to begin training for other things.

So I would tell you that we have made good progress toward all six of our objectives, but we are not out of the woods yet. And I expect the next 12 to 18 months to continue to be tough as we actually increase the number of forces we have deployed as we shift from Iraq to Afghanistan—

So that is just an assessment of where we are: good progress, but not out of the woods yet.

A few quick words on each of the imperatives: First of all, sustaining soldiers and families. This is the area where the military construction budget really, really makes a difference, and the support that we get in housing, barracks, child development centers, youth service centers, work transitioning units, and administrative facilities, is absolutely critical, and it sends such a strong signal to the men and women of the Army and all the armed forces that the country is concerned about their welfare.

And so this budget gives us what we need from the military construction side to continue to put this Army back in balance by 2011. We continue our focus on families. In October 2007 we issued the Army Family Covenant and we doubled the amount of money we put towards family programs. We have sustained that investment in the 2010 budget.

On the prepare side, we have continued to make great progress in equipping our soldiers and training them for the realities of combat they are going to encounter. I will tell you, probably the most significant accomplishment since the last time I spoke to you is the fielding of almost 10,000 MRAPS in Iraq and Afghanistan.

And I was in Afghanistan a week or so ago, and got direct testimony from the soldiers about the value of it. Sometimes they don't like the way they handle off road, but anyone who has been blown up with an IED and survived thinks they are pretty good. We have got enough there now where we are actually beginning to bring some back to the United States for training, and that is an important plus.

On the reset: We have adopted a 6-month reset model, where the soldiers come home and they basically stand down for 6 months and they are manned and equipped at a level that begins—starting their training at the end of that period. This is part of putting the whole Army on this rotational model, and we are making pretty good progress with that.

Lastly, transforming: We believe that we, as a country, are facing an era of what I call persistent conflict: protracted confrontation among state, non-state, and individual actors who are going to continue to use violence to accomplish their political and ideological objectives.

And we are posturing the Army to deal with that. And I believe we are going to have a substantial number of ground forces—Army and Marine Corps—deployed for the next decade or so. And so we have to set ourselves up to do that.

And we are building a versatile mix of brigade combat teams and enablers that can leverage mobility, protection, information, and

intelligence in precision buyers to accomplish any mission across the spectrum, and we are well on our way to being able to do that.

Let me just wrap up here by saying that the secretary of the Army and I have designated this year as the year of the non-commissioned officer. Because as we looked around the Army it was clear to us that our non-commissioned officers are the glue that is holding this force together at a critical time and allowing us to accomplish the near-impossible every day. And one of the members of this committee is non-commissioned officer Bill Young—he is an Army non-commissioned officer—and hopefully you can all join us on the 19th of May when we recognize all the members of Congress who have been non-commissioned officers over at Fort Myer.

To give you an example of a non-commissioned officer that we have today, let me just tell you a story about a young sergeant who won the Distinguished Service Cross for his actions in Baghdad in April of 2007—Staff Sergeant Christopher Waiters. He was on a patrol when a Bradley in front of him hit an improvised explosive device and caught fire.

He suppressed the enemy that was surrounding the site, realized there were two men trapped inside that burning Bradley, ran across 100 yards from the Stryker, pulled two of them out and dragged them back to his Bradley all under fire. He realized after he treated them that there was still another soldier left on the vehicle.

He ran back into the burning vehicle, this time while the ammunition was cooking off off inside. He found the soldier dead.

Back to his vehicle, picked up a body bag, and went back and recovered his fallen comrade and dragged him out of the burning vehicle. That is the kind of men and women that you have in your armed forces—and that is the kind of non-commissioned officers that we have in our Army.

So thanks very much, Mr. Chairman and all of you, and I look forward to taking your questions.

[The prepared statement of George W. Casey, Jr., follows:]

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RECORD VERSION

STATEMENT BY

GENERAL GEORGE W. CASEY, JR.
CHIEF OF STAFF, US ARMY

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES

FIRST SESSION, 111TH CONGRESS

ON QUALITY OF LIFE IN THE UNITED STATES ARMY

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1066

STATEMENT BY
GENERAL GEORGE W. CASEY, JR.
CHIEF OF STAFF, UNITED STATES ARMY

Mr. Chairman and distinguished Members of the Committee, on behalf of the more than one million Active, Guard, and Reserve Soldiers, their Families, and the Civilians of the United States Army, I welcome the opportunity to discuss the direction we intend to take the Army in the next several years.

Our Nation has been at war for over seven years. Our Army continues to lead, not only in Afghanistan and Iraq, but also in defense of the homeland and in support of civil authorities in responding to domestic emergencies. Over time, these operations have expanded in scope and duration, stressing our All-Volunteer Force and straining our ability to maintain strategic depth. During this period, the Congress has responded to the Army's requests for resources, and that commitment to our Soldiers, their Families, and Civilians is deeply appreciated. Continued timely and predictable funding is critical as the Army continues to fight the wars in Iraq and Afghanistan, meet other operational demands, sustain our All-Volunteer Force, and prepare for future threats to the Nation.

Much of the Army's success is due to our Noncommissioned Officers (NCOs). This year, we specifically recognize their professionalism and commitment. To honor their sacrifices and celebrate their contributions, we have designated 2009 as the "Year of the Army NCO." Our NCO Corps is the glue holding our Army together in these challenging times.

We live in a world where global terrorism and extremist ideologies pose very real threats. The global security environment is more ambiguous and unpredictable than in the recent past. Many national security and intelligence experts share the Army's assessment that the next several decades will be characterized by persistent conflict—protracted confrontation among state, non-state, and individual actors that are increasingly willing to use violence to achieve their political and ideological ends. We face adept adversaries who exploit technological, informational, and cultural differences. Future operations in this dynamic environment will likely span the spectrum of conflict from peace operations to counterinsurgency operations to major combat operations.

Several global trends are evident in this evolving security environment. Globalization has increased interdependence and prosperity in many parts of the world. It has also led to greater disparities in wealth, creating conditions that can foster conflict. The current global recession will further increase the likelihood of social, political, and economic tensions.

Technology, which has enabled globalization and benefited people all over the world, is also exploited by extremists to manipulate perceptions, export terror, and recruit people who feel disenfranchised or threatened. Population growth increases the likelihood of instability because the vast majority of growth is occurring in urban areas of the poorest regions in the world. The limited resources in these areas make young, unemployed males especially vulnerable to anti-government and radical ideologies.

Resource demand for energy, water, and food, especially in areas with growing populations and developing economies, will increase competition and the likelihood of global conflict. Climate change and natural disasters further strain already limited resources, increasing the potential for humanitarian crises and population migrations.

The proliferation of weapons of mass destruction (WMD) remains a vital concern, with many terrorist groups actively seeking WMDs. Growing access to technology increases the potential for highly disruptive or even catastrophic events involving nuclear, radiological, chemical, and biological weapons or materials. Failed or failing states, lacking the capacity or will to maintain territorial control, can provide safe havens for terrorist groups to plan and export operations, which could include the use of WMD.

Future conflicts in this complex, dynamic, and ambiguous environment will increasingly be waged among the people in a struggle for their allegiance. These conflicts will primarily be conducted on land in austere locations. So landpower—the ability to achieve decisive results on land—will remain central to any national security strategy. Landpower normally solidifies the outcome, even when it is not the decisive instrument, through the integrated application of civil and military capabilities. Therefore, the Army, conducting full spectrum operations as part of the Joint Force, continues to transform itself to provide the prompt, sustained, and dominant responses necessary to ensure our Nation's security.

While fully supporting the demands of our Nation at war, our Army faces two major challenges—restoring balance to a force feeling the cumulative effects of seven years of war and setting conditions for the future to fulfill our strategic role as an integral part of the Joint Force.

Simply put, the 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. Even as the demand for our forces in Iraq decreases, the mission in Afghanistan and other requirements will continue to place a high demand on our Army for years to come. Soldiers, Families, support systems, and equipment are stressed due to lengthy and repeated deployments. Overall, we are consuming readiness as fast as we can build it. These conditions must change. Institutional and operational risks are accumulating over time and must be reduced in the coming years.

While restoring balance, we must simultaneously set conditions for the future. Our Army's future readiness will require that we continue to modernize, adapt our institutions, and transform Soldier and leader development in order to sustain an expeditionary and campaign capable force. Modernization efforts are essential to ensure technological superiority over a diverse array of potential adversaries. Our Army must also adapt institutions to more effectively and efficiently provide trained and ready forces for combatant commanders, and continue the transformation of our Reserve Components to an operational force to achieve the strategic depth necessary to successfully sustain operations in an era of persistent conflict.

Through the dedicated efforts of our Soldiers, their Families, and Civilians, combined with continued support from Congressional and national leadership, we are making substantial progress toward these goals. Our continued emphasis on the Army's four imperatives—**Sustain, Prepare, Reset, and Transform**—has focused our efforts. We recognize, however, that much more remains to be done in order to restore balance and set conditions for the future. Our military construction (MILCON) budget is a critical component in support of these goals.

First and foremost, we must sustain our Soldiers, Families and Civilians. Through meaningful programs, the Army is committed to providing the quality of life deserved by those who serve our Nation. To sustain the force, we are focused on

recruitment and retention; care of Soldiers, Families, and Civilians; care for our wounded Warriors; and support for the Families of our fallen Soldiers.

The Army is focused on recruiting quality men and women through dynamic incentives and retaining quality Soldiers and Civilians in the force by providing improved quality of life and incentives. In 2008, nearly 300,000 men and women enlisted or reenlisted in our All-Volunteer Army. In addition, the Army created the Army Preparatory School to offer incoming recruits the opportunity to earn a GED prior to initial entry training. All Army components are currently exceeding the 90% Tier 1 Education Credential (high school diploma or above) standard for new recruits. The number of recruited civilians with waivers is declining—19.6 percent for the Active Component in fiscal year 2008 (FY08).

Army Families make incredible sacrifices and all our Soldiers need the peace of mind that comes from knowing their Families are being cared for while they are away from home. The Army is dedicated to improving their quality of life through the implementation of the Army Family Covenant and the Soldier and Family Action Plan. We are also garnering support of community groups and volunteers through 93 Army Community Covenants. To date, the Army has hired more than 800 new Family Readiness Support Assistants to provide additional support to Families with deployed Soldiers. In FY09, we committed \$1.5 billion for all Soldier and Family Programs. Ninety Child Development Centers and 21 new Youth Centers have been approved for construction in FY08 and FY09.

Our Soldiers are our most valuable strategic asset, and the loss of any Soldier to suicide is tragic. Army leaders are working to better understand the causes of the disturbing rise in Soldier suicides and taking swift action on widespread prevention measures. Our Army initiated an operational stand down of all forces, across components, followed by a first line leader facilitated chain teach training program to increase suicide awareness and prevention. We have also partnered with the National Institute for Mental Health on a 5-year, \$50 million study to find practical interventions for mitigating suicides and enhancing Soldier resiliency.

Our values and Warrior Ethos require that Soldiers look out for one another. Sexual assault violates the very essence of what it means to be a Soldier. We want

every Soldier to take action to prevent sexual offenses, and we want the Army to be a model for the nation in aggressively preventing this problem. As a result, we have implemented the Intervene, Act, Motivate (I. A.M.) Strong campaign with the goal of eliminating sexual harassment and sexual assault in the Army.

The Army is providing better access to quality health care, enhanced dental readiness programs focused on Reserve Component Soldiers, improved Soldier and Family housing, increased access to child care, and increased educational opportunities for Soldiers, children, and spouses.

Forty-five percent of our current force is unmarried. For these Soldiers, we are in the late stages of our ambitious barracks modernization program. At the end of FY09, 120,000 out of 170,000 (71 percent) of our barracks will meet a 1+1 or equivalent standard, greatly impacting Soldiers' permanent living quarters.

One of the Army's key strategies to improve Family housing is the application and use of privatized housing where practical. Begun in 1999, the Residential Communities Initiative (RCI) is providing quality, modern housing in communities that our Soldiers and their Families can proudly call home. Through RCI, we were able to reduce inadequate Family housing in the U.S., making a positive impact on our Soldiers' and Families' quality of life. As of April 2009, we have privatized 43 installations and sub-installations, turning over more than 79,000 homes to the Army's partners. By the end of FY10, we project that privatized housing will include over 87,000 homes at 45 installations, or 98 percent of our inventory in the U.S. Our RCI program is on a glide path to successful completion. Following this year's schedule, we plan to complete privatization at Fort Richardson.

The Army never leaves a fallen comrade—a value that extends beyond the battlefield. So we are committed to providing world-class care for our wounded, ill, and injured Warriors through properly resourced Warrior Transition Units (WTUs), enabling these Soldiers to remain in our Army or transition to meaningful civilian employment consistent with their desires and abilities. We have established 36 fully operational WTUs and 9 Community-Based WTUs to help our wounded, ill, and injured Soldiers focus on their treatment, rehabilitation, and transition. We have also initiated programs to better diagnose and treat Post-Traumatic Stress and Traumatic Brain Injury.

We are devoted to supporting the Families of our fallen comrades and honor the service of their Soldiers. The Army is developing and fielding Survivor Outreach Services, a multi-agency effort to care for the Families of our Soldiers who, in President Lincoln's words, gave the "last, full measure of devotion." This program includes benefit specialists who serve as subject matter experts on benefits and entitlements, support coordinators who provide long-term advocacy, and financial counselors who assist in budget planning.

We must prepare our force by readying Soldiers, units, and equipment to succeed in the current strategic and operational environments, especially in Iraq and Afghanistan. We continue to adapt institutional, collective, and individual training to enable Soldiers to prevail against highly adaptive and intelligent adversaries. And since we never want to send our Soldiers into a fair fight, they deserve equipment that will not only give them a technological advantage over our adversaries, but also the best possible level of protection consistent with accomplishing their mission. To prepare our force, we continue to focus on growing the Army, training, equipping, and better supporting the Army Force Generation (ARFORGEN) process.

The Army accelerated end strength growth of the Active Component (AC) to 547,400 Soldiers and the Army National Guard (ARNG) to 358,200 Soldiers. The U.S. Army Reserve (USAR) will grow to 206,000 Soldiers by 2012, even as the USAR works an initiative to accelerate that growth to 2010.

Our plan calls for growing the Army's forces to 73 Brigade Combat Teams (BCTs) and approximately 227 Support Brigades with enabling combat support and combat service support, while simultaneously developing the additional facilities and infrastructure to station these forces. The Army grew 32 Modular Brigades in 2008 (7 AC Brigades and 25 Brigades in the Reserve Component). This growth in the force, combined with reduced operational deployments from 15 months to 12 months, eased some of the strain on Soldiers and Families.

We must improve the Army's individual, operational, and institutional training for full spectrum operations, and develop the tools and technologies that enable more effective and efficient training through live, immersive, and adaptable venues. The Army improved training facilities at home stations and combat training centers,

increasing realism in challenging irregular warfare scenarios. Army Mobile Training Teams offered career training to Soldiers at their home station, preventing them from having to move away for schooling and providing more time for them with their Families. Our Army continues to improve cultural and foreign language skills.

Our Soldiers deserve an effective, sustainable, and timely supply of equipment through fully integrated research and development, acquisition, and logistical sustainment programs. The Army must continue its modernization efforts, such as the Rapid Fielding Initiative and the Rapid Equipping Force, using a robust test and evaluation process to ensure the effectiveness of fielded equipment. Since September 11, 2001, to provide Soldiers fighting in Iraq and Afghanistan what they need to accomplish their mission, the Army has fielded millions of items of equipment, including over 7,000 Mine-Resistant, Ambush-Protected (MRAP) vehicles. We've also produced and fielded over four million body armor plates which have saved the lives of countless Soldiers. Within the past year alone, we fielded over 15 million pieces of individual Soldier equipment.

The Army is dedicated to improving the ARFORGEN process to generate, on a rotational basis, trained, ready, and cohesive units for combatant commanders to meet current and future strategic demands. By 2011, our goal is to achieve a degree of balance by reaching a ratio of one year deployed to two years at home station for Active Component units, and one year deployed to four years at home for Reserve Component units. Recent refinements in the ARFORGEN process have increased predictability for Soldiers and their Families.

We must reset the force to rebuild the readiness that has been consumed in operations in order to prepare Soldiers, their Families, and units for future deployments and contingencies. Reset systematically restores deployed units to a level of personnel and equipment readiness that permits the resumption of training for future missions. The Army is using a standard reset model and is continuing a reset pilot program to further improve the effectiveness and efficiency of the ARFORGEN process. To reset our force, we are revitalizing Soldiers and Families; repairing, replacing, and recapitalizing equipment; and retraining Soldiers.

I have come to believe that the most critical component in restoring balance is increasing the time our Soldiers spend at home, not just to reestablish and strengthen relationships, which is very important, but also to give the Army the time it needs to reset units and Soldiers and efficiently prepare them for their next deployment. In the reset pilot program, units have no readiness requirements or Army-directed training for a period of time (6 months for the Active Component and 12 months for the Reserve Components). This period allows units to focus on Soldier professional and personal education, property accountability, and equipment maintenance, and it also provides quality time for Soldiers and their Families.

In order to repair, replace, and recapitalize equipment for our Soldiers we have fully implemented an Army-wide program that replaces equipment destroyed in combat and repairs or recapitalizes equipment that has been worn out due to harsh conditions and excessive use. As units return, the Army resets equipment during the same reconstitution period we dedicate to Soldier and Family reintegration. The Army reset more than 125,000 pieces of equipment in 2008. The maintenance activities and capacity at Army depots increased to their highest levels in the past 35 years. Equipment reset must continue as long as we have forces deployed and for several years thereafter to ensure readiness for the future.

We are dedicated to providing our Soldiers with the critical specialty training and professional military education necessary to accomplish the full spectrum of missions required in today's strategic environment. The Army is executing a Training and Leader Development Strategy to prepare Soldiers and units for full spectrum operations. The Army is 60 percent complete in efforts to rebalance the job skills required to meet the challenges of the 21st Century.

We must transform our force to provide the combatant commanders dominant, strategically responsive forces capable of meeting diverse challenges across the entire spectrum of conflict. Our transformation improves the capability of the Joint Force to defend the homeland, deter conflict in critical regions, respond promptly to small-scale contingencies, and swiftly defeat the enemy in major combat operations. To transform our force, we are adopting modular organizations, accelerating delivery of advanced

technologies, operationalizing the Reserve Components, transforming leader development, and restationing our forces.

The Army's plan is to reorganize the Active and Reserve Components into standardized modular organizations, thereby increasing the number of BCTs and support brigades to meet operational requirements and creating a more deployable, adaptable, and versatile force. In 2008 the Army converted 14 brigades from a legacy design (5 AC and 9 RC Brigades). The Army has now transformed 83 percent of our units to a modular design—the largest organizational change since World War II.

We must modernize and transform the Army to remain a globally responsive force and ensure our Soldiers retain their technological edge for current and future fights. The Army will accelerate delivery of advanced technologies to Infantry BCTs fighting in combat today through a process known as Spin-outs. This aggressive fielding schedule, coupled with a tailored test and evaluation strategy, ensures Soldiers receive reliable, proven equipment.

The Army will complete the transformation of the Reserve Components to an operational force by changing the way we train, equip, resource, and mobilize Reserve Component units by 2012. The Army continues its efforts to build and sustain readiness systematically, and to increase predictability of deployments for Soldiers, their Families, employers, and communities by integrating the ARFORGEN process.

The Army continues to produce agile and adaptive military and Civilian leaders who can operate effectively in Joint, interagency, intergovernmental, and multinational environments. The Army published Field Manual (FM) 3-0, Operations, which includes a new operational concept for full spectrum operations where commanders simultaneously apply offensive, defensive, and stability operations to achieve decisive results. Additionally, the Army published FM 3-07, Stability Operations, and FM 7-0, Training for Full Spectrum Operations, and is finalizing FM 4-0, Sustainment. The doctrine reflected in these new manuals provides concepts and principles that will develop adaptive leaders to train and sustain our Soldiers in an era of persistent conflict.

The Army continues to restation forces and Families around the globe based on the Department of Defense's (DoD) Global Defense Posture and Realignment (GDPR) initiatives, the 2005 Defense Base Closure and Realignment Commission Report (BRAC 2005), and the expansion of the Army directed by the President in January 2007. In addition, we are currently studying the overall effects of stopping the growth of Army BCTs at 45 versus 48. BRAC 2005 is carefully integrated with the GDPR, Army Modular Force transformation, and Grow the Army. As an essential component of Army transformation, BRAC 2005 actions optimize infrastructure to support the Army's current and future force requirements. The disposal of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources.

Over 1,100 discrete actions are required for the Army to successfully implement our BRAC 2005 requirements. The extent and impact of these actions are far greater than all four previous BRAC rounds combined and are expected to create significant annual savings. In total, over 380,000 Soldiers, Family members, and Army Civilian employees will relocate as BRAC 2005 is implemented.

Under BRAC 2005, the Army will close 12 Active Component installations, 1 Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and 8 leased facilities. BRAC 2005 also realigns 53 installations or mission functions and enables the Army to establish 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 National Guard Readiness and Army Reserve Centers, BRAC 2005 authorizes 125 multi-component Armed Forces Reserve Centers and realigns U.S. Army Reserve command and control structure. All of our BRAC construction projects are planned to be awarded by the first quarter of FY10. This will enable the major movement of units and personnel in FY10 and FY11, with completion of all closures and realignments by September 15, 2011, as required under BRAC law.

The Army awarded 79 FY08 BRAC construction projects: 16 projects to support GDPR; 26 Reserve Component projects in 18 states; and 37 other Active Component projects, totaling \$3.45 billion. In FY09, the Army expects to award 96 BRAC projects.

This represents our largest construction year for BRAC 2005. FY10 is our fifth and final year to award BRAC 2005 construction. We have moved into a period where our construction timeline flexibility is essentially exhausted.

Timely funding is critical and essential to our success. In each of the three previous fiscal years, funds have been delayed or withheld from the BRAC construction program. In FY07, an eight-month delay in the receipt of \$2 billion delayed the award of 50 of the 68 planned major construction projects; in FY08, \$560 million was delayed until the fourth quarter, impacting one third of that year's program; and in FY09, there has been a general reduction of \$170 million. Completion of the final phases of incrementally funded projects and the award of the remaining FY10 construction projects are planned as first quarter, FY10 contract awards. Delays in the receipt of full funding beyond October 2009 will result in increased cost, the risk of not meeting the required BRAC 2005 timeline, and uncertainty for mission commanders.

In an era of persistent conflict, our Army is the primary enabling and integrating element of landpower. The Army's transformation focuses on distinct qualities that land forces must possess to succeed in the evolving security environment. Through its current and planned efforts, the Army will continue to transform into a land force that is versatile, expeditionary, agile, lethal, sustainable, and interoperable in order to face the security challenges ahead. As we look to the future, our Army is modernizing and transforming to build a force that exhibits these essential qualities in order to meet the challenges of the security environment of the 21st Century. The Army's adoption of a modular, scalable brigade-based organization provides a broad range of capabilities that are inherently more versatile, adaptable, and able to conduct operations over extended periods.

While substantial progress has been made, there is still risk to the Army's ability to meet current requirements and future contingencies. To mitigate this risk, restore balance, and set conditions for the future, the Army requires continued Congressional support of MILCON, BRAC, and quality of life programs. Timely and predictable funding of these programs and initiatives is crucial to support current operations, fight the wars in Iraq and Afghanistan, meet other operational demands, sustain our All-Volunteer Force, and prepare for future threats to the Nation.

The Army needs support and funding for MILCON and Army installations to station and train an expeditionary Army and improve the quality of life for our people. Failure to fund housing, schools, and installation facilities fully will adversely impact the readiness of our Soldiers and the security and well-being of their Families.

Continued Congressional support is essential to train and equip our Soldiers for successful execution of missions across the full spectrum of operations. Training programs include initial Soldier qualification, unit training, training at the Army's major combat training centers, critical skills and functional training, and language qualification and cultural awareness training. Without the full funding and necessary authorities needed for timely and reliable materiel and services, the Army risks its ability to adequately sustain current operations, maintain readiness, and respond to contingencies. Critical sustainment programs include: depot maintenance to ensure available and ready equipment; transportation of newly fielded and depot-repaired equipment to units; safe sustainment, demilitarization, and storage of ammunition; maintenance and storage of the Army pre-positioned stocks for early-arriving expeditionary units; improved oversight of contracting activities; and enhanced industrial base operations

The Army must implement organizational change, institutional adaptation, and improved leader development. Transformation efforts include modular conversion; asymmetric warfare operations; combat training center modernization; leader training; and live, virtual, and constructive training. Without sufficient resources, the Army cannot effectively transform to meet the full spectrum of current and future security challenges.

The Army's All-Volunteer Force is a national treasure. Less than one percent of Americans wear the uniform of our Nation's military; they and their Families carry the lion's share of the burden of a Nation at war. Despite these burdens, our Soldiers continue to perform magnificently across the globe and at home, and their Families remain steadfast in their support. Our Civilians remain equally dedicated to the Army's current and long-term success. They all deserve the best the Nation has to offer.

America's Army has always served the Nation by defending its national interests and providing support to civil authorities for domestic emergencies. Seven years of

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combat have taken a great toll on the Army, our Soldiers, and their Families. To meet the continuing challenges of an era of persistent conflict, our Army must restore balance and set the conditions for the future while sustaining our All-Volunteer Force. We must ensure our Soldiers have the best training, equipment, and leadership we can give them. Our Army has made significant progress over the last year, but has several tough years ahead. With the support of Congress, the Army will continue to protect America's national security interests while we transform ourselves to meet the challenges of today and the future.

Mr. EDWARDS. Thank you, General Casey. And what a compelling story of heroism, which is one of the reasons the members of this subcommittee are so deeply committed to quality of life issue, to see that soldiers and their families are treated with the dignity that they have earned and deserve.

BRIGADE COMBAT TEAMS

I may start with the questions, and we will use a 5-minute rule here today, as we do, traditionally, in this committee. Let me ask your thoughts in terms of how we handle military construction for fiscal year 2010, given we have had the uncertainties of 45 brigade combat teams that you referenced, rather than 48, and then we have the uncertainty of what the Army is going to do with the two brigade combat teams in Germany, whether they will be left in Germany or not.

Certainly the last thing we want to do—well, two things we don't want to do: We don't want to have troops come back home and not have housing for them and quality facilities for them; at the same time, we don't want to spend money for housing or other facilities that won't be needed. Can you tell me what the timing in the QDR is and whether the administration's 2010 budget is going to somehow take into account the possibility of not needing certain facilities that have been projected?

General CASEY. We are very cognizant of the timing of the funding, especially for the projects that are on there in 2010. What I would ask, Chairman, is that we work with the committee here to figure out which one of those budgets need to continue, because they are all the requirement on all three of those installations for forces that are on the books for later—for 2011, 2012, and the out years.

And I believe we can work together to prudently look at what is on the books and determine what needs to continue and what doesn't. But I would ask that we guard against the notion that just because those three brigades may not go to those bases, we should take all that money and put it someplace else—there are still valid construction requirements on all those installations that can be met through projects that are on the books. So I just ask to work with you—

Mr. EDWARDS. We would like to work with you. If there is anything we can do—smart planning, things that have to be done, whether or not a combat team moves to an installation or not—to start construction on a housing project, for example—

General CASEY. I would hope—by the summer—we would have a much clearer picture of where we are with regard to the base—

Mr. EDWARDS. By the end of the summer—and then the time of the QDR—when does that QDR—

General CASEY. Yes, yes. It is not due back here until February of 2010, but there is a push to get it done by the end of the summer so that we can influence the 2011 budget. So, we will see where that goes. We need to come to closure on this, and we recognize that.

Mr. EDWARDS. My second and last question on this first round is—Army hospitals. I am very proud of the fact that this subcommittee has taken initiative—not the Senate or the administra-

tion, but this subcommittee has taken the initiative to modernize our Army hospital system, our DOD hospital system.

In the last 10 months we have put in two separate bills \$2.3 billion for new hospitals. As you know, Riley and Denning and Hood have been selected for those three projects for the Army. We are looking at making an effort in the supplemental appropriation bill and additional funding for more hospital modernization.

My question to you would be, is there still a need out there. Certainly Bliss is going to be going immensely, and I don't know how a hospital designed for 18,000 soldiers can meet all the health care needs of installations two or three times that size. I visited Knox, where, you know, they had 400 soldiers in the middle of the summer, and through the cafeteria and then outside to get an MRI because the hospital infrastructure is so old it can't even support an MRI.

HOSPITALS

Could you address, generally, is there still a need for more modernization of Army hospitals out there?

General CASEY. There is. And I will tell you that the committee's efforts in this regard are recognized across the Army. And when you look at five hospitals over the last 25 years, and five in the last 2—speaks volumes to what you have been able to do for our soldiers and their families. So we very much appreciate that.

As you mentioned, as we look to the future our priorities are Fort Bliss—phase one of that is funding for women and child care center, and that is wonderful—but we need to look at the long-term replacement for Beaumont medical facility out there.

You also mentioned Hood. There is a phase one program on that, and I believe we need to continue that. As you know, that is one of our larger bases there that supports quite a large number of families.

Our third priority would be upgrading Landstuhl to allow them to accomplish a UCOM, AFRICOM, and Central Command mission that they do. We are not looking for the wholesale refurbishment of the hospital there, but they perform significant mission for those three combatant commands because of where they are located in Germany.

And then lastly, Fort Irwin and Fort Knox would be our fourth and fifth priority. Fort Irwin because of its isolated location and Fort Knox because of the state of its facility that you already mentioned. But, yes, there is still a need there.

Mr. EDWARDS. Thank you very much.

Zach.

UNFUNDED REQUIREMENTS

Mr. WAMP. General Casey, I know you can't talk about some of the specifics—but is there anything that is a priority for you that is not in this request?

General CASEY. Not an immediate priority, Congressman. As I said, this 2010 request BRAC military construction what is in there for family housing allows us the flexibility to keep our plan on track with—obviously anything like barracks, training barracks,

family housing, is going to get done over time, but right now I believe we are funded at an appropriate track.

BASE REALIGNMENT AND CLOSURE

Mr. WAMP. You talked about BRAC—in your opening statement, is there anything on BRAC from the Army's perspective that we need to know about? We had studies, hearings a month ago where our 2011 deadline is going to be met for the most part, but there are some sites that are going to slip, somewhat. We found that out along the way. But from your perspective, BRAC is on track, and the Army has what it needs in terms of the realignment?

General CASEY. We do. And the only thing I would ask the committee to look at is, we need the 2010 BRAC funding on schedule. If we get that on schedule we will meet the target.

Mr. WAMP. On time.

General CASEY. On time—in October.

SUSTAINABLE PERFORMANCE RATIO

Mr. WAMP. And you talked about predictable performance. Catch us up. We had General Petraeus several weeks ago and how the Commander in Chief made the decision that he has made relative to Iraq and Afghanistan. Catch us up on what you foresee where ratios of performance for men and women in the United States Army, this year, next year, the year after. I know last year you said 3 to 1 is what is sustainable. We are nowhere near that. When do we get there? When can we get to a more sustainable performance ratio for our troops based on the new paradigm in the Obama administration based on the published statements that we know or the changes that we have already seen?

General CASEY. I alluded to that a bit in my opening statement, Congressman, but our original plan was that we would sustain about 15 brigade deployed—based on that plan and on our growth—we estimated that we would get not quite to 1 year out, 2 years back ratio.

If we execute the President's plan, we will actually, we would be about the same in 2009, in terms of ratio—we will actually get almost to 2 years back and almost to 2½ years back in 2011. It doesn't quite get us to the 1 to 3 that I would like to be at, but it gets us to a more sustainable ratio faster than I thought we would. Now, you always think that there is something else out there, and we know that other combatant commanders have requirements for forces to do things that they have not been able to meet because they have been deployed in Iraq and Afghanistan.

So that is where we have work to balance. But right now, knock on wood, draw-down plan executed about on schedule—we are in a much better position from a ratio—than we would have been without it.

Mr. WAMP. That is it for me.

Mr. EDWARDS. Thank you.

Mr. Farr.

IMPACT OF DECLINING CONSTRUCTION COSTS ON MILITARY
CONSTRUCTION PROJECTS

Mr. FARR. Thank you very much, Mr. Chairman.

Thank you, General Casey, for your lifelong career and public service in the military and for your leadership, and frankly, for your really well and concise briefing of the committee this morning. I wanted to follow up on the chairman's question on the FYDP. Is there going to be some slippage of construction projects that will be needed in a timely fashion.

When will we know that, because what we have been able to do in the past is move other projects up? And I guess intertwined with that is, what is the impact of the economy on this as far as the decline in construction? How is that affecting the cost of military construction?

I think it was just last year that you were talking about the fact that the prices of materials had just accelerated along far greater than the bids and expectations, and I wondered, now, is that a reverse now? Are those prices coming down? Is it more affordable to do construction now?

General CASEY. If I could ask you to take the second part of that question—on the first part. What we would like to be able to do is sit down with the committee and look at the installations. And that these three brigade combat teams are going to go to and identify the projects that need to continue. Basically, could be in effect, going forward from the out years—still needed to billet soldiers and units at those installations. And then probably by the end of summer, I would hope, we would be able to come back with a final, a more final basing plan. So that we could effect the rest of this. But we would like to work with you on that as we go forward.

Mr. FARR. When do you think we will know that? I mean, before our final markup?

General CASEY. When do you plan to mark?

Mr. EDWARDS. Well, we don't know for sure, but our goal, for the reasons you have mentioned in terms of the importance of timing, our goal is to definitely have a bill to the president by the first of October. So we will do markup possibly some time this month. Do we have a date set up? Okay, more likely, then, June, for markup, but we will still have time in conference committee to adjust that as late as, potentially, September.

General CASEY. I would think that by September we should be able to have a more concise laydown of where we are going to go with this. I believe that we can work together to do the right thing for the—and the installations—and the soldiers so those places are not at a disadvantage.

JOINT DOD-VA CLINIC IN MONTEREY, CALIFORNIA

Mr. FARR. We believe so strongly in the quality of life and talk about it in this committee. We have probably 6,000 or 7,000 uniformed people on the Monterey Peninsula who are either going to DLI or to the Naval Postgraduate School. And we have been trying to develop a joint clinic with the Veterans Administration and DOD. I would really appreciate it if you could put in a good word—this clinic is really cost effective. The Army is doing a cost analysis

right now. The VA is going to build it, and I would really love to see it as a joint clinic. But there are questions of whether you are going to do this jointly.

It makes a lot of sense to be built right in the footprint of where the Army community is, where the military community is, and it really is part of providing full service to the families of the soldiers there.

General CASEY. I know that we have been looking at it. I know there was a team out there in April—working with the V.A. I am told that by June we should be able to take this to the next level.

Mr. FARR. Okay. Thank you. By June?

General CASEY. By June, that is what I am told.

Mr. FARR. Maybe you can put in a good word and move it up a little. Thank you.

I have some other questions regarding DLI, and Naval post-graduate school, but I will put those in the next round.

Mr. EDWARDS. Thank you.

Judge Carter.

Mr. CARTER. Thank you, Mr. Chairman.

General Casey, first of all I want to say how glad I was to see you in Germany—and had a nice visit, and that was very nice.

General CASEY. Were you on the broken plane?

Mr. CARTER. I was on the broken plane. We appreciate the visit we had.

We thank you for what you do. You do a great job.

I think this is part of what they are saying, I couldn't hear what people were saying on this and, so I guess I am getting old.

ARMY FUNDING PRIORITIES

The—expenditures we are talking about—BRAC implementation grow the Army, and FCS—I couldn't hear what you were saying. You were talking about prioritization of those sometime in the fall, so we can get some idea of how the Army will prioritize these major programs?

General CASEY. I would tell you, Congressman—BRAC is the law, so we are going to do that before we do anything else. But I would tell you, the BRAC, the new posturing, the growth of the Army, and the modular conversions are all so tightly intertwined and on such a tight schedule of units deploying over and back that it is really hard to prioritize beyond that. And we are really at the point now where we are executing, and any change to the priority or inside of that model has second-and third-order effects; it just will drive us crazy. So we are in execution mode right now, and all of this is so closely tied together, and we can deliver on the schedule that we are looking for here, getting BRAC done by 2011.

ARMY POLICY ON PROSELYTIZING

Mr. CARTER. Well, I appreciate that answer. I guess they are all priorities, is what you are saying, and that tells us where we have to go. And I appreciate that. I am going to have to recognize the quality of life issue that came up today in conversation in a meeting I had. About the fact that the United States Army seized a bunch of bibles—in Afghanistan and destroyed them. Can you tell me the Army's policy on destroying religious works of all faiths?

General CASEY. I am not familiar with the event. Our policy in the Army is certainly not to destroy bibles. The issue—

Mr. CARTER. Actually—I raise the issue with a soldier who shipped bibles to Afghanistan—he brought them to a bible study—printed in the Afghan language—they were seized and shredded and burned, I understand. So I was wondering if there is a policy to destroy religious works if they are being used for proselytizing?

General CASEY. I would absolutely check on that.

Mr. CARTER. We need to be fair across the board with all religious documents. I do have a problem with destruction of these bibles.

General CASEY. I will look into it and get back to you—

Mr. EDWARDS. Is that all—okay.

Mr. Salazar.

AFGHANISTAN

Mr. SALAZAR. Thank you, Mr. Chairman.

And General Casey, thank you so much for your service to our country. I think you and I have visited a little bit about, you know, what your thoughts are on the stay in Afghanistan, how long it has going to be, or what your thoughts are on that.

Do you see us building permanent medical facilities in Afghanistan over the next few years? And also, if you could also address, during this transition time do we have adequate medical facilities to treat our soldiers—warriors?

General CASEY. I don't see us building any permanent facilities in Afghanistan. I believe we may upgrade some of the medical facilities that are there now to a more durable commission. But our policy is not to build any permanent facilities.

With regard to your other question—is there adequate medical support there—I believe there is, and I believe with the addition of the additional troops there will be sufficient medical assets that come in with them to make sure that all soldiers in Afghanistan have adequate medical support.

You should know that we have been working on issue on Medivac and whether or not the same—there was a similar standard in Afghanistan to Iraq and what the ongoing combat—brigade—there are additional medical evacuation helicopters with that unit that will help us to get the ratios—and so, we the services, pride themselves in their battlefield medical care. And 90 percent of the men and women who make it to a medical facility survive their injuries. And it is major improvement, and it is absolutely critical to sustain this force over the long haul. And so I am confident that we will have the appropriate medical facilities there for all of the forces that go in.

Mr. SALAZAR. And, sir, do you think we are doing an adequate job of transition of our soldiers here and training them properly to go to the new front of Afghanistan? I mean, it is a kind of different warfare than it was in Iraq, so—

General CASEY. I do. In fact, I was at the joint-readiness training center less than a month ago looking at one of the units that had been remissioned from Iraq to Afghanistan. And I just visited in Afghanistan the 3rd brigade of the 10th mountain, who was the first unit to be remissioned from Iraq to Afghanistan, and they

were already there. And we were able to adapt their training plan after they had been through their major training exercise, to give them the skills they needed. And the leaders that I have talked to have felt that they have had the skills to succeed in Afghanistan.

The environments are different, but the ways of operating and the tactics are quite similar. And the other thing that helped the 3rd brigade of the 10th mountain was that a third of the folks had been there before. And so they understood the environment. We continually adapt our training at our training centers to ensure that they stay relevant to the environment the soldiers are going to. I am confident that our soldiers are getting the training that they need.

Mr. SALAZAR. Well, we appreciate that very much. And also, I just want to commend you on the importance of our soldiers being able to stay home for a certain period of time before they are redeployed, and I do appreciate that very much. I know it is really important to many of our troops.

Once again, thank you very much, and I yield back.

Mr. EDWARDS. Thank you, Mr. Salazar.

Mr. Crenshaw.

JOINT CARGO AIRCRAFT

Mr. CRENSHAW. Thank you, Mr. Chairman. General, thank you for your service. It is awkward since you don't have the numbers for the—this year's budget. It is a little disappointing—we are going to hear from the Navy this afternoon too without having budget numbers.

I know you can't talk specifically about things, but I want to ask you—there is a program called the Joint Cargo Aircraft—and it is about a \$3 billion program. There are a lot of rumors flying around that it is only going to be funded at maybe half the level—half as many airplanes as originally talked about. And it is a joint program between the Army and the Air Force, and the Army, it is probably more important, and I think the Air Force is going to be in charge, and the rumor is that the Army should be in charge—that you have to have as many planes under the supervision of the Air Force. But, can you tell us, how, in your view, what requirements, what needs that the Joint Cargo Aircraft (JCA) fill.

General CASEY. I can't, and you are right, I can't confirm or deny the rumors. The requirement was designed to fill what we call the last tactical mile. The ability to get into a smaller airfield than a C-130 with supplies to resupply our brigades. That requirement for the Army still exists. I will tell you my personal view, and it is one I have shared with the chief of staff of the Air Force, is that I don't, the Army, I don't necessarily need to fly those missions; I just need to have the service. And so there has been the discussion, really for the last 18 months or so between us and the Air Force about what is the best way to do this. And we have not resolved that, but we are continuing toward that.

Mr. CRENSHAW. We would, I guess, in Afghanistan, it would be, in places like that, really important—

General CASEY. Absolutely.

Mr. CRENSHAW. The helicopters—they don't do it as well—there is so much demand—

General CASEY. We are spending about \$8 million a month to contract with that type of aircraft support in Afghanistan. And so, again, the requirements exist.

Mr. CRENSHAW. So nothing is really—nothing has changed in terms of your requirements and needs.

General CASEY. That is correct.

ARMY NATIONAL GUARD

Mr. CRENSHAW. Thank you. A quick question about the National Guard. Actually, about how important they are to the Army's all-volunteer force. And their undertaking a lot of missions that we didn't ever imagine them undergoing. It is an incredible job. And also I can tell you, from states like Florida, they have a lot of work that they need to take care of back home, in terms of disaster relief, hurricanes. I don't think we would have recovered from the hurricanes we had had it not been for the National Guard.

Can you tell us—we talked about the equipping levels for the National Guard—to about 60 percent. Has any progress been made? And what would you say the equipment level is today?

General CASEY. Progress has been made, Congressman. And I would just tell you that we could not do what we are doing today without the contribution of our Guard and reserves. And there are, I believe the average is between 60 and 70,000 Guardsmen and reservists mobilized over the last year. And it has been that way for several years—45 percent of our Guard and reserve are combat veterans. That is a fundamental equivalent. And we are working closely with the Guard, particularly, on their equipment. We have developed a program of identifying what we call "dual-use equipment." And that is equipment that we need to work on mission, but also used for state needs. And that has been our priority. And I want to say we are about 80 percent—so we have got to about 80 percent of the dual-use equipment average across all of the states. We are headed toward at least 90 percent, and we believe when we get there, that combined with something that we are trying to do—and this is really hard—but we are trying to array the Guard units on the rotation chart in a way that leaves a sufficient proportion of soldiers in every state in the event of state emergencies.

And that is a Rubix Cube. So I commit to working on that. It is not going to be 100 percent. But those two things, I think, combined, are going to give the governors the support they need to do missions while we continue to employ the Guard overseas.

Mr. CRENSHAW. Thank you very much.

Thank you, Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Bishop.

AFGHANISTAN

Mr. BISHOP. Thank you very much.

Welcome, again, General. I would like to follow up on Mr. Crenshaw's inquiry regarding the C-27, the Army and the Air Force.

You mentioned \$8 million a month for contractors. Is that adequate in order to provide a timely supply for our troops, particularly in Afghanistan?

General CASEY. Our troops are getting the supplies that they need.

Mr. BISHOP. At the additional expense?

General CASEY. At additional expense. And frankly, we are doing a lot of it with our CH-47 helicopters. And so, any kind of fixed-wing support takes the load off of our helicopters. Now with the new aviation brigade going into Afghanistan, there will be more of those available, as well.

I am not concerned with an immediate problem of improving support to our troops in Afghanistan. They are getting the support that they need, and that is a good thing.

Mr. BISHOP. All right. We will visit at another time.

BASE REALIGNMENT AND CLOSURE

Back to BRAC. In your testimony you describe in detail how important BRAC is to the effectiveness of the Army for the future, and I agree with you. But I am concerned that the Department of the Army has somewhat ignored and underfunded some of the major infrastructure needs, particularly school construction for communities, that are upticked as a result of BRAC.

This has grown repeatedly urgent as the time comes and as our troops are beginning to move and their families are beginning to move. Yet we still seem to be in a logjam with the Department of Defense and what they are doing to help these communities with school constructions. Can you tell me whether the department really feels that it is its responsibility or is it being passed off to somebody else? Because it would seem that there is a moral responsibility on our part and on the department's part to help these local communities.

General CASEY. Well, we don't have a direct role in—all of these installations that are affected by BRAC—what I have is a very good joint effort between the base and the community in terms of identifying numbers of children coming in and out.

Mr. BISHOP. Right. But the amount of Impact Aid is minuscule compared to what the community needs are, and that is the point. The Education Subcommittee controls Impact Aid; Defense and MILCON deal with the other parts of the logistics.

Somehow we must break that logjam. I think this subcommittee, along with Defense, is really working on it, but I just want to keep it on the table.

Let me move to another—

General CASEY. And are very supportive of that, because educating our children is a critical element in terms of sustaining this force.

Mr. BISHOP. That is quality of life, and it relates to a lot of the other issues—suicide and mental health for child dependents of our military.

HOSPITALS

The other matter I want to touch upon is the recently funded rebuilding of Martin Army Community Hospital, which is one of the oldest in the Army's ongoing inventory. There is a large veterans population in that area, and Mr. Farr mentioned the co-location of DoD and V.A. facilities.

We have been in discussions with V.A. as well as with the Army about the possibility of expanding the mission of Martin Army to be a co-located hospital for the DoD, the Fort Benning community for active duty and retired and families, as well as for V.A. Can I get you to put in a good word for that, also?

General CASEY. As a result of the war transition effort, we work very closely with all of our hospitals in the Veterans Administration. I am not particularly familiar with the relationship at Fort Benning, but I will put in a good word for that.

Mr. BISHOP. We have talked with the military medical folks and the V.A. medical folks about it. They all seem to consider it an idea worth exploring. An inquiry by you as chief of staff of the Army would be helpful, and certainly a good word, sir.

Mr. EDWARDS. Thank you.

Mr. Dicks.

Mr. DICKS. Thank you, General. I am sorry I missed your opening statement.

First of all, I wanted to say that we appreciate very much the funding for the Warriors in Transition Complex at Fort Lewis.

I guess it is in the supplemental, right Mr. Chairman?

Mr. EDWARDS. That is correct.

Mr. DICKS. In the supplemental. And, you know, we have the same problem out at Fort Lewis that Congressman Bishop is talking about. We have a growing force; we have schools that were built by, I think, the military. I think we have the Office of Economic Adjustment coming out there.

These schools now are 50 or 60 years old, and they need to be repaired, or they need to be fixed or replaced. So I think this is a bigger issue than can be handled by Impact Aid in the defense budget, which is about, what is it—\$15 million. That is not anywhere near adequate to take care of the problem.

So I am concerned that we have to focus on this. You know, whether we have to go into authorization or how we have to do this, but we are getting to a point where these schools are no longer adequate, and these are the schools that the Soldiers' children are going to.

And there have been issues about ownership, that some of them are owned by the Department of Education and some of them are owned by the local school district. The bottom line is, this is now becoming a problem that I think deserves your attention. So I want to weigh in with this, because it is a big problem at Fort Lewis.

The other thing I just wanted to mention, something I have been interested in over the years, is the George and Carol Olmsted Foundation. Are you aware of this? Olmsted. O-L-M-S-T-E-D.

As of 2008, the foundation has a goal of selecting 10 officers each from the Army, Navy, and Air Force and five from the Marine Corps. I think they selected a smaller group. But I would just mention some things about the Olmsted scholars. Abizaid was an Olmsted scholar.

They learn a foreign language fluently, experience a foreign culture in depth—they spend a year in the country—study formal subjects broadly, earn a master's degree routinely, travel a foreign country and region extensively, meet foreign citizens continually, and understand fully how others view the United States, and pre-

pare thoroughly to be effective as future leaders, Abizaid being an example. What do you think of this program?

General CASEY. I think it is a great program. I think it is one of a number of programs that we are actively seeking to put our junior officers in. Because as we look at the complexities of the security environment that we are facing now, and we are sure to continue to face in the future, we need leaders that aren't just competent in their core proficiencies, but are broad enough to do a range of things. And everything you mentioned that those fellows do, it speaks of a broad vision. And that is exactly the type of officer that we are trying to create.

Mr. DICKS. Is the foundation completely supported by the family foundation, or does the government put some money into this?

General CASEY. I don't know the answer to that. I can find out.

Mr. DICKS. It just seems to me this is a worthy program. This might be something that would benefit from some federal support—and no one has ever asked me to even consider this—but, I think this is a great program. I think for a small investment we might be able to ensure this opportunity is available even if the value of the foundation declines because of the economic circumstances. It might be something that we can help from the Government's perspective. But you take a look at that.

What about future combat system? You have been a huge supporter of it. You know, the Secretary of Defense has made certain statements. What can you tell us about where we are with this program?

General CASEY. I can't tell you more than the secretary has said publicly until you get the budget. But he has directed us to continue with what we call the spin outs. Basically, continue with the network and anything in the program except for the manned ground vehicle—and he has directed us to stop the manned ground vehicle and relook the requirement and then restart it. And so that is what we are doing. As you can see from his statements, he was not convinced that we had fully taken into account the lessons of 7 years at war in building the manned ground vehicle.

Again, he supports every other element of the program but that. And so that is the direction that we will proceed. And we are on a track to redo that requirement, starting from a blank piece of paper—not completely blank—because we have leveraged significant technological insights from the program. And we know what the safe technology with respect to any kind of ground vehicle technology. So we will build on that, and we will develop a requirement by the end of this year and put it out for contract. Meanwhile, we will continue with the rest of the program. We feel the rest of the program will affect all of our brigade combat teams, which I think was one of the major sticking points when we started in this program. We intended to spend an awful lot of money for fewer than 15 brigade combat teams. And as we looked at that ourselves, that didn't appear to be the right way to go. So now we are affecting every brigade combat team in the Army with the technologies that have come out of this program. So we have got an awful lot of good out of this. We will get a ground combat vehicle from the program with the restart.

Mr. DICKS. Thank you.

DRAWDOWN OF TROOPS IN IRAQ

Mr. EDWARDS. Thank you, Mr. Dicks.

We will now begin the second round.

General Casey, let me ask about the present timing of the drawdown of soldiers from Iraq. I assume that was not built in the fiscal year 2009 budget request, because the new president still was not in office and had not put in place the policy that we have.

Did the fiscal year 2010 budget assume the present drawdown rates of our troops in Iraq, mitigated by the buildup in Afghanistan, in terms of troop housing and barracks? Fundamentally, what I want to get to is this: Are we are going to have troops coming back from Iraq that don't have barracks to live in and adequate housing?

General CASEY. No, let me explain. First of all, the assumptions in the 2010 OCO take into account the—levels of the drawdown. I am pretty sure of that. We are actually getting, this week, from General Odierno, the specifics of, and we will then take that back and put it against our construction plans and to do exactly what you say. I can't tell you 100 percent that we are there yet because we are just getting the specifics of the details.

Mr. EDWARDS. By the way, for the record, one of the reasons sometimes we have these so-called commercial earmarks is, military conditions change from the time the administration budget is put together and our commanders on the ground support the need for adjusted budgets, but because it wasn't in the formal annual administration budget request it is defined as an "earmark," and some of the citizens against government waste groups then accuse Congress of adding unneeded projects. So, I couldn't pass up that opportunity to get that into the record.

IMPACT AID

On Impact Aid, let me just follow up on what Mr. Bishop said and Mr. Dicks said, because I know Judge Carter has faced the same situation at Fort Hood as I did when I had the privilege of representing Fort Hood. We have been kicking this can around, and nothing has really happened as a result.

I remember at Fort Hood, for example, the cities of Killeen and Copperas Cove literally were at the state maximum tax rate allowed by state law. They couldn't increase the tax rate anymore, and so while Impact Aid provides funding once the students are in school and buy Part A, Part B reimbursement, there is not part of Impact Aid that has any significant funding for construction.

And perhaps we need to work with the Department of Health and Human Services, or the Health and Human Services Appropriations Committee to figure a way through this, because while it is not under our jurisdiction, it certainly, as you have referenced, it certainly impacts the morale of Army families. They come back home from their third tour of duty in Iraq and their kids are having to sit in a classroom of 45 students rather than 25 students because there just wasn't the local construction budget.

So I hope we can work through this. I think there has been a lot of talk about this over the last couple of years. I think the prob-

lems are real; I have just not seen any solutions yet, and your leadership would help there.

Finally—I will wait until the third round, if we get to that, because there is not enough time. My question in the third round would just be to get your general analysis, having commanded both the national forces in Iraq, 2004 to 2007, what is your overall analysis is of where we are in Afghanistan and Pakistan. But I will defer that to the third round.

Mr. Wamp.

UNSOLICITED ASSISTANCE

Mr. WAMP. In January when I visited General Chiarelli—your lovely wife, General Casey, and others, where we discussed the statutory impediments to outside groups, nonprofits, and businesses, in our country that want to help both wounded warriors and military families. And it was actually said as we were talking about ways for our free enterprise system, besides the employers of the Guard or reservists, that very much want to help our military families, knowing that this is an ongoing struggle with unsustainable rotations in deployment. And they want to help.

Apparently, there are still some impediments in the statute. And I was wondering if this is the year for us to try to include language or even a new free-standing bill that would actually break down some of those barriers so that outside entities can support our military if they want to. Now, we have asked the Army to give us some language, and we have looked at it. But there is still concern, I think, about sole source contracting, and things that they are afraid it might violate. And so, Public Law 109–148 in DoD 5500 7–R—enables injured and ill service members and their family members to receive unsolicited gifts from nonfederal entities.

We know this is law and no one argues this, but apparently it is not enough. And that is what I want to try to get through here. So we want to know what else the Congress can do to remove these barriers to enable support. And then ask you, General Casey, if you are able, when things are provided, to provide logistics or transportation, lets say, if somebody gives Little Debbie snack cakes. I don't know, that is what my district does. But are you then able to support the transfer of these goods to our military families or to our wounded warriors.

Those are two groups that I know from listening that a lot of people want to help. But apparently there are some impediments in the law. And are we at a point yet of knowing exactly how we can take that down. I know that the language that you provided basically gives the authority to the secretary to allow these things—

General CASEY. You are exactly right. And I would like to work with you to figure out what we need to do to change it. Because I get this all the time, traveling all around the country. Folks want to help. And we tie ourselves in knots because of the laws that you refer to.

I would like to work with you personally to break these barriers down. Because we have been doing this 7 years, and we ought to be able to figure it out.

Mr. WAMP. And I still think the biggest issue is solicited versus nonsolicited. I mean you can't go out ethically and ask for a bunch of stuff. But if comes unsolicited, I mean, that is where there is just a pent-up demand of assistance. And I know that we can take more help. And when I go out and meet the military families, there are a whole lot of needs that a lot of people could fill without us having to appropriate the money. And I sure would like to help close this. Mr. Secretary, do you have a comment on this?

VOICE. We will take it back and work on it. The appearance of conflict issue—we haven't crossed—

General CASEY. Let's do this. It will take us—we have been playing with this for too long.

Mr. WAMP. Let's try to do it this year. We have the same problem here. The pendulum swings back and forth. So long as there is transparency. It is ridiculous that we can't go to lunch with certain people, but that is the way it is. The pendulum swings back and forth. Let's try to find some logical middle ground. And then write some language that allows these outside groups to contribute to these unbelievable Americans and their families. Which is the main thing we are all about is the families. You have got the troops under your command, we are supposed to support these families. This is one way to do it.

Okay. We will work together. Thank you.

Mr. EDWARDS. Thank you, Mr. Wamp. Good idea.

Mr. Farr.

Mr. FARR. Yes, just to follow up on that. I hope you will look into donations, for example, like books for schools, if there is space available on aircraft.

We really had a hard time getting some books to schools in the Peace Corps. Sometimes the military could take it and other times it couldn't. I would appreciate it if you looked into that.

LANGUAGE TRAINING

We have had some interesting hearings. We had General Abizaid here a few years ago, and he said something really profound that I think you would agree with. He told the committee that we can not win the peace until we learn to cross the cultural divide.

And there is a lot of, "Now, interesting, but how do we cross the culture divide?" One is by understanding the languages and the country.

General Patraeus was here a couple weeks ago and saying the same thing. There is this whole of government effort to build the civilian reconstruction and stabilization corps, and corps competency.

The military and the Army, for a long time, has had foreign area officers, FAOs. The Naval Postgraduate School in Monterey has a center for FAOs. Do you know where you are training Army FAOs and is there any possibility that you could look into sending more of those folks to the Naval Postgraduate School? With the Defense Language Institute also located in Monterey, albeit with different missions—the Defense Language school is for basic language training, whereas the Naval Postgraduate School is post-graduate education.

We also have a Center for Stabilization and Reconstruction Studies there so it seems to me, that we need to get them all integrated and what we need is the Mos. I wonder if you have any thoughts on, do you know where the FAOs are trained now by the Army?

General CASEY. Well, as a former FAO, I can speak from personal experience. I was originally, actually, scheduled to go to BLI for Japanese language training right out of grad school. And about half way through grad school I get changed to go to Yokohama, at the foreign service institute there, to study the Japanese language there. I didn't wind up going, but that is the kind of the things that we do. I will get back to you with exactly where we train our candidates for language training, but I think we try to—

Mr. FARR. It is not just language training. It is the area studies as well.

General CASEY. For example, in my area of studies, I went to—and I would prefer to do that because of the exposure that it gives to things outside the military. And, I know we graduate students at a lot of different schools.

Mr. FARR. The Navy school has been curious to why the Army hasn't sent more students.

General CASEY. We actually, special forces has a program where they send special forces out there—

Mr. FARR. The other issue, I was briefed on earlier in this year by the Army civilian leadership is that in the out-year projections for the DLI starting in 2011 and 2012, there is going to be a student enrollment decline. I can't imagine why there would be declining enrollment in a time when we need these languages more than ever. And to grow the Army, I think this is part of your ad,—

General CASEY. My staff passed that on, and I checked it, and there is no—

Mr. FARR. It is a rumor?

General CASEY. I would categorize it as a rumor. Again, I checked the data and was told that they are not expecting to be in decline.

Mr. FARR. I would hope that we would be growing linguists. How do you feel about this contracting out for linguists. This is becoming very controversial.

General CASEY. Right now, I don't think we have any choice; I guess we build up our pool of people who have the critical attributes. One of the interesting programs that we have just started here is being able to enlist with us soldiers, people who are green card holders, who have critical language skills in the critical areas. And bring them, and allow them to come in immediately for citizenship. And I just enlisted about a dozen of those folks up in Times Square in New York about a month ago. These are folks that have, out of a dozen, there were four masters and eight baccalaureate degrees. And they all spoke at least two languages. So it is a good deal.

Mr. FARR. Good. Congratulations. I appreciate that.

Mr. EDWARDS. Thank you, Mr. Farr.

Members, just to clarify the order of questioning on round two, we will go to Mr. Crenshaw next, then Mr. Dicks, then Judge Carter, and then Mr. Bishop.

Mr. Crenshaw.

Mr. CRENSHAW. I have nothing to add.

Mr. EDWARDS. Mr. Dicks.

Mr. DICKS. Why don't we go to Mr. Bishop? I think he was ahead of me.

Mr. EDWARDS. Okay. In round two we base it on what order you appear, but if you—

Mr. DICKS. I would yield to him.

Mr. EDWARDS. Mr. Bishop.

Mr. DICKS. He had a grimace that I was worried about. [Laughter.]

Mr. EDWARDS. Mr. Bishop.

EVACUATION TIME FOR WOUNDED SOLDIERS IN AFGHANISTAN VS. IRAQ

Mr. BISHOP. I was unaware of the grimace. But thank you, Mr. Dicks, for yielding.

General CASEY. I would like to ask you to discuss for a moment the medical evacuation pertaining to our wounded warriors in Afghanistan as compared to Iraq. For some time now, we have been aware of the fact that, because of the terrain and the district's requirements in Afghanistan, the evacuation time to get wounded warriors to the hospital is significantly longer in Afghanistan than in Iraq.

We were informed that steps were undertaken to shorten that timeframe. Could you update us on where we stand on that now? How will that be impacted by the additional flow of troops?

General CASEY. This is something that the secretary of the Army actually picked up on, oh, 5, 6 months ago. And, frankly, there were not enough helicopters in Afghanistan to allow them to meet the standards. But having done this in Iraq, it is just a function of helicopters. It is where you position your surgical teams, and it is how you risk assess every mission.

And so with the deployment of the second combat aviation brigade into Afghanistan, the resources that they need to bring the time from pickup to the level one station will come down. So we will be in much better balance.

Mr. BISHOP. You have had to utilize, for the Army and the Marine Corps, call service like Air Force medevac units. Is that not so?

General CASEY. Sure. We want to use all of the capabilities that are available to us.

Mr. BISHOP. That will deplete the capacity for those particular units to perform their Air Force missions, would it not? Do we need to concentrate more on that? Do we have enough personnel? Do we need more people to specialize in that in the Army, or do you think that the joint supply is okay? The Air Force is now beginning to be stretched also, with regard to the deployments of medevac units, which takes them away from some of the other missions that they have been working on.

General CASEY. I can't speak for the Air Force, but I—two months ago directed a study of—basically it was a relook of the whole Army aviation package, based on the lessons that we have learned in the last 5 years. We did one in 2003. And that was pretty good. But boy, as you suggest, we have learned an awful lot over the last 5 years, and so I thought we needed to take a look at it

and update it, and medical evacuations by helicopters is one of the elements.

Mr. BISHOP. Thank you, sir.

Mr. EDWARDS. Thank you, Mr. Bishop.

Judge Carter.

Mr. CARTER. Thank you, Mr. Chairman.

General Casey, back to what Mr. Crenshaw was talking about a minute ago. We have just come back from a dialogue with the EU, and it proves that we are still the sole military aircraft for manned troops for NATO and the EU, many of which have a large portion of that duty, but doesn't the United States military provide that service for our allies?

General CASEY. I can't speak to whether we do it for all the allies. I know we do it for some allies. That is why I couldn't speak to the scope of what you were addressing.

MILITARY HOME SALES AND BENEFITS

Mr. CARTER. But there is a conversation in the EU about whether or not they should start buying those kinds of airplanes.

Another thing, I met with some folks on Saturday night, and they were talking about home ownership among our soldiers—and the fact that they are being transferred. We recently put together a mortgage package that was passed through this Congress,—and it is my understanding that language in the package—restricts our soldiers from qualifying to get the \$8,000 new house benefit because they lived in the old house less than 3 years.

They are being transferred because of BRAC and other reasons. They bought a house less than three years ago and are having a hard time disposing of that house. Then they move to the new base and they are not getting the benefits of the mortgage package that we in Congress put together. I was wondering if you had heard of anything about the saleability of their homes, and if they could take advantage of some of the benefits we put forward in our most recent mortgage package or their inability to utilize those benefits?

General CASEY. I have not heard that specific problem. I have heard of folks having challenges, particularly with that July 2006 date, where you had to buy your house prior to that—

Mr. CARTER. The fact that you have to have bought the house before that. That is a real issue because an awful lot of them bought after then, and yet they are required to move and sell and get back into the market.

General CASEY. Yes. I have heard that. I know that we are working on the implementation instructions in the Army Corps of Engineers, there is the executive agent for the department, and I think we expect to have those things out shortly.

Mr. CARTER. You think that should be something we should address, maybe try to amend what we did?

General CASEY. Let me get you the particulars so that we don't launch on something here that is maybe taken care of in the instructions.

Mr. CARTER. Okay. Very good. Thank you.

Mr. EDWARDS. Mr. Carter, any questions? Okay.

Now the very sensitive and emphatic Mr. Dicks is recognized.

Mr. DICKS. Thank you. Thank you.

General, on page two of your statement you go through a discussion of the situation we are facing with failing states and terrorism, and we know that our forces are being trained for counterinsurgency, basically. What isn't being done? I mean, when you talk about readiness to fight a major conventional war, do we have any unit in the Army that is training to do that, or is everybody training for counterinsurgency?

General CASEY. No. The majority of folks are working on counterinsurgency. But, in Korea, I visited the—

Mr. DICKS. Yes. Of course.

General CASEY [continuing]. Standard North Korean scenario, conventional scenario. I visited them up in December and saw their after action review. Recently, General Sharp conducted at one of his major annual exercises, the 3rd Corps from Fort Hood, went over there and played the counter-attacking corps. And so we are taking the opportunities when we can to keep those high-end conventional skills trained.

Mr. DICKS. But it is pretty minimal, at this juncture—

General CASEY. Absolutely.

Mr. DICKS. I mean, of these 45 brigades, how many of them have trained for full spectrum warfare, or conventional warfare?

General CASEY. By—first of all, at low levels, company platoon and below, combat is pretty much combat, and so, we have a combat-seasoned force. And boy, there is great, great value in that. Where you get into the significant differences is at battalion level, lieutenant colonel level, colonel level and above. Where in counterinsurgency operations things play out very slowly, and you have to figure out trends over time rather than making snap decisions against an enemy formation that is attacking you. And you mass your fires very precisely against individual targets, where in conventional war you mass them against enemies and enemy formation. Those are the high-end integration skills that we are not training.

Mr. DICKS. Things like artillery, I think, would that be part of—

General CASEY. Artillery integration is a great example of that. And so as we get more time at home, what I have told the Army is that if you are home for 18 months or less stay focused on the regular warfare. If you are home for 18 months or more, take some time to rekindle your conventional warfighting skills. But to do it in simulation because we have very good simulation—do it in a way that doesn't drag the troops back out to the field, unnecessarily.

And so, we will, as we expand our time at home, we will gradually rekindle those skills. But it will be faster, because this is combat-seasoned force.

Mr. DICKS. I have no further questions, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

Members, I think we have time for one more round. I still want to ask about Afghanistan-Pakistan, but something Mr. Wamp was talking about, citizens who want to help, prompted me to think about something I have wondered about for some time now, and I am not sure of the answer. Is there any federal program, or DOD

program that ensures college tuition for the children of the troops killed in combat or in service of the country?

General CASEY. Beyond the V.A. benefits that come for schooling in general, I couldn't say that there is one—

Mr. EDWARDS. So if they haven't qualified with the new G.I. bill—maybe they died, maybe they are a private and maybe they died after only 2 years of active duty, and they wouldn't qualify for the new G.I. bill.

I was just at an event several weeks ago where we dedicated a new Post Office in honor of the Marine veteran Sergeant John David Fry, and after he finished his tour of duty in Iraq, seven days from going home, he volunteered to go out and diffuse one more bomb—and the third bomb he diffused the enemy had hidden another bomb underneath that third bomb, and after serving, finishing his duty, his bags were packed, he gave his life for the country, his three children, all of whom were under the age of 10 when he died what about their college education if they choose to go to college.

So I may follow up on that. It wouldn't be under the direct jurisdiction of this committee, but again, this committee is so committed to quality of life issues. So it is something that maybe we could put together a public or a public-private partnership on that.

AFGHANISTAN AND PAKISTAN

With the 3 minutes I have, I know that is not much time, but could you give us an overview of your analysis of where we are in Afghanistan and in Pakistan?

General CASEY. Well, I think what we are seeing in Afghanistan are the beginnings of the shift of emphasis from Iraq—emphasis of priority from Iraq to Afghanistan. The first of the brigades that were sent in to ensure that, to secure elections this August, is already on the ground there—and I must say, the folks on the ground there did a great job of preparing their bases, preparing their equipment, because they came in on the planes, got on their equipment, and went right into the fight, and made a significant difference.

Down south, in the Khandahar area, the forces are continuing to come in. They will be in there prior to the August elections.

Based on my experience, I believe that we have put sufficient forces there to ensure that there are secure elections in August. And I think that that will be a big plus for the Afghans.

As I look to the future, the Afghan army is about, size-wise, is about where the Iraqi army was in 2005. They are the same size country and about the same size population. The police, in Iraq, in 2005, were about a year behind the army. In Afghanistan, they are several years behind the army. So we have a way to go to build up their security forces. There has been money put against that, so I would expect that to proceed. I expect it will take us 3 to 5 years to bring the Afghan security forces to the point where they can take over. And the additional forces that we have there plus the existing Afghan forces, I think, can hold the levels of violence down to acceptable levels so that progress there can continue.

On the civil side, and there has been some discussion about the civil support here, I mean, we need the political and economic in-

vestments there to move the whole process forward. We have all been saying for years, you are not going to do this by military means, alone. And we need that political and economic investment to help them move along.

Afghanistan is a several decade proposition. So my thought is that we need to bring the Afghan security forces to the point where they can take over.

Mr. EDWARDS. Just to clarify, you don't mean massive or significant numbers of U.S. troops being in Afghanistan for several decades?

General CASEY. I don't. But that is what I am saying. We have to bring the Afghan security forces up so that we don't have to do that.

Mr. EDWARDS. Right.

General CASEY. You mentioned Pakistan. That is a critical part of the Afghan-Pakistan strategy. It is a much tougher nut, on the one hand because of the Pakistani desires for sovereignty. It is a sovereign country. And so they are wrestling with how much of our help they can accept. And they are going to have to do things their own way. And so it will just be a tougher challenge. My Pakistani counterpart was here a month or so ago. We had some discussions, and he is focused on doing more in the frontier provinces there against the terrorists. You read the papers like I do, and you can see what is happening there now. It is something that we all have to watch carefully.

That is probably the toughest change that we have on the security front for the country.

Mr. EDWARDS. Thank you for your overview. I know it is limited time, but that overview is very helpful.

Mr. Wamp.

CASUALTIES IN IRAQ

Mr. WAMP. General Petraeus said to us—based on the increase in troops in Afghanistan the situation will get worse before it gets better.

[Off mike]

How many KIAs have we had since Memorial Day—how many combat related? Are we still sustaining in Iraq? It seems like the bombings are mostly directed at civilians and not necessarily our troops.

General CASEY. The casualties in Iraq are significantly down. I can't tell you in exact numbers, but everybody sees that, that they are significantly down. We are over 4,000 killed and 31,000 wounded since the war started there. And we all appreciate the sacrifices of the men and women both in Iraq and in Afghanistan. As you suggest, the casualties in Iraq are down substantially from where they were a year ago.

Mr. WAMP. That is all I have, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

IMET

Mr. FARR. I had one question. It was interesting reading your background. How important to our Defense Department is the

International Military Education Training program, where foreign officers come to study here?

General CASEY. It is hugely important. Every time I have a foreign counterpart visit, they ask for more folks. And I have focused on getting majors into CGSC and getting lieutenant colonels and colonels into our war college.

Mr. FARR. General Patraeus said the same thing, and everybody says the same thing. The problem we have is that program for foreign military officers that is not funded by the Defense Department. It is funded by the State Department. We passed a budget that really squeezed the State Department's budget. And I just told Norm that maybe we ought to use some Defense money to pay for the IMET program.

General CASEY. General—*from the Pakistani*—chief of staff, is a graduate of Leavenworth. We just inducted him in the Leavenworth hall of fame. And he went out there, I think with 10, 12 of his classmates, and inducted him in. And that is the kind of relationships that we have—well, we just got lucky on that one. But there are many, many more like that out there.

Mr. FARR. Well, the king of Jordan studied at the Naval Postgraduate School under that program—and I think it has incredible benefits, and I would hope that you might want to speak to Secretary Clinton about it because it is in her budget. And we need to figure out a way to get that program funded and without squeezing other programs.

Along that same line, we have created—the military got ahead of the State Department in being able to create this Center for Training Stabilization and Reconstruction using NGOs, using our civilian forces and military, both ours and foreign military officers.

You have got to come see this program. Send more officers for training.

What is interesting is the Postgraduate School has this course set up for getting a Master's degree in S&R, and there is a lot of interest particularly for officers coming back from Afghanistan and Iraq, because they see this program as a good career investment.

The problem is the military hasn't created an MOS for this career path. And what I keep hearing is, we have got people who want to come and then they look at the future and they say, "I got a master's degree and this incredible background. Where do I go?"

General Patraeus said it is a real problem for him because they want to get that training. And I wondered if you would look into that. I talked to Secretary Chu about it and he said, "You know, you have just got to figure out a way to—career in MOS"—it is like an FAO—

General CASEY. It is kind of civil affairs.

Mr. FARR. But it is not.

General CASEY. But it is not exactly—

Mr. FARR. I would appreciate it if you could look into trying to get an MOS for people that have a master's degree in Stabilization and Reconstruction studies.

Mr. EDWARDS. Thank you—

Mr. Crenshaw.

Mr. Bishop.

AFRICOM

Mr. BISHOP. Thank you very much, Mr. Chairman.

Let me just ask you about the Africa Command, AFRICOM. Last budget cycle I think we funded some renovations to the headquarters in Germany, which were not all expended, as I understand, partially, because there is no decision made regarding whether the headquarters there will be permanent.

I understand that the construction money will remain there. I am told by General Ward that regardless of whether AFRICOM moves to another location for headquarters, some utilization will be made of facilities there, thus justifying leaving that construction money in place. Of course, I am concerned about how that construction money will be spent. Also there were conditions for the ARCs—the area centers within Africa Command—but none of those countries was willing to allow us to do it; I understand whatever construction funds are there for those are not expended either.

What do you see as the developing importance of the Africa Command, and how do you see the military construction needs developing in light of the 3-D policy—defense, diplomacy, and development? How will that impact us in terms of funding construction?

General CASEY. I think the short answer is—I don't know. But I was with General Ward in Mombasa, Kenya 10 days ago. And we were participating in a seminar with troops of armies from Kazakhstan all the way down to—and it was a handoff meeting between the African countries from Central Command, who were now moving over to Africa Command.

And he personally has been all over that continent talking to the leadership, explaining to them that Africa Command does. And I think you know they got off to kind of a rough start because people thought we were coming in to take over. And he has been tamping that down, and I think making very good progress.

I went from there up to Djibouti to the Joint Task Force on Africa. And there are about 1,400 folks there and they are affecting every country in the Horn of Africa by deploying small teams of, really, noncommissioned officers, out there—treating cattle, treating people, drilling wells, and it struck me that that is the role of AFRICOM. I think that is where—

Mr. BISHOP. For development and diplomacy?

General CASEY. Development and diplomacy. But small numbers making a big difference, and I have been very impressed with that. We talked briefly about the long-term plans for the headquarters, and I think, at best, I think that they are not done. At that time, Kip didn't give me any indication that they were any closer to finding a place to go. Either for headquarters or for the regional commands on the continent. So I think that will probably be some time. But I don't want to speak for him.

Mr. BISHOP. Thank you.

Mr. EDWARDS. Members, any additional questions—

If not, General Casey, thank you for your distinguished 39 years of service in the Army and your leadership as the chief of staff of the Army. You were here as a resource witness today, and we know how hard you have worked every day on behalf of the quality of

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life and military construction issues that we deal with, so we look forward to continuing to work with you.

Thank you both for being here. We are adjourned.

WEDNESDAY, MAY 6, 2009.

U.S. NAVY, U.S. MARINE CORPS BUDGET

WITNESSES

ADMIRAL GARY ROUGHEAD, CHIEF OF NAVAL OPERATIONS

GENERAL JAMES T. CONWAY, COMMANDANT OF THE MARINE CORPS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I will call the subcommittee to order. And, Admiral Roughead, General Conway, thank you both for being back here. You certainly don't need any introduction to this subcommittee.

The only thing I would add to that is just, on behalf of our subcommittee and my family and all our families, thank you both for your incredible lifetimes of service and leadership to our country. We are deeply grateful to you.

And, by the way, you would have been thrilled. Right after our morning meeting with General Casey, we had 32 World War II veterans in Texas that had come to Washington.

There is a group that helped pay for them to come and see the World War II memorial, those that have never been here, never seen the World War II memorial. And I now know how we won World War II. Those guys are incredible, incredible—but you carry on in that tradition. And thank you.

I would like to recognize Mr. Crenshaw, the ranking member, for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. CRENSHAW. Thank you, Mr. Chairman.

I just want to add my words of welcome to you all. General, Admiral, thank you for your years of service.

For me, in my district, the Navy and the Marines have a strong presence, I get to see these guys from time to time. And I appreciate all you do for the Navy and Marine Corps community.

I think this subcommittee, everyone knows, tries to work together in a bipartisan way. Last year, we finished on time, and we look forward to doing that again.

I must say, I am a little disappointed that we are having this hearing when we don't have the Fiscal Year 2010 budget request, but that is just a function of the way things are going. But I am sure we will have a good discussion, and I look forward to working with you all to develop the kind of bills that we have in the past that provide for the families and men and women, our heroes.

So thank you again. And I look forward to your testimony and questions.

Thank you.

Mr. EDWARDS. Thank you.

And for the record, your full testimony will be submitted for the record. I would like to recognize Admiral Roughead for any opening comments you would care to make.

Admiral ROUGHEAD. Yes, sir.

Mr. EDWARDS. And then we will get into questions and answers.

Admiral ROUGHEAD. Yes, sir.

Mr. EDWARDS. Thank you.

STATEMENT OF ADMIRAL ROUGHEAD

Admiral ROUGHEAD. Chairman Edwards, thank you. And—Mr. Crenshaw, thank you.

Mr. CRENSHAW. You can call me the ranking member. [Laughter.]

Admiral ROUGHEAD. Okay, the ranking member. I will do that.

Mr. CRENSHAW. You know, I don't get called that very often.

Admiral ROUGHEAD. I will intersperse my comments many times. But it really is my honor to appear before you today and represent the dedicated Sailors and the civilians and our families of the United States Navy.

And I appreciate the opportunity to testify about our Navy's shore infrastructure and how essential it is to carrying out our Navy's mission. Our families thrive, and our Sailors deploy, and our ships sail from our infrastructure ashore.

For years, our increased operational demand, rising manpower costs, and aging fleet has compelled us to underfund shore readiness. Today, as a result our future shore readiness, particularly the recent recapitalization of our infrastructure, lags behind where I would like to be.

This year's military construction budget prioritizes critical requirements focusing on fleet readiness, quality-of-life issues, the elimination of excess infrastructure, quality standards across all installations, the maintenance required to achieve service life and low life-cycle costs, and, finally, the integration and refinement of shore planning capabilities and processes.

On the issue of quality of life for our Sailors, Navy civilians, and Navy families, I am very thankful for your support and pleased with the progress that we have made in housing for our families. I am also extremely pleased to report the opening of our first unaccompanied housing privatization project, Pacific Beacon in San Diego.

These quarters, Pacific Beacon, are the best enlisted bachelor quarters I have ever seen in my time in the Navy. With your support this year, we will construct new bachelor housing at Naval Air Station North Island, as well.

I also want to thank you for your strong support for Navy children. Our Navy is leveraging Overseas Contingency Operations funding, the American Recovery and Reinvestment Act, and the fiscal year 2009 budget to build 17 new childcare development centers.

In addition, with commercial contracts and military-certified in-home care, we will be able to increase childcare spaces by 7,000 and respond to requests for childcare within 3 months and at

25,000 hours childcare and youth services, a resource that is invaluable to the families of our deployed Sailors.

Beyond quality of life, our bases must adequately support the most sophisticated fleet in the world. We will perform major repairs for drydocks, Navy operational support center facilities, barracks, airfields, and utility infrastructure throughout the Navy to keep our shore facilities ready. These projects are possible thanks to your tremendous support throughout the—or through the ARRA.

I will also be personally involved as we conduct our Quadrennial Defense Review, as the Navy considers Naval Station Mayport as a carrier homeport. This review in no way diminishes my support for either Norfolk or—of course, none of our infrastructure or equipment would run without energy. We have focused on energy-related projects that will develop alternative and renewable energy sources and improve energy efficiency in all of our facilities.

Most recently, the Recovery Act has enabled us to begin installation of advanced photovoltaic systems in Hampton Roads. We are going to continue to invest in energy research and development.

With the 2010 budget, we will have the necessary resources to maintain the readiness of the fleet.

I thank you again for your time today and for your continued support of our 600,000 Sailors, civilians, and our families who support us back at home.

Mr. EDWARDS. Thank you, Admiral.

[The prepared statement of Admiral Roughead follows:]

1106

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE
(MILCON)

**STATEMENT OF
ADMIRAL GARY ROUGHEAD
CHIEF OF NAVAL OPERATIONS
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
OF THE
HOUSE APPROPRIATIONS COMMITTEE**

6 May 2009

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE (MILCON)



Admiral Gary Roughead

Admiral Roughead is a 1973 graduate of the United States Naval Academy.

Among his six operational commands, Roughead was the first officer to command both classes of Aegis ships, having commanded USS *Barry* and USS *Port Royal*.

As a Flag officer, Roughead commanded Cruiser Destroyer Group 2, the *George Washington* Battle Group; and U.S. Second Fleet/NATO Striking Fleet Atlantic and Naval Forces North Fleet East.

Ashore, he served as commandant, United States Naval Academy, the Department of the Navy's Chief of Legislative Affairs, and as deputy commander, U.S. Pacific Command.

Roughead is one of only two officers to have commanded the Fleets in the Pacific and Atlantic, commanding the U.S. Pacific Fleet and Joint Task Force 519, as well as Commander, U.S. Fleet Forces, where he was responsible for ensuring Navy forces were trained, ready, equipped and prepared to operate around the world, where and when needed.

Roughead's awards include the Defense Distinguished Service Medal, Navy Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Meritorious Service Medal, Navy Commendation Medal, Navy Achievement Medal, and various unit and service awards.

Roughead became the 29th Chief of Naval Operations on 29 September 2007.



Chairman Edwards, Representative Wamp, and distinguished members of the committee, it is again my distinct honor to appear before you representing the dedicated men and women, Sailors and civilians, of our Navy. I appreciate the opportunity to testify about our Navy's shore infrastructure and its essential role in carrying out our Navy's mission.

Our shore infrastructure enables our operational and combat readiness and is essential to the quality of life of our Sailors, Navy civilians, and their families. For years, increased operational demand, rising manpower costs, and an aging Fleet have led our Navy to underfund shore readiness and, instead, invest in our people, afloat readiness, and future force structure. As a result, maintenance requirements and the cost of ownership for our shore infrastructure have increased. Our future shore readiness, particularly the recapitalization of our facilities infrastructure, is at risk.

Our Navy developed a Shore Infrastructure Investment Strategy to address the decline in our shore infrastructure. A key element of our broader Navy Strategic Plan, the strategy is a top-down, data-driven, and capabilities-based capital investment plan that links our shore investments to Navy and Joint warfighting requirements and improved quality of life for our people. The strategy enables us to target our shore investments where they will have the greatest impact to our strategic and operational objectives and to our Sailors' effectiveness.

Commander, Navy Installations Command (CNIC) leads the implementation of this strategy across the Navy to ensure MILCON and major repair projects address our highest Navy needs. We are applying analytically rigorous tools to refine and reduce facility sustainment and installation security requirements. As my shore integrator, CNIC is leveraging and coordinating resources across the Navy to enable reduced shore operating costs and to maximize support to the Fleet, warfighter, and family. Despite the challenges of a resource constrained environment, and with your steady support, we have made tangible progress in the housing conditions for our Sailors and their families, and were able to fund several critical projects through the American Recovery and Reinvestment Act of 2009 (Recovery Act).

I appreciate greatly your enthusiastic support and confidence in the Navy through the inclusion of Navy projects in the Recovery Act. Through the Recovery Act, you provided the Navy \$280M in MILCON, \$712M in Operations & Maintenance (O&M), \$75M in Energy Research, Development, Test and Evaluation and \$29M in the Secretary of Defense's Energy Conservation Investment Program (ECIP) funding. MILCON funding will address some of our most pressing needs for Child Development Centers, barracks, and energy improvements. Similarly, O&M funding will support projects with the greatest impact on mission requirements and quality of life. Recovery Act funding will build new Bachelor Housing at Naval Air Station North Island and Child Care Centers at Naval Support Activity Mid-South, Naval Station Mayport, Naval Air Station Lemoore, and Naval Bases Point Loma and Coronado. It will provide for major repairs for dry docks at Naval Base Kitsap, Navy Operational Support Center Facilities in El Paso, TX and Bronx, NY, and barracks, airfields and utility infrastructure at several Navy shore activities. Finally, the Recovery Act will enable us to focus on energy-related projects and facility improvements to increase energy conservation and improve facility efficiency, including developing alternative and

renewable energy sources, such as advanced photovoltaic systems in Hampton Roads. All of our Recovery Act projects meet Congress' intent to create jobs in the local economy and address critical requirements. All of these projects are being quickly and prudently executed to inject capital into local communities while improving mission readiness and quality of work and life for our Sailors and families.

As we address the needs of our shore infrastructure, our guiding principles remain to:

- Target our limited resources to the most critical requirements, focusing on our Fleet and family readiness and quality of life
- Aggressively identify opportunities to eliminate excess shore infrastructure capacity to reduce the Navy's carrying costs
- Ensure consistent quality of service standards across all of our installations
- Strive to sustain our facilities to achieve their designed service life and the lowest life-cycle cost
- Continue to refine, strengthen, align, and integrate our shore planning capabilities and processes to ensure optimized results

MILCON Program

Our Navy shore infrastructure is a critical enabler of our operational capabilities. From our bases, we attract, recruit, train, and equip the world's finest Sailors. It is where we develop and maintain the weapons, technologies, and platforms and from where we deploy to provide presence and respond to crises around the world. Our shore infrastructure must be ready and fully capable to support our warfighters' missions and their quality of life. Manpower and shore support costs must be considered in each of our major acquisition and modernization programs.

As in past years, the Navy will continue to execute large MILCON projects that are critical to our current and future readiness. I request your support and assistance to sustain our full funding of these requirements to enable us to properly recapitalize Navy infrastructure and to support the Fleet. Full funding provides the most capable baseline from which to successfully and efficiently execute these critical, major projects.

In FY 2010, the Department will start preparations to make Mayport capable of hosting a nuclear-powered aircraft carrier. This alternative port will provide a safe haven for an aircraft carrier at sea if a man made or natural disaster closes the Norfolk Naval Base or the surrounding sea approaches. The Department intends to dredge the channel at Mayport to allow nuclear-powered aircraft carriers to dock at Mayport in an emergency or other contingency. I will support fully the Quadrennial Defense Review (QDR) for assessing the need to make Naval Station Mayport a CVN homeport.

Infrastructure Reduction and BRAC Program

The Base Realignment and Closure (BRAC) legislation accelerates and helps us align our infrastructure with the defense strategy, increase joint opportunities, and reduce excess infrastructure.

To date, 85 of 118 planned BRAC construction projects have been awarded, totaling nearly \$1.4B. We are on schedule to complete the statutory BRAC 2005 milestones by September 2011.

Previous BRACs have reduced much of our excess infrastructure and our sale of excess BRAC property resulted in more than \$1.1B in Land Sales Revenues, which we have reinvested in environmental clean up, caretaker, and early property transfers that benefit both our Navy and the local communities.

When complete, BRAC 2005 will account for approximately \$900M in annual recurring savings, starting FY 2012. With DoD and the other Services, we have developed joint basing guidance that focuses on common levels of service and support. We recently co-signed the Memoranda of Agreement for Joint Expeditionary Base Little Creek/Fort Story and Joint Region Marianas. The resources and real property will be fully aligned on 1 October of this year.

BRAC alone cannot achieve all of the infrastructure reductions necessary to optimize our limited resources. We are evaluating our shore inventory with the following objectives:

- Integrate all Navy's shore infrastructure requirements
- Identify excess infrastructure for elimination
- Identify under-utilized facilities for consolidation
- Identify and implement innovative changes to our operational and business practice to reduce our facility requirement costs

Through these efforts, we have identified 40 million square feet of infrastructure for potential elimination.

Housing Program

I am very pleased with the progress our Navy has made in our housing program. Our success would not be possible without your strong and continuous support. We maintain our commitment to improving living conditions and providing safe, affordable, and comfortable housing for our Sailors and their families. High-quality and affordable housing is essential for Navy families because of the time our Sailors are deployed from home. It impacts significantly our individual and mission readiness and retention. We continue to pursue a three-part housing strategy:

1. **Reliance on the Private Sector:** We make every effort to house our Sailors in the local community first. Proper resourcing of our Basic Allowance for Housing (BAH) ensures our Sailors have the opportunity to buy or rent homes in the communities from where we operate and live.
2. **Public/Private Ventures (PPV):** With your support, and the bachelor housing PPV pilot authority provided by Congress, we have expanded our most successful PPV family housing model to begin to address our critical bachelor housing needs. We have executed two unaccompanied PPV projects in San Diego and Hampton Roads, resulting in improved housing for up to 3,280 Sailors. We are pursuing a legislative proposal to extend the bachelor housing PPV authority from 30 September 2009 to 30 September 2011 to execute our third bachelor housing PPV pilot. We will determine our third pilot location after we analyze the business case analyses at Hampton Roads, San Diego, and Mayport. As you directed, we are implementing the new privatization reporting requirements this year.
3. **MILCON:** Since private sector housing and PPV do not address all of our housing requirements, we continue to require construction funding for overseas family and bachelor housing, and select United States locations where PPV is not feasible. The Navy has four MILCON bachelor housing projects targeted for completion in 2009, resulting in almost 1,000 additional spaces. Additionally, numerous OCONUS family housing projects have been recently awarded.

Family Housing

Using a combination of increased recapitalization funding and PPV authorities, the Navy achieved the Secretary of Defense's goal to program funding to address all inadequate military family housing units by FY 2007. In FY 2002, the Navy identified over 22,000 inadequate units in our inventory. We continue to make good progress towards meeting our goal to complete replacement or improvement of all inadequate units by the end of 2011.

With the majority of our United States housing privatized, our family housing construction, improvements, planning, and design remains focused on the approximately 7,800 housing units at our overseas locations.

Our portfolio management program collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure our PPV projects are optimized and performing as required and the services provided meet expectations. We regularly host PPV focus groups to assess the quality of privatized housing and housing services delivered to Navy families and make changes in Navy policies and procedures as required. We continue to receive very positive feedback from our Navy families. In 2008, we implemented an expanded monitoring program at the deckplate level for our projects to meet required Congressional reporting. This enhanced oversight of our PPV partners will ensure Navy Sailors and their families continue to benefit from quality housing and services.

Bachelor Housing

Last summer, I directed my installation commanders to inspect every Navy barracks and to personally identify unacceptable living conditions. Through this room-by-room review, we identified that over 42 percent of our bachelor housing is in "substandard condition" principally due to the age of the facilities. Significant, sustained investment will be required to recapitalize them.

I remain committed to our Homeport Ashore initiative, which provides improved quality of life for our junior Sailors on sea duty (E1 through E4 with less than four years of service). We continue to work towards providing housing ashore for these Sailors. Last year, I told you that we had 9,000 junior sea duty Sailors without ashore accommodations and that we would reduce that number to 2,100 by the end of 2010. After conducting more detailed analysis of our infrastructure and resources, we will be unable to meet our 2010 goal. At the end of 2009, we will have reduced the number of junior Sailors living on board ships to approximately 5,000 Sailors in San Diego, Coronado, Norfolk, Mayport, Yokosuka, Everett, and Sasebo. It is my personal priority to ensure that we provide housing ashore for all our junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). Our long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

Additionally, I have directed the development of a sustainment plan to reverse the deteriorating conditions of our barracks which are in the most critical state of decline. These actions will require significant targeted investments to ensure we provide adequate housing for our single Sailors.

I am extremely proud to report that this Spring we cut the ribbon on the Navy's unaccompanied housing privatization project site, Pacific Beacon, in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1-E4 sea duty Sailors and 941 newly constructed dual master suite units targeted for unaccompanied E4-E6 Sailors. Each unit includes private bedrooms with walk-in closets, bathrooms, and study nooks. The suites also include a shared common living room and kitchen with full-size refrigerators, ranges, dishwashers, and washer/dryers. Additionally, the facilities include a swimming pool, state of the art fitness center, outdoor theater, classrooms, and a WIFI café. These quarters are impressive and the best enlisted bachelor quarters I have seen in my Navy career.

Our second unaccompanied housing privatization project is at Hampton Roads, Virginia. This agreement was signed in December 2007 and included the conveyance of 723 units in seven buildings on Naval Station and Naval Support Activity Norfolk and the construction of 1,190 dual master suite units. These suites include private bedrooms with walk-in closets, bathrooms, a shared common living room and kitchen with full-size refrigerators, ranges, dishwashers, and washer/dryers. The first of three construction sites was opened November 2008 and the remaining units are scheduled to be complete by 2010.

Family Readiness & Quality of Life

Family readiness and quality of life are critical components of our warfighting readiness. When our Sailors know their families are taken care of at home, they can better focus on the mission and their demanding duties. Our Fleet and Family Support Centers (FFSC) are where Sailors and families can go to for information, counseling, and assistance. FFSCs offer free programs on financial planning, deployment and mobilization support, parenting skills, Sexual Assault Victim Intervention (SAVI), and spouse employment. Our Navy also has active ombudsmen that liaison between the Sailor's command and his or her family. Additionally, we are reaching out to active duty and Reserve Navy families in remote or isolated locations through off-base sites and by leveraging new communication technology.

Our Navy Child and Youth Programs support our families by providing high-quality educational and recreational programs for our Navy children. Our Navy is leveraging MILCON funding, commercial contracts, and military-certified in-home care expansion to increase child care spaces by 7,000 and meet our goal of placing children under care within three months of their request. We are currently meeting 72 percent of potential need within three to six months of the request for care, although wait times are longer in Fleet concentration areas. In addition to increasing child care spaces, we are also adding 25,000 additional hours of respite child care and youth services for families of deployed Sailors. Our child care and youth programs are a valuable resource for our Sailors and their families.

Conclusion

Through your strong and sustained support, we are, without question, the world's finest Navy. The dedication of our Sailors and Navy civilians is inspiring and it is my honor to represent them. Military Construction and quality of life programs are essential to our Navy. Through our disciplined implementation of our Shore Investment Strategy, we will target our investments to our most critical shore needs.

Again, I am most grateful for your continued support and I look forward to working with you to ensure our Navy's readiness and the quality of life of our dedicated Navy men and women and their families.

Mr. EDWARDS. General Conway.

STATEMENT OF GENERAL JAMES T. CONWAY

General CONWAY. Sure. Chairman Edwards, ranking member, and distinguished members of the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Thank you for the opportunity to report to you on the state of your Marine Corps.

Our pledge is always to provide you a candid and honest assessment, and it is in that spirit that I appear before you today.

Since testimony before your committee last year, progress in the Anbar Province in Iraq has been tremendous. Indeed, we think our Marines there are moving into the most long-awaited phase of operations, the reset of our equipment and redeployment of the force.

In February, we had a Change of Command of the Multi-National Force-West in Anbar province. The commander of the Multi-National Corps, who was present at the event, commented that he believed this will be the last rotation of Marines in Iraq. We tend to agree.

Having recently returned from a trip in theater, I am pleased to report to you that the magnificent performance of our young Marines and Sailors in the province, regardless of their task, continues.

In Afghanistan, however, the Taliban have increased their activity. The 2nd Marine Expeditionary Brigade, a force that will number over 10,000 Marines and Sailors, is en route and will meet the 30 May latest arrival date.

The 2nd MEB is deploying as a Marine Air-Ground Task force. They will operate under Regional Command South, primarily in the Helmand province, where 93 percent of the country's opium is harvested and where the Taliban have been most active. This part of the country also includes a wide open stretch of border with Pakistan.

We consider the operating environment in Afghanistan as well suited to our expeditionary ethos of being fast, austere and lethal, with emphasis on the austere. As our numbers grow in Afghanistan, Marines and their families have refocused their resolve to yet another crisis area on the map.

There are many challenges ahead, but your Marines understand the effects of operations there will make this country safer.

Our force remains resilient, despite an average deployment to dwell tempo that is slightly better than 1 to 1 in most occupational specialties. With your support, our growth of the force by 27,000 Marines has proceeded ahead of schedule. We will easily reach the level of 202,100 Marines in our active component before the end of the fiscal year.

Our growth has been achieved with no change in standards. Indeed, more than 96 percent of the young men and women who enlisted in our Corps during fiscal year 2008 had earned their high school diploma, a rate that exceeded the standard for the Department of Defense, at 90 percent, and our own self-imposed higher standard of 95 percent.

We attribute our accelerated growth to four factors: quality recruiting; exceptional retention levels; reduced attrition; and, not

least, an incredible generation of young Americans out there who welcome the opportunity to fight for this country.

The growth of our force does not just include personnel. It includes infrastructure, as well. In the past, we have placed operational priorities ahead of good housing for all Marines. With your support, we have recently been able to reverse that trend by expanding our efforts in military construction.

Our warriors have no hesitation about life in an austere and expeditionary environment when deployed; however, they want their families to enjoy quality housing, schools and facilities while they are away. Single Marines rightfully expect to have clean and comfortable quarters when they are back home.

Our number-one priority in military construction is now building new barracks to provide adequate bachelor housing for our entire force by 2014. We do appreciate the continued support of Congress toward this effort.

We are deeply committed to the care and welfare of our wounded and their families. Our Wounded Warrior Regiment reflects this commitment through all phases of recovery.

To assist in the rehabilitation and transition of our wounded, injured or ill, and their families, we have a Wounded Warrior Battalion on both coasts, at Camp Pendleton and Camp Lejeune. The headquarters of our Wounded Warrior Regiment is in Quantico. I would like to thank you all for your personal visits to our wounded warriors around the country and also overseas.

Our great young patriots have responded magnificently and have written their own page in history. They know, as they go into harm's way, that our country is behind them. Military construction that is commensurate with their needs and demonstrates a commitment to their families and is a tangible way of recognizing their sacrifice.

On their behalf, I thank you for your enduring support. We pledge to be good stewards of the resources you provide and remain committed to the defense of this great land.

Thank you once again for the opportunity to report to you today, sir.

[The prepared statement of General James T. Conway follows:]

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STATEMENT OF

GENERAL JAMES T. CONWAY
COMMANDANT OF THE MARINE CORPS

BEFORE

HOUSE APPROPRIATIONS COMMITTEE
MILITARY CONSTRUCTION, VETERAN AFFAIRS, AND
RELATED AGENCIES SUBCOMMITTEE

ON

6 MAY 2009

Not public until
Released by the HAC-M



General James T. Conway
Commandant of the Marine Corps



General Conway was born in Walnut Ridge, Arkansas and is a graduate of Southeast Missouri State University. He was commissioned in 1970 as an infantry officer. His company grade assignments included multiple platoon and company commander billets with both the 1st and 2nd Marine Divisions; Executive Officer of the Marine Detachment aboard the USS *Kitty Hawk* (CVA-63); series and company commander at the Marine Corps Recruit Depot in San Diego; aide to the Commanding General, and Director, Sea School.

As a field grade officer, he commanded two companies of officer students and taught tactics at The Basic School; he also served as operations officer for the 31st Marine Amphibious Unit to include contingency operations off Beirut, Lebanon; and as Senior Aide to the Chairman, Joint Chiefs of Staff. Promoted to Lieutenant Colonel, he was reassigned to the 2d Marine Division as Division G-3 Operations Officer.

He commanded Battalion Landing Team 3/2 during Operations DESERT SHIELD and DESERT STORM. Selected for colonel, he served as the Ground Colonels' Monitor, and as Commanding Officer of The Basic School. His general officer duties included Deputy Director of Operations, J-34, Combating Terrorism, Joint Staff, Washington, D.C.; and President, Marine Corps University at Quantico, Virginia. After promotion to Major General, he assumed command of the 1st Marine Division. In November 2002, Major General Conway was promoted to Lieutenant General and assumed command of the I Marine Expeditionary Force. During 2003-2004, he commanded I Marine Expeditionary Force through two combat tours in Iraq. In late 2004, he was reassigned as the Director of Operations, J-3, Joint Staff, in Washington, D.C.

General Conway graduated with honors from The Basic School, the U.S. Army Infantry Officers' Advanced Course, the Marine Corps Command and Staff College and the Air War College.

Introduction

Chairman Edwards, Congressman Wamp, and Distinguished Members of the Subcommittee on Military Construction, Veteran Affairs, and Related Agencies, thank you for the opportunity to report to you on the state of your Marine Corps. My pledge to provide you a candid and honest assessment remains the same, and it is in that spirit that I appear today.

First and foremost, I extend deep appreciation for your magnificent support of the Marine Corps and our families — especially those warriors currently engaged in Iraq and Afghanistan. Your Marines are honored and committed to stand between this great Nation and any enemy today and in the future. We will continue to fight the enemy on their land, in their safe havens, or wherever they choose to hide.

Today's Marines have raised the bar in terms of their commitment and the quality of their performance. Our success in Anbar Province, Iraq is directly attributable to that performance. These young patriots know well they will soon be in harm's way and yet they continue to join and reenlist at unprecedented rates. As our numbers grow in Afghanistan, Marines and their families have redirected their resolve to answer their Nation's call. There are many challenges ahead, but our Marines embrace the chance to make this country safer. For that, we owe them the full resources required to complete the tasks ahead — to fight today's battles, prepare for tomorrow's challenges, and fulfill our commitment to our Marine families.

Recruiting, Retention, and Growth to 202k

The Marine Corps is currently meeting all operational requirements with ready, mission-capable forces. However, sustained combat operations and a high deployment tempo have taken a toll on our multi-capable training readiness. We were authorized to grow our active component by 27,000 Marines to sustain our operations overseas, reduce the stress on our force, and improve our readiness in the traditional skills our Nation expects of us — amphibious operations, combined-arms maneuver, and jungle and mountain warfare.

We grew by more than 12,000 Marines in Fiscal Year 2008 and are on pace to reach an active duty end strength of 202,000 by the end of Fiscal Year 2009 — more than two years ahead of schedule. We activated another infantry battalion in Fiscal Year 2008, and increased capacity in our artillery, reconnaissance, engineer, military police, civil affairs, intelligence, and other key units that have seen a significantly high deployment tempo. Our goal remains a 1:2 deployment-to-dwell ratio for our active component and a 1:5 ratio for our reserve component. At these ratios, we will reduce the stress on our force, improve the quality of life for our Marines and

families, and sustain our overseas contingency operations. Our peacetime rotations were traditionally at a 1:3 deployment-to-dwell ratio.

We attribute our accelerated growth, in part, to three factors: quality recruiting, exceptional retention levels, and reduced attrition. Furthermore, based on a recent study of those leaving military service by the Center for Naval Analyses, our higher quality men and women are prime to stay Marine. Our standards have not changed. More than 96 percent of our enlistees in Fiscal Year 2008 had earned their high school diploma — a rate that exceeded the standard for the Department of Defense and the Marine Corps' self-imposed higher standard.

Recruiting

Recruiting is one of our highest priorities. Through screening teams and selection boards, we ensure that only our best and most fully qualified Marines are assigned to this duty. We are committed to maintaining a strong and properly resourced recruiting program. It is through this investment that we continue to exceed quality standards and recruit the best of America into our ranks. The reenlistment of our first-term Marines accounts for more than 70 percent of our growth to 202,000. We achieved over 100 percent of our accession goal in the active component for both officer and enlisted in Fiscal Year 2008. We also achieved 100 percent of our recruiting goals in the reserve component. Yet recruiting remains a challenging endeavor, and we will continue to need the indispensable support of Congress to sustain our programs.

Retention

Retention is a vital complement to recruiting, especially as we seek to retain the combat experience and leadership that shape our enlisted career force. In Fiscal Year 2008, the Marine Corps achieved unprecedented numbers of reenlistments with both the First Term and Career Force. We established the most aggressive retention goals in our history, and our achievement was exceptional. Our 16,696 reenlistments equated to a first-term retention rate of almost 36 percent and a Career Marine retention rate of 77 percent. We attribute this success to a number of factors. First, Marines are motivated to "stay Marine" because they are doing what they signed up to do — fight for their country. Second, they derive fulfillment from our culture, which rewards performance. Third, our reenlistment incentives are designed to retain top quality Marines with the most relevant skill sets. The continued support of Congress will guarantee that

we have the necessary number of combat-trained Marines for our overseas contingency operations.

Infrastructure

The Marine Corps remains on track with installation development in support of our personnel growth. In Fiscal Year 2009, Congress provided \$1.4 billion for operational facilities, and bachelor and family housing to support our growth to 202k. With the continued support of Congress, we will ensure sufficient temporary facilities or other solutions are in place until permanent construction can be completed.

Bachelor Housing

Due to previous fiscal constraints, the Marine Corps has routinely focused on critical operational concerns, and therefore we have not built barracks. With your support, we have recently been able to expand our construction efforts and have established a program that will provide adequate bachelor housing for our entire force by 2014. Additional support is required for our Fiscal Year 2010 program to provide 3,000 new barracks spaces and meet our 2014 goal. We are also committed to funding the replacement of barracks' furnishings on a seven-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our Marines.

We are constructing our barracks to a two-person room configuration and assigning our junior personnel (pay grades E1-E3) at two Marines per room. We are a young Service; the majority of our junior Marines are 18-21 years old, and assigning them at two per room helps assimilate them into the Marine Corps culture, while fostering camaraderie and building unit cohesion. As Marines progress to noncommissioned officer rank and take on the added responsibilities of corporal (E4) and sergeant (E5), our intent is to assign them one per room.

Public Private Venture Housing

The Marine Corps supports the privatization of family housing. To date, the Public Private Venture (PPV) program has been a success story. We have benefited from the construction of quality homes and community support facilities, as well the vast improvement in maintenance services. PPV has had a positive impact on the quality of life for our Marines and families. The feedback we have received has been overwhelmingly positive.

PPV has been integral to accommodating existing requirements and the additional family housing requirements associated with the growth of our force. By the end of Fiscal Year 2007, with the support of Congress, the Marine Corps privatized 96 percent of its worldwide family housing inventory. By the end of Fiscal Year 2010, we expect to complete our plan to privatize 97 percent of our existing worldwide family housing inventory.

We again thank the Congress for its generous support in this area. In Fiscal Years 2008 and 2009, you provided the funding to construct or acquire nearly 3,000 additional homes and two related Department of Defense Dependent Schools through this program; and by 2014, PPV will result in all of our families being able to vacate inadequate family housing.

Water and Energy Conservation

The Marine Corps believes in good stewardship of water and energy resources aboard our installations. We have instituted policies and procedures to integrate energy efficiency and water conservation into our day-to-day operations and long-term programs. We have taken steps to support our Nation's goal to reduce greenhouse gas emissions and reduce dependence on foreign oil.

In Fiscal Year 2009, we will publish a campaign plan for energy management and water conservation aboard our installations. Our intent is as follows: reduce the rate of energy use in existing facilities; increase energy efficiency in new construction and renovations; expand the use of renewable resources; reduce usage rates of water on our installations; and improve the security and reliability of energy and water systems.

Taking Care of Our Marines and Our Families

We extend our sincere appreciation for Congress' commitment to this Nation's wounded warriors and their direction for the establishment of Centers of Excellence within the Department of Defense that address Traumatic Brain Injury, Post-traumatic Stress Disorder, eye injuries, hearing loss, and a joint Department of Defense and Department of Veterans Affairs Center addressing loss of limbs.

Family Readiness Programs

In 2008, we started a multi-year plan of action to transition family support programs to a wartime footing. We listened to our families and heard their concerns. We identified underfunded programs operating on the strength and perseverance of hard-working staff and volunteers. We also discovered that our commanders needed more resources from us to provide the appropriate care for their Marines and families or to refer them to available internal or external support services.

To address the above concerns, we have established full-time Family Readiness Officer billets in more than 400 Marine Corps units and have also acted to expand the depth and breadth of our family readiness training programs. The Family Readiness Officer is supported by the Marine Corps Community Services Program. For the families, communication with their deployed Marines is their number one quality of life requirement. With the Family Readiness Officer serving as the focal point, we have used information technology to expand the communication between Marines and their families.

These initiatives and others demonstrate the commitment of the Marine Corps to our families and underscore the significance of family readiness to mission readiness. We thank Congress for the supplemental funding during Fiscal Years 2008 and 2009 that enabled initial start-up. Beginning in Fiscal Year 2010, the funding required to maintain these critical programs will be part of our baseline budget.

Casualty Assistance

Our casualty assistance program is committed to ensuring that families of our fallen Marines are treated with the utmost compassion, dignity, and honor. Additionally, we have taken steps to correct the unacceptable deficiencies in our casualty reporting process that were identified in congressional hearings and subsequent internal reviews.

Marine Corps commands now report the initiation, status, and findings of casualty investigations to the Headquarters Casualty Section, which has the responsibility to ensure the next of kin receive timely notification of these investigations from their assigned Casualty Assistance Calls Officer.

The Headquarters Casualty Section is a 24-hour-per-day operation manned by Marines trained in casualty reporting, notification, and casualty assistance procedures. These Marines have also taken on the additional responsibility of notifying the next of kin of wounded, injured, and ill Marines.

In October 2008, we implemented a mandatory training program for Casualty Assistance Calls Officers that includes a Web-based capability to expand the reach of the course. This training covers notification procedures, benefits and entitlements, mortuary affairs, and grief and bereavement issues. We will continue to monitor the effectiveness of these changes and make adjustments where warranted.

Wounded Warrior Regiment

We are deeply committed to the care and welfare of our wounded, ill, and injured, and their families. Our Wounded Warrior Regiment reflects this commitment — through all phases of recovery. We provide active duty, reserve, and separated Marines with non-medical case management, benefit information and assistance, resources and referrals, and transition support.

Our programs and processes are evolving. For example, we have transferred auditing authority for pay and entitlements from the Defense Finance and Accounting Service in Kansas City directly to the Wounded Warrior Regiment, where there is a comprehensive awareness of each wounded Marine's individual situation. We have also designed and implemented a Marine Corps Wounded, Ill, and Injured Tracking System to maintain accountability and case management for the Marine Corps Comprehensive Recovery Plan. To ensure effective family advocacy, we have added Family Readiness Officers at the Regiment and our two battalions to support the families of our wounded, ill, and injured Marines.

We are reaching out to those who may need assistance. Our newly established Sergeant Merlin German Wounded Warrior Call Center not only receives calls from active duty and former Marines, but also conducts important outreach calls. In the past year, we added battalion contact cells, which make periodic outreach calls to Marines who have returned to duty in order to ensure their recovery needs are being addressed and that they receive information on any new benefits. The call centers between them have made over 40,000 calls to those Marines injured since September 2001 to assess how they are doing and offer our assistance.

To enhance reintegration, our Job Transition Cell, manned by Marines and representatives of the Departments of Labor and Veterans Affairs, has been proactively reaching out to identify and coordinate with employers and job training programs to help our wounded warriors obtain positions in which they are most likely to succeed and enjoy promising careers. One example is our collaboration with the U.S. House of Representatives to establish their Wounded Warrior Fellowship Program for hiring disabled veterans to work in congressional offices.

Military Construction for our Wounded Warriors

The Marine Corps plans to invest over \$121 million in new construction to support Wounded Warrior programs at Camp Pendleton, Camp Lejeune, and MCB Quantico. Congress generously funded more than \$58 million in military construction during Fiscal Year 2008 for our Wounded Warrior BEQs at Camp Pendleton (\$26 million) and Camp Lejeune (\$27 million), as well as for our headquarters space at MCB Quantico (\$5 million).

We have requested another \$63 million in the 2009 Overseas Contingency Operations Supplemental Request. This supplemental funding will provide Marine Resource and Recovery Centers at Camp Pendleton and Camp Lejeune (\$25 million apiece). These facilities will support wounded, ill and injured Marines and Sailors and their families during rehabilitation and transition to back to active duty or separation from military service. Additionally, this supplemental request (\$13 million) will provide permanent administrative and support buildings at the headquarters of our Wounded Warrior Battalions at Camp Lejeune and Camp Pendleton.

We are very grateful for the support of Congress, and I especially would like to thank you for your personal visits to our wounded warriors.

Traumatic Brain Injury (TBI)

With 2,700 new cases of Marines with TBI entered into the Department of Defense and Veteran's Brain Injury Center (DVBIC) in Calendar Year 2008, we continue to see TBI as a significant challenge that we are confronting. Many of these new cases represent older injuries that are just now being diagnosed, and our expectation is that, with the institution of the Automated Neuropsychological Assessment Metrics (ANAM) for all Marines, we will discover mild Traumatic Brain Injuries more promptly post-deployment. While the Marine Corps is providing leadership and resources to deal with this problem, we cannot solve all the issues on our own.

The Marine Corps continues to work closely with Military Medicine, notably DoD's Center of Excellence for Psychological Health and Traumatic Brain Injury, to advance our understanding of TBI and improve care for all Marines. We are grateful for your continued support in this area through the funding of multiple research initiatives that explore ways to provide better treatment for our injured Marines. For our part, we are using multiple venues to broadcast these trials to our Marines and their families so that they can make individual decisions, along with their health care providers, regarding possible participation in a research protocol.

Combat Operational Stress

Marine Corps commanders are fully engaged in promoting the psychological health of our Marines, Sailors, and family members. The message to our Marines is to look out for each other and to know that it is okay to get help. While culture change is hard to measure, we feel that the efforts we have made to reduce the stigma of combat stress are working.

The Marine Corps Combat and Operational Stress Control Program encompasses a set of policies, training, and tools to enable leaders, individuals, and families to prepare for and manage the stress of operational deployment cycles. Our training emphasizes ways in which to recognize stress reactions, injuries, and illnesses early and manage them more effectively within operational units. Our assessments of stress responses and outcomes are rated on a continuum: unaffected; temporarily or mildly affected; more severely impaired but likely to recover; or persistently distressed or disabled. Combat stress deserves the same attention and care as any physical wound of war, and our leaders receive extensive training on how to establish an environment where it is okay to ask for help.

Military Medicine seeks the ability to handle increased workload as we continue to make asking for help acceptable. Operational support and current treatment facility demands have

already stretched our mental health professional communities to their near breaking point, and we are actively engaged in the discussions about the way ahead. The Marine Corps is grateful for the continuing effort Congress has put into deployment-related health issues and concerns. We will continue to do the same so that we can further improve our knowledge and treatment of these injuries.

Exceptional Family Member Program (EFMP)

Last year, I reported on our intent to establish a continuum of care for our EFMP families. We are actively helping more than 6,000 families in the Exceptional Family Member Program gain access to medical, educational, and financial care services that may be limited or restricted at certain duty stations. We have assigned case managers to all of our enrolled EFMP families, obtained the help of the Bureau of Medicine and Surgery and TRICARE to resolve health care concerns at several bases, and directed legal counsel to advise the EFMP and our families on state and Federal entitlements and processes. Additionally, we are refining assignment policies that will further facilitate the continuum of care.

While no family should have to endure interruptions in care, gaining access to services can be most challenging to families who have Autism Spectrum Disorder (ASD). We sincerely appreciate the support of Congress for our ASD families and others who are entitled to the TRICARE Extended Care Health Option (ECHO) program. For Fiscal Year 2009, you have increased the monthly reimbursement rate for Applied Behavioral Analysis (ABA) — a specific therapy that our Marine families value.

However, there is still more to do. While appropriate TRICARE reimbursement rates are important, the highly specialized services these families require are not always available. We are evaluating how we can collaborate with other organizations to increase the availability of these specialized services in areas where resources are currently lacking.

Sexual Assault Prevention and Response

Sexual assault is a crime. We take every reported incident very seriously. The impact on its victims and the corrosive effect on unit and individual readiness are matters of great concern. A recent Government Accountability Office study reported several shortcomings in our program. To address these findings, we are refreshing our training program and assessing the requirement to hire full-time Sexual Assault Prevention and Response Program coordinators at installations with large troop populations. We have trained more than 3,200 victim advocates to provide

assistance. All Marines receive sexual assault prevention and awareness training upon entry and are required to receive refresher training at least annually. We have also incorporated sexual assault prevention into officer and noncommissioned officer professional development courses and key senior leader conferences and working groups. At the request of our field commanders, we have also increased the number of Marine Corps judge advocates who attend specialized training on prosecution of these crimes and have assembled a mobile training team to teach our prosecutors how to better manage these cases.

Suicide Prevention

With 42 Marine suicides in 2008, we experienced our highest suicide rate since the start of Operation Enduring Freedom and Operation Iraqi Freedom. The number of confirmed Marine suicides has increased from 25 in Calendar Year 2006, to 33 in 2007, to 42 in 2008. Through March 2009, we have 8 presumed suicides this year, which place us on a trajectory for 32 this calendar year. Our numbers are disturbing; we will not accept them, or stand idle while our Marines and families suffer.

Our studies have found that regardless of duty station, deployment, or duty status, the primary stressors associated with Marine suicides are problems in romantic relationships, physical health, work-related issues such as poor performance and job dissatisfaction, and pending legal or administrative action. This is consistent with other Services and civilian findings. Multiple stressors are usually present in suicide.

In November 2008, the Marine Corps Executive Safety Board, chaired by the Assistant Commandant of the Marine Corps, reviewed our suicide awareness and prevention program and directed the development of a leadership training program targeted at noncommissioned officers. As in combat, we will rely upon our corporals and sergeants to chart the course and apply their leadership skills to the challenge at hand. This program includes high-impact, engaging videos, and a web-ready resource library to provide additional tools for identifying their Marines who appear at risk for suicide. Further, during March 2009, we required all of our commanders to conduct suicide prevention training for 100 percent of the Marines under their charge. This training educated Marines on the current situation in our Corps; it taught them how to identify the warning signs; it reinforced their responsibility as leaders; and it informed them of the resources available locally for support.

The Marine Corps will continue to pursue initiatives to prevent suicides, to include reevaluating existing programs designed to reduce the stressors most correlated with suicidal

behavior; developing and distributing new prevention programs; and refreshing and expanding training materials.

Child Development Programs

To ensure Children, Youth, and Teen Programs continue to transition to meet the needs of our families, a Functionality Assessment was conducted in June 2008 to identify program improvements, such as the development of staffing models to improve service delivery, as well as recommendations to explore and redefine services to meet the unique and changing needs of Marines and their families living both on and off our installations. In addition, the Marine Corps has expanded partnerships to provide long and short-term support for geographically dispersed Marines. We can now provide 16 hours of reimbursed respite care per month for families with a deployed Marine. We are expanding our care capacity in many ways, including extended hours as well as through partnerships with Resource and Referral agencies, off-base family child care, and Child Development Home spaces.

We are currently providing 11,757 child care spaces and meeting 63.6 percent of the calculated total need. It is important to note that the Marine Corps has initiated rigorous data collection and analysis improvements. As a result, it will be necessary to correct the 2007 annual summary due to identified reporting errors. Our reported rate of 71 percent of potential need last year is more accurately stated as 59.1 percent. We are not satisfied with our progress to date, and have planned for ten Child Development Center Military Construction projects in Program Years 2008 through 2013. Two of those projects were executed in Fiscal Year 2008, and one is approved for Fiscal Year 2009. These approved projects will provide an additional 915 spaces.

We also are considering additional modular Child Development Centers, subject to more detailed planning and availability of funds. Planned MILCON and modular centers would add approximately 2,600 spaces, and although our need is expanding, based on our current calculations, this expansion would bring us much closer to the Department of Defense goal. Between the American Recovery and Reinvestment Act of 2009 and the 2009 Overseas Contingency Operations Supplemental Request, the Marine Corps plans to invest over \$98 million in new construction for Child Development Centers. This investment will yield a total of 1,670 spaces. Continued Congressional support will help us provide these needed facilities. As the needs of our families change, our program is committed to grow and adapt to meet these developments.

School Liaison Program

The education of more than 51,000 school-age children of Marine parents has been identified as a readiness and retention issue of great concern. Our Marine children, who are often as mobile as their military parent, face additional stress and challenges associated with frequent moves between schools with differing educational systems and standards. Exacerbating this is the varying degree of satisfaction Marines and their spouses have with the quality and sufficiency of local education systems. The Marine Corps is addressing this issue by establishing national, regional, and installation level School Liaison capability. The School Liaison will help parents and commanders interact with local schools, districts, and state governments to help resolve educational issues. The increased family readiness funding has allowed us to establish a School Liaison position at each Marine Corps installation. Complementing our local effort, the Marine Corps is working with the Department of Defense to establish an "Education Compact" with states to enable reciprocal acceptance of entrance, subject, testing, and graduation requirements. The Education Compact has been enacted in North Carolina and Arizona, and is under varying stages of consideration in the other states with Marine Corps installations.

Conclusion

Your Marine Corps is grateful for your support and the support of the American people. Our great young patriots have performed magnificently and written their own page in history. They have proven their courage in Iraq and Afghanistan. Their resiliency, dedication, and sense of self-sacrifice are a tribute to this great Nation. They go into harm's way knowing their country is behind them. On their behalf, I thank you for your enduring support. We pledge to be good stewards of the resources you most generously provide and remain committed to the defense of this great land. Thank you again for the opportunity to report to you today.

Mr. EDWARDS. General Conway, thank you. And I am going to take part of my opening 5 minutes just to mention the name of a great Marine. You mentioned al Anbar Province, and—great young Marine in my mind. We dedicated a post office in his honor just a few weeks ago in my district, just a few miles from where I live, Marine Gunnery Sergeant John David Fry.

And he was a demolition expert, went out during his time in Iraq—I think he defused literally hundreds of bombs. And he had his bags packed, was less than 7 days away from coming home, had three children under the age of 10. And the call came in asking for a volunteer to go out to al Anbar Province and defuse some bombs that had been located at a roadside there.

And he went out. And the third bomb he defused had a fourth bomb hidden underneath, which killed him. And as I looked at his three young children that day at the post office, I just thought this was why every one of us is so dedicated to supporting the quality of life for these great Americans.

We know we can't ever begin to replace those little children's father or that widow's husband, but we are going to do everything we can to provide the kind of quality of life that their families deserve. So thank you.

I know that reflects the kind of spirit that we see in the Navy and the Marines throughout our country and throughout the world.

INADEQUATE HOUSING

I just have one question that I would begin of each of you, and that is, do you have a number in terms of number of barracks and/or family homes that don't meet your respective Navy or Marine standards for—

Admiral ROUGHEAD. Yes, sir. We, in the area of our family housing, have made the investments that we will be able to rectify all of the inadequate housing with the investments that we have made. So family housing, we are in good shape.

With respect to the substandard category for our unaccompanied housing, I put that at about 42 percent. And that doesn't mean that the accommodations are unsanitary or unsafe. They may be not sized properly or the square footage that we want, but I put the number at 42 percent of bachelor enlisted housing.

Mr. EDWARDS. And on the present budget glide path, when do you think the money will be committed to bring those up to standard?

Admiral ROUGHEAD. My intention, Mr. Chairman, is that we will have that done by 2016.

Mr. EDWARDS. I hope, with some good luck, maybe this committee could compress that. I certainly hope so.

Admiral ROUGHEAD. Yes, sir. Thank you very much.

Mr. EDWARDS. Thank you.

General CONWAY. Sir, about 96 percent of our family housing at this point is PPV (Public-Private Venture). Of those units transferred, approximately 4,400 remain that are considered inadequate and these are being renovated, replaced or otherwise demolished by our partners. When completed in 2014, there will be no PPV housing units deemed inadequate. Of the remaining Marine Corps owned inventory, only two would by definition be considered inad-

equate. These are General Officer quarters, deemed inadequate by definition that they require more than \$50,000 for repairs, but are fully habitable.

And we estimate that we have roughly 2,700 spaces which constitutes less than 4 percent of our total inventory that we would label as inadequate. As I said in the statement and as you have heard me say before, that has become a real priority for us, because we have waited until we were in extremis, I think, to respond to needs.

We have over the FYDP about \$1.52 billion of requests for construction associated with our barracks and family housing. If those requests are supported, then we will solve our problem, we think, by the end of the 5-year plan.

Mr. EDWARDS. In fact, Admiral Roughead, if you wouldn't mind, if you could give me a similar number for the Navy. What would it take to get all of your bachelor's quarters up to Navy's standards?

Admiral ROUGHEAD. Yes, sir.

Mr. EDWARDS. It would sure be nice for us to know what that goal is. And perhaps we can compress some of these—

Admiral ROUGHEAD. Sir, the figures that we are using is on or about \$85 million in MILCON and then about \$80 million a year throughout the FYDP for the maintenance costs that would be associated. So it is not an insignificant amount of money.

Mr. EDWARDS. Okay. Thank you. Thank you for that.

Admiral ROUGHEAD. Yes, sir.

Mr. EDWARDS. Mr. Crenshaw.

HOMEPORTING NUCLEAR CARRIER AT NAVAL STATION MAYPORT

Mr. CRENSHAW. Thank you, Mr. Chairman.

Mr. EDWARDS. Not only the ranking member this afternoon, but a great member of this subcommittee.

Mr. CRENSHAW. Thank you very much.

We are going to start out, Admiral Roughead, you mentioned in your opening statement the decision that the Navy made to homeport a nuclear carrier at Naval Station Mayport.

And I know you made that decision after a 2.5-year study. You weighed all the strategic, operational, environmental consequences of the decision.

And that report stated in pretty strong language that it is in the best interest of national security to have a second nuclear carrier homeport on the East Coast and that Naval Station Mayport was the best place to do that.

I was a little disappointed—I got a call right before Easter from the Deputy Secretary of Defense that said that, in spite of the Navy's decision, that that decision was going to be further reviewed as part of the Quadrennial Defense Review, (QDR), which is disappointing, because of all the study had gone into, decisions made.

Last time I got a phone call like that was right before Christmas a few years ago, when the former Deputy of Secretary of Defense, who at the time was the Secretary of the Navy, called me to say that they were thinking about decommissioning one of the carriers and it could very well be the one that was in Mayport,—so when I get these kind of phone calls right before holidays, I have a new

policy at my office now. They don't accept calls from high-ranking military officials anywhere near a holiday.

But I know that the nuclear homeporting decision is going to be made as part of that QDR. And we don't know exactly when we are going to get that. And we don't know whether there will be some budget requests this time, because we haven't seen it yet, in terms of some of the upgrades needed.

But if you don't mind, I wanted to ask you just a couple of questions about that.

But, Mr. Chairman, I wanted to just see if it is possible to submit the Navy Record of Decision in final Environmental Impact Statement on the proposed homeporting of additional surface ships at Naval Station Mayport, Florida, in the official record?

Mr. EDWARDS. Without objection.

[The information follows:]

DEPARTMENT OF DEFENSE**Department of the Navy****Record of Decision for Homeporting of Additional Surface Ships
at Naval Station Mayport, Florida**

AGENCY: Department of the Navy, Department of Defense.

ACTION: Notice of Record of Decision.

SUMMARY: The Department of the Navy (DON), after carefully weighing the strategic, operational, and environmental consequences of the proposed action, announces its decision to homeport one nuclear-powered aircraft carrier (CVN) at Naval Station (NAVSTA) Mayport. Today's decision does not relocate a specific CVN to NAVSTA Mayport. It does initiate a multiyear process for developing operational, maintenance, and support facilities at NAVSTA Mayport to support homeporting of one CVN. This multiyear process includes implementing projects for dredging and dredged material disposal, construction of CVN nuclear propulsion plant maintenance facilities, wharf improvements, transportation improvements, and construction of a parking structure to replace existing parking that would be displaced by development of the CVN nuclear propulsion plant maintenance facilities. The projects necessary to create the capacity to support CVN homeporting could be completed as early as 2014. No CVN homeport change will occur before operational, maintenance, and support facility projects are completed. Selection of the CVN to be homeported at NAVSTA Mayport would not occur until approximately one year prior to the ship's transfer to NAVSTA Mayport. Selection of a specific CVN for homeporting at NAVSTA Mayport will be based upon then current operational needs, strategic considerations, and maintenance cycles.

The DON decision to utilize the capacity at NAVSTA Mayport to homeport a CVN is the culmination of a two and a half year process involving environmental analysis under the National Environmental Policy Act (NEPA), identification of the recurring and nonrecurring costs associated with homeporting surface ships at NAVSTA Mayport, and an assessment of strategic concerns.

The DON environmental analysis included extensive studies regarding impacts associated with dredging, facility construction, and homeport operations. The environmental

analysis undertaken by the DON included lengthy and detailed consultations with regulatory agencies, such as the U.S. Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS), regarding impacts to endangered and threatened species, and the U.S. Army Corps of Engineers (USACE) and the Environmental Protection Agency (EPA) regarding dredging operations and the in-water disposal of dredged materials. Public awareness and participation were integral components of the Environmental Impact Statement (EIS) process. The DON ensured that members of the public, state agencies, and federal agencies had the opportunity to help define the scope of the DON's analysis as well as examine and consider the studies undertaken by the DON. Public review and comment on the DON's interpretation of those studies and the conclusions drawn from the DON's interpretation of associated data were robust.

The decision reached by the DON, as further explained later in this Record of Decision, is based upon the DON's environmental, operational, and strategic expertise and represents the best military judgment of the DON's leadership. The need to develop a hedge against the potentially crippling results of a catastrophic event was ultimately the determining factor in this decision-making process. The consolidation of CVN capabilities in the Hampton Roads area on the East Coast presents a unique set of risks. CVNs assigned to the West Coast are spread among three homeports. Maintenance and repair infrastructure exists at three locations as well. As a result, there are strategic options available to Pacific Fleet CVNs should a catastrophic event occur. By contrast, NAVSTA Norfolk is homeport to all five of the CVNs assigned to the Atlantic Fleet and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists. It is the only location in the U.S. capable of CVN construction and refueling. The Hampton Roads area also houses all Atlantic Fleet CVN trained crews and associated community support infrastructure. There are no strategic options available outside the Hampton Roads area for Atlantic Fleet CVNs should a catastrophic event occur.

FOR FURTHER INFORMATION CONTACT: Mr. Royce Kemp, Naval Facilities Engineering Command Southeast, Building 903, Naval Air Station Jacksonville, FL 32212-0030, telephone 904-542-6899.

SUPPLEMENTARY INFORMATION: Pursuant to Section 4332(2)(c) of Title 42 of the United States Code (Section 102 (2)(c) of the National Environmental Policy Act of 1969 [NEPA]); the regulations of the President's Council on Environmental Quality

(CEQ) that implement NEPA procedures (40 Code of Federal Regulations [CFR] Parts 1500-1508); DoD Instruction 4715.9, Environmental Planning and Analysis; and the applicable DON environmental regulations that implement these laws and regulations, the DON announces its decision to homeport one CVN at NAVSTA Mayport. The proposed homeporting will be accomplished as set out in Alternative 4, described in the Final EIS as the Preferred Alternative. The DON considered applicable executive orders, including the requirements of Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations.

Specific components of the Preferred Alternative, as described in the Final EIS, include the following: (a) dredging of the NAVSTA Mayport turning basin and entrance channel and federal navigation channel (duration approximately 12 to 18 months); (b) disposal of approximately 5.2 million cubic yards (cy) of dredged material in an ocean dredged material disposal site (ODMDS); (c) improvements to Wharf F (duration approximately 24 months); (d) improvements to parking (duration approximately 24 months); (e) improvements to on-station roads (duration approximately 24 months); (f) construction of CVN nuclear propulsion plant maintenance facilities (duration approximately 33 months), followed by equipment outfitting; (g) and arrival of one CVN for homeporting as early as 2014, dependent upon the completion of CVN nuclear propulsion plant maintenance facilities construction and outfitting.

PURPOSE AND NEED: The purpose of the proposed action is to ensure effective support of fleet operational requirements through efficient use of waterfront and shoreside facilities at NAVSTA Mayport. The DON has developed plans for ashore infrastructure to ensure appropriate support of the Fleet Response Plan and the DON's required operational battle force.

The DON needs to utilize the available facilities at NAVSTA Mayport, both pierside and shoreside, in an effective and efficient manner. Effective use of NAVSTA Mayport helps preserve distribution of assets among homeport locations to reduce the risks to fleet resources and to maintain operational, maintenance and repair capabilities in the event of natural disaster, manmade calamity, or attack by foreign nations or terrorists. Developing homeport capability for a CVN at NAVSTA Mayport optimizes use of existing infrastructure including housing, support facilities (gym, exchange, etc.), and available berthing capacity.

PUBLIC INVOLVEMENT: The DON initiated a mutual exchange of information through early and open communications with interested stakeholders throughout the development of the EIS. The Notice of Intent (NOI), which provided an overview of the proposed action, explained the projected scope of the EIS, and identified the scoping meeting time and location, was published in the Federal Register on November 14, 2006 (71 FR 66314). Notification of the public scoping meeting was also made through local media outlets and newspapers. The DON conducted a scoping meeting on December 6, 2006 at the Florida Community College at Jacksonville South Campus in Jacksonville, Florida. In addition, relevant project information was made available on a public website (www.mayporthomeportingeis.com) and copies of the NOI were sent to federal, state, tribal, and local agencies. Thirty-eight people attended the scoping meeting, and additional comments were collected during the 45 day public scoping period. A total of 17 individuals, agencies and organizations submitted 82 written comments in response to the NOI. The USACE and the U.S. Environmental Protection Agency (USEPA) agreed to be cooperating agencies in the EIS process.

The Notice of Availability of the Draft EIS and Notice of Public Hearing were published in the Federal Register on March 28, 2008 (73 FR 16672). Notification of DRAFT EIS availability and public hearing date was also made through local media outlets, newspapers, and direct mailings to interested individuals, agencies, and associations, as well as elected and other public officials. The Draft EIS was distributed to those individuals, agencies, and associations who asked to be notified during the scoping process, as well as members of Congress, and state officials. The Draft EIS was available for public comment from March 28, 2008 to May 27, 2008. The public comment period was extended from the original 45 day availability to provide the public 60 days to review the EIS and provide comments (73 FR 24260). The Draft EIS was made available for general public access at 5 public libraries in the Jacksonville area, and on the project website. The DON held a public hearing on April 16, 2008 at the Florida Community College at Jacksonville - Deerwood Center. A total of 120 individuals, agencies, and organizations submitted 273 comments on the Draft EIS.

The Notice of Availability of the Final EIS was published in the Federal Register on November 21, 2008 (73 FR 70640). The Final EIS included identification of the Preferred Alternative, mitigation measures to reduce environmental consequences, and

public and agency comments on the Draft EIS and responses to those comments. Notification of the availability of the Final EIS was also made through various newspapers and direct mailings to interested individuals, agencies, and associations, as well as elected and other public officials. The Final EIS was distributed to those individuals, agencies, and associations who asked to be notified during the public comment period, as well as members of Congress and state officials. In addition, the Final EIS was made available for general public access at 5 public libraries in the Jacksonville area, and on the project website. The 30-day no action period, allowing for public review of the Final EIS, ended on December 22, 2008.

ALTERNATIVES CONSIDERED: The Draft and Final EIS assessed the impacts of 12 action alternatives and the no action alternative. Consistent with the purpose and need for the proposed action, the alternatives addressed only options for utilizing capacities at NAVSTA Mayport for homeporting additional surface ships. Examination of homeporting options at other geographic locations was not relevant to the established purpose and need, so no such alternatives were considered. The 12 action alternatives evaluated a broad range of options for homeporting surface ships at NAVSTA Mayport. The alternatives included ship types currently homeported at NAVSTA Mayport: destroyers (DDGs), and frigates (FFGs), as well as additional types of ships identified by the Chief of Naval Operations (CNO), including amphibious assault ships (LHDs), amphibious transport dock ships (LPDs), dock landing ships (LSDs), and a CVN.

In the Final EIS, the DON identified Alternative 4, as the Preferred Alternative. Alternative 4 involves homeporting one CVN at NAVSTA Mayport and included dredging, infrastructure and wharf improvements, on-station road and parking improvements, and construction of CVN nuclear propulsion plant maintenance facilities at NAVSTA Mayport. Factors that influenced selection of Alternative 4 as the Preferred Alternative included impact analyses in the EIS, estimated costs of implementation, including military construction and other operation and sustainment costs, and strategic considerations.

Regulations implementing NEPA require the identification of the environmentally preferred alternative. The environmentally preferred alternative for this EIS is Alternative 2, homeporting two LHDs at NAVSTA Mayport. LHD homeporting would require no dredging or other major construction activities compared to

dredging and construction activities required to implement the Preferred Alternative to homeport a single CVN. As such, the Preferred Alternative (Alternative 4) would have greater environmental impact than the environmentally preferred alternative (Alternative 2) on earth resources, water resources, air quality, noise, biological resources, and utilities. While the environmentally preferred alternative would have less environmental impact than the Preferred Alternative, it does not address strategic concerns or reduce risks to critical Atlantic Fleet assets and infrastructure.

ENVIRONMENTAL IMPACTS: The EIS analyzed environmental impacts and the potential magnitude of those impacts relative to the following categories of environmental resources: earth resources, land and offshore use, water resources, air quality, noise, biological resources, cultural resources, traffic, socioeconomic, general services, utilities, and environmental health and safety. Analysis of these categories also included the radiological aspects of CVN homeporting. Only environmental impacts to NAVSTA Mayport and the project area were evaluated. There were no environmental impacts to the human environment outside of NAVSTA Mayport and the project area that were interrelated to the natural or physical environmental effects of the proposed action.

The environmental impact of implementing each alternative was evaluated against the 2006 baseline. The baseline year 2006 best represents recent and historical operations at NAVSTA Mayport, and 2014 represents the end-state year by which all alternatives evaluated in the EIS could be implemented. Many impacts were found to be common among the alternatives. A detailed discussion of the environmental consequences for each resource is provided in Chapter 4 of the Final EIS.

The discussion below identifies resource categories for which the potential for significant impacts were identified or for which substantial public comments were made. The focus of this discussion is on the impacts associated with the Preferred Alternative, homeporting of one CVN at NAVSTA Mayport.

SHIP AND PERSONNEL LOADING: The number of ships homeported and the average net daily population would decrease between the 2006 baseline and 2014 due to decommissioning of the conventionally-powered aircraft carrier, USS JOHN F. KENNEDY (CV 67), formerly homeported at NAVSTA Mayport, in 2007. In addition, between 2006 and 2014, homeported ships and personnel stationed at

NAVSTA Mayport would also decrease due to: 1) the scheduled decommissioning of 10 FFGs currently homeported at NAVSTA Mayport and 2) the downsizing of the Southeast Regional Maintenance Center (SERMC). With the Preferred Alternative, between the 2006 baseline and the 2014 end state, NAVSTA Mayport's net daily population would decrease by approximately 1,600 and the number of homeported ships would decrease from 22 to 12.

EARTH RESOURCES: The Preferred Alternative would require approximately 30 acres of upland development, but the primary issues pertain to dredging and disposal of the dredged material. The Final EIS reported that one sediment sample representing a zone of approximately 315,000 cy of the proposed dredge sediments had failed a portion of the bioassay requirements per the Marine Protection, Research, and Sanctuaries Act (MPRSA) Section 103 for suitability for placement in an ODMDS. As a result of this one sample failing the solid phase bioassay test, the Final EIS concluded that approximately 4.8 million cy of the total 5.2 million cy of the proposed dredge material would be suitable for ocean disposal in an ODMDS, but this zone of approximately 315,000 cy of material may require disposal at a permitted upland disposal site. Since publication of the Final EIS, however, the U.S. Army Corps of Engineers (USACE) has retested sample sediments from that zone. The retest conducted in coordination with USEPA Region 4 showed passing results, indicating that all 5.2 million cy of proposed dredge material is suitable for ocean disposal. Amplifying information is as follows.

The results of the initial solid phase bioassay tests reported in the Final EIS indicated that all but one of the proposed dredging zones in the project area passed published ocean disposal criteria. The one zone, Zone 4, minimally failed to pass the criteria for survival of the amphipod test species (*L.plumulosus*) as the initial results were 70 percent survival rate compared to a needed 71 percent survival rate. The cause of the test failure was that one of the five replicate tests taken for Zone 4 had a very low survival rate when compared with all of the other 59 solid phase amphipod bioassay tests taken for this project series of sediment tests. The USACE conferred with the USEPA Region 4 about the retesting for the solid phase amphipod survival in Zone 4. USEPA Region 4 concurred with the retesting and directed the USACE to use the same sample sediment from the initial testing in Zone 4, control, and reference sediments. The retest values showed a survival rate for test

species, amphipod, of 93 percent in Zone 4, far exceeding the 70 percent survival rate threshold. Additionally, a statistical analysis was completed on the combined initial and retest amphipod survival rates for Zone 4. These pooled test results showed that sediment samples representing Zone 4 were not significantly lower in survival rates than the reference site and therefore passed the solid phase bioassay for ocean disposal. With these passing results from the retesting of Zone 4 sample sediments, all 5.2 million cy of the proposed dredging project are suitable for disposal at ODMDSs. As part of the dredge project permitting phase, the remaining biological tests will be finished and the formal MPRSA Section 103 Evaluation completed by USACE and USEPA to conclude determination of suitability for ocean disposal.

The relatively limited capacity of the Jacksonville ODMDS would be affected, but would be minimized by placement of approximately 2 million cy at the Jacksonville ODMDS and placement of the remaining approximately 3.2 million cy at the Fernandina ODMDS. The USACE concluded that the Jacksonville ODMDS could accommodate the DON's proposed 2 million cy while still supporting other regional projected maintenance projects for 8 to 10 years following the proposed DON project.

The following additional actions will be taken to minimize impacts to earth resources: adhere to requirements of Construction Generic Permit and Environmental Resource Permit for Stormwater Management Systems; modify NAVSTA Mayport Stormwater Pollution Prevention Plan (SWPPP) and Municipal Separate Storm Sewer System (MS4) management plans and goals to include the 30 acres of upland improvements; design facilities to prevent additional nutrients from entering receiving waters; conclude biological testing per MPRSA Section 103 permitting process for dredge material disposal in ODMDSs; DON (as a member of the Jacksonville ODMDS Site Management and Monitoring Plan team) continue to support the USACE Jacksonville District and USEPA Region 4 in determining appropriate disposal practices and potential management options at the Jacksonville ODMDS, including possible expansion of the Jacksonville ODMDS under MPRSA Section 102 if deemed necessary by USEPA Region 4.

WATER RESOURCES: There would be increased impervious surface and impacts to stormwater flow resulting from the approximately 30 acres of upland development. The dredging project would not impact groundwater. Hydrodynamic model results show that currents, salinity levels, and sedimentation rates in the NAVSTA

Mayport turning basin, entrance channel, federal navigation channel, and the St. Johns River would not change significantly from existing conditions following the proposed dredging project.

The following additional actions will be taken to minimize impacts to water resources: obtain required permits prior to construction, including an Environmental Resources Permit from Florida Department of Environmental Protection (FDEP) or St. Johns River Water Management District (SJRWMD), and implement appropriate Best Management Practices to protect water resources from increased stormwater runoff associated with an increase in impervious surfaces; obtain required permits prior to dredging, including a CWA Section 401 State Water Certificate and an Environmental Resources Permit from FDEP, and a Rivers and Harbors Act Section 10 permit from USACE; conclude biological testing per MPRSA Section 103 permitting process for dredge material disposal in ODMDSs; avoid wetlands for Massey Avenue road improvements or, if unavoidable, mitigate accordingly; construct CVN nuclear propulsion plant maintenance facilities above the 100-year floodplain; and modify NAVSTA Mayport Multi-Sector Generic Permit SWPPP permit plans and goals.

AIR QUALITY: Duval County is designated as an attainment area under the Clean Air Act Amendments; therefore, the General Conformity requirements do not apply. Short-term increases in air emissions would occur from construction activities, primarily due to the dredging equipment and the tug engines used in transport of dredged material to the ODMDSs. The greatest contribution would be in oxides of nitrogen (NOx) emissions, primarily due to emissions from mobile sources associated with the construction dredging. The use of modern dredging equipment with USEPA rated tier 1, tier 2, or tier 3 diesel engines to the greatest extent practicable would help minimize NOx emissions. Over the long-term there would be a minor increase in operational emissions associated with the boilers for the new CVN nuclear propulsion plant maintenance facilities.

BIOLOGICAL RESOURCES: The dredging project would result in short-term minor impacts from dredging operations and sediment disposal to marine resources, including marine flora, invertebrates, and fish in the vicinity of the dredging areas and ODMDS. The proposed dredge project is located within the vicinity of designated Essential Fish Habitat (EFH) for 21 Fishery Management Units (FMUs); none occur in the vicinity of the ODMDSs. Habitat Areas of Particular Concern designated

for four of these FMUs (managed by the South Atlantic Fishery Management Council) occur within the vicinity of the proposed dredging activities. Dredging activities would be expected to result in fish temporarily avoiding the area; and the potential for entrainment of fish species at larval stages at levels which would not adversely impact larval populations within the FMUs.

In accordance with section 7 of the Endangered Species Act (ESA), the DON consulted with the USFWS and NMFS regarding potential impacts to federally listed species and designated critical habitat for proposed construction and dredging activities.

With implementation of the conditions of the USFWS Letter of Concurrence, it was determined implementation of the dredge project would have no effect on nesting listed sea turtles; may affect, but is not likely to adversely affect Florida manatee; and would not destroy or adversely modify Florida manatee designated critical habitat.

Per USFWS Letter of Concurrence dated December 5, 2008, the DON will include the following conditions to be reflected in the USACE permit and in any plans and specifications for dredging associated with the proposed homeporting: implement the July 2005 Standard Manatee Conditions for In-Water Work; for nighttime clamshell dredging within the NAVSTA ship turning basin, a dredge window restricting such dredging to the period extending from the last full week in October through February 28. Dredge mobilization and demobilization may occur prior to and after this window. This window may be extended up to an additional 21 days in the event the dredging is not completed within the specified window. The DON shall notify the USFWS, Jacksonville Ecological Services Field Office (JAFL), in writing of the need for the extension and request its approval, along with supporting information, at least two weeks prior to the beginning of the requested extension. The JAFL shall provide its written response, indicating either concurrence, non-concurrence, or concurrence with additional conditions, to the DON within two days of receipt of the request.

With implementation of the conditions of the NMFS Biological Opinion (BO) dated 7 January 2009, it was determined implementation of the dredge project may affect, but is not likely to adversely affect shortnose sturgeon, smalltooth sawfish, NARW, and humpback whales. As NMFS determined in the BO, there is currently no NARW critical habitat in the proposed

action area. NMFS also found, with implementation of the reasonable and prudent measures and the terms and conditions, dredging to include bed-leveling activities, is likely to adversely affect, but is not likely to jeopardize the continued existence of sea turtles (loggerhead, green, and Kemp's ridley). Based on historical distribution data, hopper dredge observer reports, and observations of past strandings, loggerhead, green, and Kemp's ridley sea turtles may occur in the action area and may be taken by the hopper dredging operations of this project. NMFS believes that the proposed action can be expected to lethally take up to 17 loggerhead, 3 green, and 2 Kemp's ridley sea turtles during the proposed project.

For construction related to the Wharf F improvements, no anticipated impacts are expected to listed fish, sea turtles, and marine mammals. However, to further reduce any potential impacts, the use of a vibratory hammer will be implemented for pile driving operations. If a marine mammal is observed within 50 ft of the proposed pile driving operations, operations would cease if practicable until the animal leaves the area.

Per the NMFS BO, the DON will include the following sea turtle conservation measures to be reflected in the USACE permit and in any plans and specifications for dredging and bed-leveling associated with the proposed homeporting:

1. Sea Turtle Deflecting Draghead: In order to minimize the incidental takes of sea turtles, the use of sea turtle deflecting dragheads will be used on all hopper dredging projects where the potential exists for sea turtle interactions. The leading edge of the deflector is designed to have a plowing effect of at least 6 inches depth when the drag head is being operated that could deflect, rather than damage or entrain, a sea turtle during dredging operations. Sea turtle deflecting dragheads will be required for this project.

2. Relocation Trawling: In order to minimize the level of lethal takes by hopper dredge, the DON intends to use a modified relocation trawling approach. A modified net system either with an open net or with a "tickler chain" towed by a trawl vessel will be used to disturb the sediment on the bottom in front of the dredge, to disperse any turtles that may be on or in the bottom, up into the water column. Unlike traditional relocation trawling where the turtle is handled and sampled for biological information, this approach would prevent the turtle from being

captured in the net and from undergoing the stresses associated with net capture and handling, yet would get the turtle off the bottom and up into the water column, reducing the risk of injurious or lethal take by the hopper dredge's draghead. Also, because the modified gear would not have to be retrieved frequently to check for turtles and to release other bycatch, the amount of effective trawling time can be greatly increased. Modified (i.e., non-capture) relocation trawling will be conducted during all portions of the project when hopper dredges are used and will be operated in front of the active hopper dredge at a reasonable and safe distance.

3. Dedicated observers: USACE Standard Observer Specifications will be implemented, requiring 24-hr monitoring (i.e., two observers each monitoring for 12 hours daily) onboard hopper dredges to observe, identify, and document any lethal or injurious sea turtle (or other protected species) take associated with operation of the hopper dredge and dragheads.

4. Bed-leveling: The cleanup phase of the Navy's proposed dredging activity may involve the use of a bed-leveling device. Bed-levelers are essentially heavy H-beams or heavy drag bars dragged across the channel bottom to smooth out high spots and rough spots left over during clamshell, hopper, or other types of dredging. Standard USACE permit conditions for bed-leveling will be implemented. In addition, the following protective measures will be required for any bed-leveling activities to minimize the potential for harm to listed species:

a. Bed-leveling would be completed within 3 months of dredging, limiting the potential for any establishment of foraging habitat or resources for sea turtles.

b. There will be a GPS system on the barge that will indicate that the bed-leveling device is only being used on the high spots and within the center of the channel where sea turtles are not expected to occur.

c. USACE standard specifications require the contractor to report the location, time, and date of bed-leveling device usage via the Resident Management System. These standard specifications will be incorporated into the required project specifications.

5. The Navy and USACE will require monitoring measures that will provide data on the efficacy of modified relocation trawling on loggerhead, green, and Kemp's ridley sea turtles.

6. The Navy and USACE will report on testing results from experiments being conducted by the USACE Engineer Research and Development Center on various bed-leveling equipment designs. The Navy and USACE should implement the best identified alternative design for bed-leveling associated with this project.

As recommended in the NMFS BO, to minimize potential for project impacts on the NARW and other marine mammals from the proposed dredging and dredged-material disposal operations, the DON will include implementation of the following whale conservation measures to be reflected in the USACE permit and in any plans and specifications for dredging associated with the proposed homeporting:

1. Dredge vessel transits to the Fernandina ODMDS will not occur during the NARW calving season (November 15 through April 15).

2. During transport of dredged material to the ODMDSs and when returning to the dredge site, vessels will use extreme caution and proceed at a safe speed, no greater than 10 knots during the NARW calving season, such that the vessel can take proper and effective action to avoid a collision with a NARW or other marine mammals and can be stopped within a distance appropriate to the prevailing circumstances and conditions; slower vessel speeds can reduce the potential for a vessel strike with a listed species by providing more time for animals to react to a vessel and move out of the way (discussed below).

3. Dredge contractors will participate, and respond as appropriate, in the NARW Early Warning System (EWS), where ships are alerted to the presence of NARWs in the project area during the calving season with the aid of aerial surveys. Dredge vessel operators will be required to make their radio contact information available to NMFS or the Coast Guard. To the extent practicable, dredge vessel operations in the NARW calving area during the calving season will be minimized and transit courses altered immediately upon notification of a NARW sighting through the EWS. The Navy and USACE are partners in the funding and implementation of the EWS.

4. As clarified in subsequent discussions with NMFS, hopper dredges and/or ocean going scows will not exceed 10 knots during the NARW calving season from November 15 through April 15.

5. When whales have been sighted in the area, vessels will increase vigilance and take reasonable and practicable actions to avoid collisions and activities that might result in close interaction of vessels and marine mammals. Actions may include changing speed and/or direction and would be dictated by environmental and other conditions (e.g., safety, weather, sea state).

6. During the period December 1 through March 30, daily aerial surveys within 15 nautical miles (NM) of the dredging and disposal sites will be conducted by others (i.e., EWS) to monitor for the presence of NARWs. Right whale sightings will be immediately communicated by marine radio to the Dredging Contractor's dredge.

7. During the period November 15 through April 15, barges or dredges moving through the NARW calving area shall take the following precautions: If whales have been spotted via EWS or other observers within 15 NM of the vessel's path within the previous 24 hours, the tug/barge or dredge operator shall slow down to 5 knots or less during evening hours or when there is limited visibility due to fog or sea states greater than Beaufort 3.

8. Tug/barge or dredge operators shall maintain a 500-yard buffer between the vessel and any whale.

9. As clarified in subsequent discussions with NMFS, a NMFS-approved observer will be present 24 hours a day during the calving season, on hopper dredges during the transport of dredged materials. Observers would monitor for the presence of marine mammals from the bridge during daylight hours while transiting to and from the disposal area.

10. Floating weeds, algal mats, Sargassum rafts, clusters of seabirds, and jellyfish are good indicators of sea turtles and marine mammals. Therefore, increased vigilance in watching for sea turtles and marine mammals will be taken where these are present.

Over the long-term, the DON vessel transit activities at NAVSTA Mayport associated with vessels homeported would be reduced

commensurate with the decrease in homeported ships from 22 ships in the 2006 baseline to 12 ships in 2014 under the Preferred Alternative thereby reducing the long-term potential for NAVSTA Mayport homeported vessels to strike threatened and endangered species during these transits (primarily a concern with whales). DON vessel transit activities are addressed in the DON's 1997 Regional BO with NMFS for Navy Activities off the Southeastern United States along the Atlantic Coast. The Navy is currently in consultation with NMFS for East Coast Navy vessel transit activities, to include all those associated with ships homeported at NAVSTA Mayport, under the East Coast Navy Tactical Training Theater Assessment Planning (TAP) Program consultation. The resultant BO from the TAP consultations will supersede other BOs pertaining to Navy vessel transit activities, and provide a comprehensive evaluation of potential effects of East Coast vessel activities on listed species.

CULTURAL RESOURCES: No historic properties have been identified within the areas of potential effects for the Preferred Alternative. An archaeological monitor will be present during the Massey Avenue/Maine Street intersection improvement construction to ensure that National Register of Historic Places (NRHP) eligible prehistoric archaeological site (8DU7458) is avoided. As an additional safeguard, the DON also will attach a post-review discovery clause to the construction contract pursuant to 36 CFR 800.13 to ensure that cultural resources are taken into account in the unlikely event of their discovery. In a letter dated 2 December 2008, the Florida State Historic Preservation Officer (SHPO) concurred with the DON that the implementation of the Preferred Alternative would not affect historic properties.

SOCIOECONOMICS: The evaluation of socioeconomic impacts compares the 2006 baseline with the 2014 end state in the NAVSTA Mayport area. Some socioeconomic impacts related to personnel levels at NAVSTA Mayport have already occurred due to personnel decreases associated with the decommissioning of the KENNEDY in 2007 and SERMC downsizing. As compared to the 2006 baseline, with implementation of the Preferred Alternative, estimated regional economic benefits resulting from the federal investment of military construction dollars would total approximately \$671 million and result in 7,400 short-term full- and part-time jobs. It is anticipated that total dependents would decrease by 13 percent, and total school age children would be reduced by 12 percent. Average annual growth in direct jobs would be reduced 2.1 percent, and total reduction in employment would be

approximately 2,000 jobs. Direct payroll would be reduced by \$150 million, and change in disposable income would be reduced by a total of \$141 million. Estimated local tax contributions would be reduced by approximately \$6 million.

GENERAL SERVICES: As with the socioeconomic impact analysis, the evaluation of general services compare the 2006 baseline with the 2014 end state and acknowledges some impacts assessed herein have already occurred due to personnel decreases associated with the decommissioning of the KENNEDY and SERMC downsizing. As compared to the 2006 baseline, implementation of the Preferred Alternative would result in declines in population and dependents and school age children associated with NAVSTA Mayport personnel by 2014. Population declines are not expected to affect most general services. With regard to schools, declines in enrollment associated with NAVSTA Mayport school age dependents would be somewhat offset by other shifts in demographics that have resulted in regional increases in enrollment in Duval County Public Schools and other area schools.

RADIOLOGICAL ASPECTS OF CVN HOMEPORTING: As discussed in the EIS, the DON's methods for design and operation of nuclear-powered ships and their support facilities are fully protective of the health and safety of the public, and of the environment. The same stringent radiological control and environmental monitoring practices used throughout the Naval Nuclear Propulsion Program would be employed at Naval Station Mayport, resulting in no adverse effect on the environment. Based on the successful record discussed above, the DON concludes that there are no additional mitigative measures which need to be taken to further reduce potential radiological impacts on the environment associated with permanently homeporting a CVN at Naval Station Mayport.

MITIGATION:

BIOLOGICAL RESOURCES: The following Reasonable and Prudent Measures (RPMs) and implementing Terms and Conditions have been identified by NMFS as necessary and appropriate to minimize impacts of incidental take of loggerhead, green, and Kemp's ridley sea turtles from the proposed project.

1. The Navy and USACE shall implement best management measures that reduce the risk of injury or mortality of listed species.

2. The Navy and USACE shall have measures in place to report all interactions with any protected species (ESA or Marine Mammal Protection Act) resulting from the proposed action.
3. As clarified in subsequent discussions with NMFS, the contractor shall be required to use a methodology to track and record hopper dredge and/or ocean going scow speed for transits conducted during calving season. This data will be made available to NMFS for independent speed verification if requested.
4. The Navy and USACE will require or conduct activities in compliance with NMFS' March 23, 2006, Sea Turtle and Smalltooth Sawfish Construction Conditions.
5. Prior to modified (non-capture) relocation trawling, the Navy and USACE shall develop and submit to NMFS detailed specifications on the final selected modified (non-capture) relocation trawling gear sufficiently ahead of planned dredging activities for NMFS to review and comment on the plans. NMFS fisheries gear specialists may be able to provide technical assistance in developing specifications.
6. As clarified in subsequent discussions with NMFS, if compelling Sea Turtle Stranding and Salvage Network (STSSN) observer reports and evidence indicate that a turtle was killed by a bed-leveler associated with the proposed action covered by this opinion, the Navy shall reinitiate the consultation. USACE and U.S. Navy in consultation with NMFS will make each determination of take.
7. If any listed species are injured or killed during the proposed project, the Navy or USACE shall provide a report summarizing the incident, within 90 days of project completion, to: NMFS Protected Resources Division, 263 13 Avenue South, St. Petersburg, FL 33701-5505. Notification of take shall be provided to NMFS at the following e-mail address within 24 hours of each take: takereport.nmfsser@noaa.gov.
8. The BO serves as both the requirement and the permitting authority for any NMFS approved protected species observer aboard a non-capture trawler or hopper dredge to collect tissue samples from live- or dead-captured sea turtles without the need for an ESA section 10 permit. All live or dead sea turtles captured by hopper dredging during or associated with the proposed dredging action shall be tissue-sampled prior to

release (if alive) or prior to disposal (if dead). Sampling shall continue uninterrupted until such time as the project ends. Sea turtle tissue samples shall be taken in accordance with NMFS' Southeast Fisheries Science Center's (SEFSC) procedures for sea turtle genetic analyses (Appendix II of this opinion). The Navy and USACE shall ensure that tissue samples taken during the project are collected and stored properly and mailed within 60 days of the completion of the dredging project to: NOAA, National Marine Fisheries Service, Southeast Fisheries Science Center, Attn: Lisa Belskis, 75 Virginia Beach Drive, Miami, Florida 33149. Ultimately, tissue samples gathered during sampling will be used to obtain reliable genetic data on the nesting or sub-population identity of sea turtles being captured or lethally taken. No sea turtle captures are expected during modified (i.e., non-capture) relocation trawling; however, if any are taken during this trawling, they must be sampled, unless shipboard safety concerns preclude it.

DECISION: After considering the environmental impacts analyzed in the EIS, the recurring and nonrecurring costs associated with homeporting additional surface ships at NAVSTA Mayport, and strategic implications of a second CVN homeport on the East Coast to support the Atlantic Fleet, the DON elected to implement Alternative 4, the Preferred Alternative. That alternative provides for homeporting one CVN at Naval Station (NAVSTA) Mayport. The DON decision does not immediately relocate a specific CVN to NAVSTA Mayport. It does initiate a multiyear process for developing operational, maintenance, and support facilities at NAVSTA Mayport to support homeporting of one CVN. This multiyear process includes implementing projects for dredging and dredged material disposal, construction of CVN nuclear propulsion plant maintenance facilities, wharf improvements, transportation improvements, and construction of a parking structure to replace existing parking that would be displaced by development of the CVN nuclear propulsion plant maintenance facilities. The projects necessary to create the capacity to support CVN homeporting could be completed as early as 2014.

No CVN homeport change will occur before operational, maintenance, and support facility projects are completed. Selection of the CVN to be homeported at NAVSTA Mayport would not occur until approximately one year prior to the ship's transfer to NAVSTA Mayport. Selection of a specific CVN for homeporting at NAVSTA Mayport will be based upon then current

operational needs, strategic considerations, and maintenance cycles.

The most critical considerations in the DON's decision-making process were the environmental impacts associated with the action, recurring and nonrecurring costs associated with changes in surface ship homeporting options, and strategic dispersal considerations. The need to develop a hedge against the potentially crippling results of a catastrophic event was ultimately the determining factor in this decision-making process. The consolidation of CVN capabilities in the Hampton Roads area on the East Coast presents a unique set of risks. CVNs assigned to the West Coast are spread among three homeports. Maintenance and repair infrastructure exists at three locations as well. As a result, there are strategic options available to Pacific Fleet CVNs if a catastrophic event occurred. By contrast, NAVSTA Norfolk is homeport to all five of the CVNs assigned to the Atlantic Fleet and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists. It is the only location in the U.S. capable of CVN construction and refueling. The Hampton Roads area also houses all Atlantic Fleet CVN trained crews and associated community support infrastructure. There are no strategic options available outside the Hampton Roads area for Atlantic Fleet CVNs if a catastrophic event occurred.

Environmental impacts: Environmental impacts were identified through studies and data collection efforts. The information culled from the studies and collected data was assessed and conclusions were drawn regarding the significance of environmental impacts. These conclusions, along with the underlying studies and data, were the subject of discussions and consultations with federal/state regulators over the course of the EIS process. This interagency process led to identification of mitigation measures, where appropriate, to address environmental impacts. Based on these consultations with regulators and their subject matter experts, the DON has committed to implementation of specific mitigation measures as outlined earlier in this Record of Decision. There are no environmental impacts associated with homeporting a CVN at NAVSTA Mayport that cannot be appropriately addressed or mitigated, including impacts to endangered species such as the NARW, Florida Manatee, and sea turtles.

Recurring and nonrecurring costs: The DON's analysis and assessment of socioeconomic impacts in the EIS associated with

the range of alternatives addressed short-term and long-term local economic impacts in the Mayport area. In addition to the socioeconomic impacts considered in the EIS, recurring and onetime costs associated with changes to surface ship homeporting were projected and considered in the DON's decision-making process. Recurring and nonrecurring costs for the preferred alternative are less than 10% of the cost of a single CVN and less than 1% of the cost of the DON's CVN assets. That investment in homeport capacity at NAVSTA Mayport provides additional security for CVN assets and enhances the DON's ability to maintain its effectiveness at a time when the ability to address contingencies and respond to the unexpected is essential. In terms of risk mitigation, DON gains a dispersal capability and its benefits at a fraction of the cost of an aircraft carrier.

Recurring costs included costs associated with Sustainment, Restoration, and Modernization (SRM), Base Operations Support (BOS), training, air wing transportation, nuclear maintenance labor, and Basic Allowance for Housing (BAH) for Sailors and their families. Sustainment costs are for activities necessary to keep facilities in good condition and therefore enable them to achieve their intended useful life. Restoration and Modernization costs are life-cycle investments required to provide for recapitalized facilities that support new missions, return facilities to good condition, and improve facilities beyond original conditions or capabilities. BOS costs included Facilities Operations costs such as Utilities, Facility Services, Facility Management, and Fire and Emergency Services.

Onetime costs included costs associated with MILCON projects (construction and Planning and Design), onetime maintenance costs for management and Industrial Plant Equipment (IPE) costs, and Permanent Change of Station (PCS) associated with the initial CVN homeport assignment at NAVSTA Mayport. PCS costs are those costs associated with moving the ship's crew and dependents to NAVSTA Mayport. PCS costs were estimated costs because the location from which crews and their families would be moved remains undetermined.

Strategic dispersal: The strategic dispersal of surface ships, especially vital strategic assets such as CVNs that serve our national interests in both peace and war, was assessed through examination of potential vulnerabilities. These potential vulnerabilities were examined in the context of operational, training and maintenance requirements of East Coast assets.

Strategic dispersal factors considered included: transit times to various deployment and training areas; shipping traffic volumes and associated risk of a maritime accident; port force protection postures and risk mitigation measures; integrated vulnerability and threat assessments; historic aircraft carrier loading; physical pier capacity; nuclear maintenance capability; homeporting options in response to a catastrophic event; geographic location of the aircraft carrier aircraft squadrons; transit times from port to the open sea; historic sortie rates due to hurricanes or other natural phenomena; and the risk to the ships, infrastructure and personnel who man, service and repair aircraft carriers associated with natural or man-made catastrophic events. In terms of these factors, the analysis concluded that the strategic value of NAVSTA Norfolk and NAVSTA Mayport as CVN homeports essentially was equal. The DON's strategic analysis, however, also demonstrated the value of having both NAVSTA Norfolk and NAVSTA Mayport as CVN homeports. Establishing CVN homeport capacity at NAVSTA Mayport can be accomplished without any adverse impacts on operations while at the same time providing the added strategic value of a second CVN homeport on the East Coast.

The most significant strategic advantage offered by development of an additional East Coast CVN homeport is a hedge against a catastrophic event that may impact NAVSTA Norfolk, the only existing CVN homeport for Atlantic Fleet CVNs. It is difficult to quantify the likelihood of a catastrophic event, whether natural or man-made. Nonetheless, there is a need to plan and prepare for any such event. That planning and preparation must address CVN maintenance and repair infrastructure as well as operational considerations. The fact that quantifying the likelihood of a catastrophic event is so difficult underscores the need to ensure that our planning and preparation efforts do not underestimate or overlook the long-term effects of such event. Hurricane Katrina is a clear and recent example. The level of devastation in New Orleans in the aftermath of Hurricane Katrina was so extensive and so pervasive that more than three years after Katrina hit, the New Orleans industrial infrastructure, work force, and community support functions have not fully recovered.

The potential impact of similar man-made or natural catastrophic events in the Hampton Roads area requires the DON to plan and prepare. A failure to do so presents an unacceptable risk. The aircraft carriers of the United States DON are vital strategic assets that serve our national interests in both peace and war.

The President calls upon them for their unique ability to provide both deterrence and combat support in times of crisis. Of the 11 aircraft carriers currently in service, five are assigned to the Atlantic Fleet. NAVSTA Norfolk is homeport to all five of the CVNs assigned to the Atlantic Fleet and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists. It is the only location in the U.S. capable of CVN construction and refueling. The Hampton Roads area also houses all Atlantic Fleet CVN trained crews and associated community support infrastructure. A second CVN homeport on the East Coast will provide additional CVN maintenance infrastructure, thereby providing added strategic value and allowing the DON to extract the added operational value of two CVN homeports in meeting its national defense obligations.

Homeporting a CVN at NAVSTA Mayport would provide strategic options in case of a catastrophic event in the Hampton Roads area, and enhance distribution of CVN assets, thereby reducing the risks to aircraft carriers and associated maintenance and repair infrastructure supporting those crucial assets.

AGENCY CONSULTATION AND COORDINATION: USACE and USEPA were cooperating agencies throughout the EIS process. These agencies were requested by the Navy to participate in the NEPA process because of their special expertise and the jurisdiction of their agencies to permit activities required for the proposed action. Their early participation in the EIS process aided in the Navy's analysis of potential environmental impacts and greatly facilitated consultations with other federal agencies. In addition, the DON consulted and coordinated with Federal and State agencies regarding the proposed homeporting of additional surface ships at NAVSTA Mayport throughout the EIS process. Agencies reviewing biological and cultural resources were contacted early in the environmental planning process and received notification letters in November 2006. Agency consultations were the culmination of discussions beginning in February 2007. Navy requested USFWS and NMFS review our Biological Assessments and the Draft EIS on March 5, 2008. NMFS supplied comments in coordination with NOAA HQ addressing concerns with MMPA, ESA and Magnusen Stevens Act that same month. Consultation with NMFS, consistent with the EPA regulations, involved an exchange of information ultimately resulting in the request for formal consultation, in compliance with the Endangered Species Act, on June 4, 2008. Formal Section 7 consultation, in compliance with the Endangered

Species Act, was initiated with the USFWS in May 2008 and NMFS in June 2008. The USFWS concluded consultation when it issued a Letter of Concurrence on December 5, 2008 with determinations of no effect on the wood stork and nesting sea turtles and may affect, but is not likely to adversely affect the piping plover or the West Indian (Florida) manatee. In addition, because no incidental take of manatees is anticipated, no such authorization under the Marine Mammal Protection Act is needed. The NMFS concluded formal consultation when it issued a Biological Opinion and Incidental Take Statement on January 7, 2009. The BO considered impacts to eight listed species that may occur in the project area. By letter dated May 12, 2008, the State of Florida agreed that the EIS is consistent with the Florida Coastal Management Program. Section 106 consultation was initiated with the Florida SHPO in March 2008, pursuant to the National Historic Preservation Act (NHPA). Section 106 consultation was completed December 2, 2008 with a Letter of Concurrence from the Florida SHPO.

RESPONSES TO COMMENTS ON THE FINAL EIS: The DON reviewed and considered all comments that were received during the 30-day no action period following the issuance of the Notice of Availability of the Final EIS. The comments summarized here represent the major substantive comments received. A total of 93 comment letters or emails totaling over 350 comments were received on the Final EIS. These included approximately 150 that were similar or identical to comments received on the Draft EIS that were previously considered and addressed in the Final EIS. The majority of the comments received questioned the fiscal responsibility and cost of implementing the preferred alternative (approximately 35 percent). The next most significant number of comments challenged the strategic considerations in the selection of the preferred alternative (approximately 22 percent) or challenged the Navy's lack of analysis of impacts to the Hampton Roads region (approximately 14 percent). The rationale for the DON decision to implement the preferred alternative and utilize the capacity at NAVSTA Mayport to homeport a CVN is fully laid out above in this ROD including consideration of cost and strategic concerns. The majority of the remaining comments related to dredging impacts, hardship incurred to Navy families by moving a CVN to Mayport, and lack of a BO or the opportunity to comment on the ESA consultation process.

Comments warranting specific responses are provided below.

Comment 1: The zones for the in-fill/sedimentation of the deepened channel and basin are not defined and volumes/types of sedimentation are not projected. In addition, the Final EIS identifies shortfalls in available areas for ocean disposal and does not state how future maintenance dredging will occur.

Response: Future maintenance is addressed in the Final EIS. Sections 2.3.1.1 and 4.3.2.2 of the Final EIS indicate approximately 30,000 cy of dredged material will be added to the annual maintenance requirements because of the moderately deeper water depths in the turning basin, entrance channel and outer portion of the federal navigation channel. USEPA and USACE both concur following their detailed capacity modeling of the site that the existing Jacksonville ODMDS has adequate capacity to accept planned dredging projects for the next 10 years, including this project and future maintenance requirements at NAVSTA Mayport.

Comment 2: Final EIS did not analyze whether Jacksonville ODMDS 2 million cy annual limit will be exceeded when considering other non-Navy dredge projects.

Response: The USACE/USEPA modeled the capacity at the Jacksonville ODMDS and concluded that there was 10 years of available capacity considering 2 million cy from the proposed project and other known maintenance and new dredging projects.

Comment 3: Potential erosion or accretion of Duval and Nassau beaches due to creation of large bathymetric highs (associated with the Jacksonville ODMDS) have not been demonstrated in the Final EIS. In addition, potential wave impacts on the shorelines, inlets, and beaches have not been projected.

Response: The Jacksonville ODMDS is managed pursuant to the Site Management and Monitoring Plan (SMMP) that is managed by the USACE and USEPA. The Jacksonville ODMDS is located 4.5 nautical miles offshore and covers an area of one square nautical mile. The ODMDS is regularly monitored for changes in bathymetry at the site; currents and waves; sediment composition, and biological activity among other parameters. Any impacts associated with creation of the dredged material mound at the ODMDS is the responsibility of the USACE and USEPA within the context of the SMMP.

Comment 4: Final EIS describes 30% slope for ODMDS which is not realistic or achievable.

Response: USACE and Navy utilized industry accepted models which predict slopes based on material type, currents, etc. This comment only refers to one of the three methods that the Navy reported for the capacity estimates for the ODMDSs. One method as described by the commenter made a geometrical measurement of the remaining capacity. It is a simple method that provides a range of estimated volume of dredged material that could be placed at the ODMDSs. The second method was that the Navy used, Multiple Dump Fate (MDFATE) an USACE/USEPA computer model that simulates dredged material disposal events. This later method predicts that the full proposed dredging project (5.2 million cy) would fit in either ODMDS. Both of these methods were reported in the Draft EIS. The USACE and EPA also used MDFATE to predict the capacity at the Jacksonville ODMDS. This later method was reported in the Final EIS and estimates that with 2 million cy from the proposed deepening and other known dredging projects that there is an estimated 10 years left of capacity at the Jacksonville ODMDS. This is a conservative estimate as the USACE/EPA plan to do Long-Term Fate (LTFATE) modeling at the site which will bring the effects of dispersal of material from the site over the long-term and, hence, provide more capacity for additional dredging projects to be placed there.

Comment 5: The Final EIS does not estimate the potential volume of beach quality sand that will be removed from the nearshore system of the Sea Islands system of northeast Florida. This information is important because it puts additional erosion stress on the beaches south of the inlet.

Response: As reported in the Draft EIS and Final EIS, the Navy undertook studies to determine the amount of beach quality sand that might be located within the dredged prism of the proposed project. As part of the initial sampling regime, the Navy extracted core samples of sediment throughout the proposed deepening project area to identify the physical characteristics of the material to be dredged, including the amount of sand, silt, and clay contained within each core sample. Additionally, the Navy targeted sub-bottom profiling to further define the extent of any potential beach quality sand. While some amount of beach compatible sand was identified and reported in the Draft EIS, additional core sampling was completed by USACE prior to publication of the Final EIS. The USACE analysis was shared with FDEP, and it was concluded that the sand could not be readily extracted separately as it was mixed within the future dredged material. It was therefore determined and reported in

the Final EIS that beach quality sand was not readily available, nor suitable for placement on state of Florida beaches.

Comment 6: Final EIS does not identify upland dredge material disposal site and quantity of contaminated sediment.

Response: Additional testing results after the Final EIS was released indicates that none of the 5.2 million cy of dredged material will require upland disposal. See ROD summary of Earth Resources.

Comment 7: Updated environmental permit conditions for Navy operations of CVN [support for carriers in port] not available for comment.

Response: Updates to environmental permit conditions, if required due to operations of a CVN, will be available for public and resource agency review during the standard permitting process wherein a 'Notice of Intent to Issue' is published in a newspaper of general circulation in the area affected.

Comment 8: NOAA recommends Navy:

- Continue to monitor the St. John's Water Management District water withdrawal analysis and provide an update in its application for CWA permit.
- Update cumulative impacts assessment and include examination of rebuilding and relocating the Mile Point training wall and White Shells training wall and constructing the Chicopit Bay diversion.
- Address apparent lack of site-specific studies supporting the conclusion that impacts to benthic communities would be minimal and temporary.

Response: The cumulative impacts section of the Final EIS was updated to include all available project information. NAVSTA Mayport personnel have participated in and will continue to keep abreast of St. Johns River Water Management District's evaluation of potential changes in the volume of freshwater withdrawals from the St. Johns River, including the cumulative impacts analysis being performed by that agency noted in the Final EIS at Section 6.3.3. As noted in Section 6.1.3 of the Final EIS, USACE is preparing a Supplemental EIS for the

Jacksonville Harbor Navigation Study, General Reevaluation Report and the Supplemental EIS will be available to the public in the fall 2010 and will include evaluation of the direct, indirect, and cumulative impacts of proposed and alternative deepening and widening measures on Chicopit Bay, White Shells Bay, and rebuilding and relocating the Mile Point training wall. These evaluations have not matured in a manner that would inform the cumulative impacts analysis beyond that presented in the Final EIS. The Navy will examine availability of any additional information (including site specific studies) prior to permit applications. If available, new information will be considered and incorporated during the standard CWA permitting process.

Comment 9: Effect of deepening on channel stability is not definitively addressed.

Response: The Final EIS provides information on the natural offshore movements of marine sediments in the vicinity of Mayport (see longshore drift text added in Final EIS pp 3-6 thru 3-8 and Figure 3.1-3 showing jetties). This information includes a graphic illustration of the presence and location of the north and south jetties that extend from the mouth of the NAVSTA Mayport entrance channel and St. Johns River Federal navigation channel into the ocean. As described in the Final EIS, the presence of these jetties alters the nearshore movement of marine sediment to the extent that sediment has build up on the north side of the jetties and erosion occurs on the south side of the jetties. The channel deepening within the jetties will have no effect on adjacent beach shorelines. Additionally, the channel deepening beyond the length of the jetties is well offshore and will not have significant effect on the movement of sediment and, therefore, will have insignificant effect on adjacent beaches.

Comment 10: Final EIS does not illustrate how barge loads of dredged material will be placed to insure disposal process meets requirements of ODMDS.

Response: The Navy and its contractors will follow all conditions of state and Federal permits for dredging and dredged material placement at the ODMDSs. These conditions may include standard operating procedures for disposal including targeted placement of barge dumps within the permitted zone of the

ODMDSs. This information will be provided in the permits for this proposed project. Actual placement will be identified through the permitting process.

Comment 11: Final EIS does not include a BO or provide the public an opportunity to comment on the BO, including those measures the Navy has or will adopt to reduce Right Whale impacts.

Response: Per CEQ 1501.14(f), the EIS contained a full discussion of means to mitigate adverse environmental impacts. The Navy entered into early consultations with USFWS and NMFS regarding potential impacts to all listed ESA species in the project area, including sea turtles, the Florida manatee, and the North Atlantic Right Whale. The Final EIS contained a biological assessment (BA) which included a full discussion of mitigation measures per the CEQ requirements. In addition, the Draft EIS contained a discussion of anticipated mitigation measures. The public was provided the opportunity to comment on the Navy proposed mitigation measures during the public comment period of the Draft EIS and during the no action period of the Final EIS. The Navy received only a few comments on the proposed mitigation measures, all of which were addressed. See ROD sections on Biological Resources and Mitigation.

Comment 12: The 2006 baseline/limited No Action Alternative evaluation does not provide clear basis for comparison of alternatives.

Response: Under the No Action Alternative, it was presumed there would be no homeporting of additional ships at NAVSTA Mayport, no construction to support additional ships, and no dredging associated with CVN homeporting or capability. In addition, the No Action Alternative included the end state year of 2014 including the decommissioning of the USS JOHN F KENNEDY (CVN 67) in 2007 and scheduled decommissioning of 10 FFGs. The No Action Alternative analysis enabled the decision makers to accurately compare the magnitude of environmental effects of implementing each action alternative with those of taking no action. The decision makers were provided all necessary information to compare the environmental effects of the proposed action and preferred alternative with the impacts of taking no action.

Comment 13: Final EIS failed to consider connected actions and interrelated environmental effects to the Hampton Roads region.

Response: The Navy has not yet identified the particular CVN that would be moved to Mayport as a result of this decision. As such impacts to Norfolk, or any other Navy port, at this point are merely speculative and not interrelated to the proposed action. Nevertheless, even if a Norfolk carrier were identified for homeport relocation, the relocation of one CVN from Norfolk Naval Base would have no adverse environmental impact on the base. A reduction in force of this magnitude is unlikely to result in any impacts other than purely socioeconomic. The Navy routinely changes homeport for single ships and experiences no impacts to the physical environment such as those suggested (spreading pollution from unremediated contaminated properties, reduction or elimination of environmental enhancement and mitigation programs, increased congestion and vehicle emissions, reduced quality of the urban environment, reduction in emergency preparedness, reduction in funding for incentives and programs targeting energy conservation and efficiency for homes and businesses).

Comment 14: The Final EIS provides site-specific impacts to fishery resources and concludes that juvenile and adult fish would likely avoid portions of the project area during dredging, but would return when dredging pauses or stops completely. These discussions are adequate except for the assessment of impacts at the tidal inlet. No site-specific assessment of the significance of these impacts is presented. NOAA recommends the Navy provide additional data in its application for a CWA permit.

Response: Navy will provide additional data, as appropriate, in its application for a CWA permit.

Comment 15: Final EIS did not address Draft EIS comments for Navy to address impacts from ship operations on protected species.

Response: No CVN would be homeported in Mayport prior to 2014. The Navy has an existing BO (1997) from NMFS which covers vessel operations, particularly impacts to NARW. As a result of this decision, the number of ships homeported at NAVSTA Mayport will be less than at the time Navy first consulted with NMFS on vessel operations in the JAX Operating Area. In addition, Navy has been, and continues to be, in ongoing consultations with NMFS on all vessel training. This consultation will be

concluded prior to any CVN movement to Mayport and will supersede the existing BO.

Comment 16: Increased ship operations will clearly result from the Navy's decision, including homeported ship operations, Coast Guard vessel security activity, or other Navy different surface ships.

Response: No increased ship movements are anticipated with the implementation of the preferred alternative. The number of ships anticipated to be homeported in Mayport is expected to reduce from 22 ships in the baseline year of 2006 to 12 ships in the end state year of 2014.

Comment 17: Preferred Alternative does not meet purpose and need. The cost is unclear due to use of 2004 dollars and not including ongoing operational costs.

Response: The Final EIS has been prepared to ensure all alternatives fully meet the purpose and need. Although the EIS only analyzes the costs of the project as they relate to socio-economic impacts, the decision makers considered all recurring and nonrecurring costs associated with implementation, including military construction and other operation and sustainment costs. The parenthetical in the statement "The Navy developed estimated construction costs (in FY 2004 dollars) for all construction-related activity necessary at NAVSTA Mayport for each alternative" at Appendix page F-4 of the Final EIS mistakenly stated the year 2004 vice 2011. The MILCON costs presented in Tables 4.9-3, 4.9-9, and 4.9-15 of the Final EIS, however, accurately represent the year of 2011. With military construction projects appropriated and initiated in 2010, 2011 would represent the first full year of construction.

Comment 18: Section 404 of CWA only allows USACE to issue discharge permit for the least environmentally damaging practicable alternative (LEDPA).

Response: Design considerations of construction features of the Preferred Alternative should make it unnecessary for the Navy to obtain a CWA Section 404 permit. The Navy will seek a Section 10 permit for the dredging and a 103 permit for the transportation of the dredge material from the ACE. The USACE will issue a separate ROD pertaining to the permit decision. The Navy will also seek a CWA 401 Water Quality Certification from the State of Florida. This is received through the FDEP Joint Coastal or Environmental Resource Permitting Programs.

Comment 19: Commenter noted USEPA raised concerns with proposed action because of the "potential for impacts that should be avoided/minimized."

Response: USEPA submitted comments on the Draft EIS. USEPA did note concerns that the proposed action identified the potential for impacts to the environment that should be minimized/avoided. USEPA requested additional information. Per USEPA's judgment, additional information was added to the Final EIS. Comments from USEPA on the Final EIS noted minor, additional concerns that can be addressed during permitting process. USEPA was generally satisfied with Navy responses to all previous comments on Draft EIS including minimizing quantity of dredged material requiring offshore disposal.

CONCLUSION: The decision to create the capacity to homeport a CVN at NAVSTA Mayport represents the best military judgment of the DON's leadership regarding strategic considerations. In reaching that decision, the DON considered the environmental impacts analyzed in the EIS, comments from regulatory agencies as well as those received from members of the public, mitigation measures that would lessen the extent and severity of environmental impacts, recurring and nonrecurring costs, and the strategic implications of developing a second CVN homeport on the East Coast to support Atlantic Fleet operational, training and maintenance needs.

There will be no significant adverse environmental impacts associated with the CVN homeporting. That conclusion is based on the data collected and analyzed in the EIS, on interagency consultations, and on the mitigation measures developed as part of that consultation process.

The cost of developing a CVN homeport at NAVSTA Mayport was balanced against the strategic need to create a hedge against a catastrophic event in the Hampton Roads area. The cost of developing a CVN homeport at NAVSTA Mayport is more than offset by the added security for CVN assets and enhanced operational effectiveness provided by the ability to operate out of two homeports.

Ultimately, the need to develop a hedge against the potentially crippling results of a catastrophic event was the driver behind the decision to homeport a CVN at NAVSTA Mayport. Developing a second CVN homeport on the East Coast not only reduces potential risk to CVN assets through dispersal of those critical assets, it provides some maintenance and repair infrastructure and

ensures access to that infrastructure by CVNs deployed at the time a catastrophic event in Hampton Roads occurred. Mayport allows DON to obtain the advantages of fleet dispersal and survivability without impacting operational availability. On the West Coast DON has accepted reduced operational availability in the interest of dispersal. By homeporting CVNs in the Northwestern U.S., DON loses operational availability during the additional transit time required to reach operational and training areas. By establishing a second CVN homeport on the East Coast, DON can gain the dispersal advantage without the increased transit time. The proximity to training areas and transit time to operating areas is about equal from Norfolk and Mayport.

West Coast CVN homeports and maintenance facilities are not viable options in planning for Atlantic Fleet CVN assets in the event a catastrophic event occurs in the Hampton Roads area. The nuclear powered aircraft carriers are too large to transit the Panama Canal, requiring a 12,700 nautical mile voyage around South America to reach the closest CVN homeport on the West Coast at NAVSTA San Diego.

Neither the DON, nor the nation, nor its citizens can wait for a catastrophic event to occur before recognizing the potential impacts of such an event and appropriately planning and preparing for continuity of operations. This lesson was learned all too well in the aftermath of recent catastrophic events such as Hurricane Katrina. The DON looked at the possible crippling effects - immediate and long-term - of a catastrophic event in the Hampton Roads area and recognized its responsibility to develop a hedge against such an event. That hedge is homeporting a CVN at NAVSTA Mayport and developing the requisite operational, training, maintenance and support facilities.

Homeporting one CVN at NAVSTA Mayport best serves the interests of the DON and the nation, and can be accomplished in a manner that keeps environmental impacts at a less than significant level.

14 Jan 2009
Date


BJ Penn
Assistant Secretary of the Navy
(Installations and Environment)

Mr. CRENSHAW. I am going to give you a couple of quotes from that report and just to see if that is still your view, if that is okay with you, sir.

One, there is a quote that says, "Homeporting a nuclear carrier at Mayport would reduce risks to fleet resources in the event of a natural disaster, manmade calamity, or attack by foreign nations or terrorists." Now, do you still believe that statement to be accurate?

Admiral ROUGHEAD. Yes, sir, I do.

Mr. CRENSHAW. I don't want to sound like a lawyer, but it is hard for you to comment on a lot of these things, because they involve a bunch of FY 10 budget requests.

Just two more questions. One other quote, it says, "The aircraft carriers of the United States Navy are vital strategic assets that serve our national interest in both peace and war. The President calls upon them for their unique ability to provide both deterrence and combat support in times of crisis."

"Utilizing Naval Station Mayport to homeport a CVN enhancing operational readiness. Operational readiness is fundamental to the Navy's mission and obligation to the commander-in-chief."

And I guess my question is: Do you still believe that statement is accurate and correct?

Admiral ROUGHEAD. Yes, sir. I believe the ability for us to have flexibility in the positioning of our force is a good thing. Much of my perspective is based on having commanded out in the Pacific, where there were several options for basing a variety of our ships out there. And I think that flexibility is a very good thing.

Mr. CRENSHAW. And this last statement alludes to that, as well. It says—the quote is, "The consolidation of CVN capabilities in the Hampton Roads on the East Coast presents a unique set of risks. CVNs assigned to the West Coast are spread among three homeports. Maintenance and repair infrastructure exists at three locations, as well."

"As a result, there are strategic operations available to Pacific Fleet CVNs should a catastrophic event occur. By contrast, Naval Station Norfolk is a homeport to all five of the CVNs assigned to the Atlantic Fleet, and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists."

"It's the only location in the U.S. capable of CVN construction and refueling. There are no strategic options available outside the Hampton Roads area for Atlantic Fleet CVNs should a catastrophic event occur."

And so the question, again, is: Is that still your view? Is that accurate?

Admiral ROUGHEAD. Yes, sir, it is accurate. All of our nuclear carrier infrastructure is now—on the East Coast—is now all in the Hampton Roads area.

Mr. CRENSHAW. And time for one more question? Before I came to Congress, I was involved in providing financing for various companies around the country. And one of the things that we always used to look at was a cost-benefit analysis, and it involved evaluating risk.

And so the question, based on that report that took 2.5 years to come up with and was very thorough, the question becomes, when you decide—and we don't know the number yet, because we don't have the budget request, but, it is not inconsequential the amount of money that it is going to take to upgrade Mayport to be the homeport for a nuclear carrier.

But is cost part of your risk analysis? I think I have figured up somehow, if you take the total cost of our carrier fleet, the total cost for MILCON and recurring cost is less than 1 percent. It would be less than 1 percent of the total value of our aircraft carrier fleet that you would be spending to avoid some of the risks that you talked about.

Does that make sense to you in a cost-benefit analysis?

Admiral ROUGHEAD. Yes, sir. Those are the similar numbers to what we looked at as we were going through our analysis. And, clearly, I think the QDR will dig into those numbers, and the analysis will be further examined.

But those are the similar numbers that we developed as we were going through our—

Mr. CRENSHAW. And I assume all that will be part of the QDR review, all the hours—that is great. Thank you very much.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Dicks.

Mr. DICKS. Admiral and General, good to see you again.

Tell me, what was the—where did the Mayport CVN homeporting decision—how did that get started? What is the history behind this?

Admiral ROUGHEAD. Well, the history behind it, Mr. Dicks, as I mentioned, having served out in the Pacific, and put some thought into the strategic dispersal of our forces out there, and I was involved in the decision as to where the additional aircraft carrier that was moving to the Pacific would go.

So when I came back to the East Coast, to Fleet Forces Command, and then on to my current position as Chief of Naval Operations, I wanted to take a look at not just the distribution of our forces throughout the Navy, but also a similar look on the East Coast.

And that is when I got into looking at where the various types of ships were based and particularly the aircraft carriers, because of the one base structure that we used in Norfolk. So that—

Mr. DICKS. Well, I think that is a very legitimate matter. We are all concerned about military construction costs, how much it costs to do these things. But I think what we did on the West Coast was the right decision. So I better understand it.

GUAM

Congresswoman Bordallo—I have been meeting with her, trying to help her a little bit, as Chairman of the Interior and Environment Subcommittee. Guam is going to be under a great deal of pressure, and I am very concerned about it.

I understand that the Joint Guam Program Office held an industry forum on Guam last week. You know, we are going to put a lot

of troops into Guam, and I am just worried that we may not have the infrastructure there to deal with it.

And, you know, and people would say, "Well, the government of Guam should do it." They may not be capable financially of doing it.

Has anybody looked at this from the Navy? And the Marine Corps is involved in this, too.

Do you have any concern about this?

Admiral ROUGHEAD. Well, my interests for Guam are primarily to be able to support the Marine Corps, but also an interest that I have in some flexibility for carrier—what I call a hub, where you could put a carrier in for short periods of time that would be operating out in the western Pacific. But I think the bulk of the—

Mr. DICKS. You have got the SSGNs there, too, coming in.

Admiral ROUGHEAD. We do. The SSGNs come in. But the bulk of the activity is—

Mr. DICKS. The Marine Corps.

Admiral ROUGHEAD [continuing]. Really supported by the Marine Corps, so I—

General CONWAY. Sir, there are several issues, as you highlight. And it is going to be examined, I believe, in the Quadrennial Defense Review. This whole issue of global laydown is one of the topic matters, and there is a group already working it.

The question will be, how much overseas infrastructure can the Nation afford? There are issues in Korea. There are issues in Europe and, of course, the Guamanian issue.

Our estimate is that the early estimates are way short. We have talked in terms of \$4 billion cost to the U.S. government. We think it is going to be much more than that when you look at all the considerations, infrastructure, training opportunity, all those types of things.

So I think—in the first instance, the Department is going to have to come away with a prioritized list and a certainty with regard to what—more of a certainty as to what those costs may be.

You are exactly right with regard to the ability of Guam to support our early estimates. And these are also some of the JGPO estimates, is that to stay on the timeline that we are on, which would have completion roughly around 2014, that there needs to be about \$3 billion a year of contractual effort that goes into work there.

Our estimate is that the territory itself can only do about half of that. So we are already concerned that we are not going to make the timelines that are established out there.

And there are other issues. We are going to put potentially 8,000 to 10,000 Marines out in the middle of the Pacific. We have got to make sure we can train out there.

Mr. DICKS. Right.

General CONWAY. The USD policy has promised us that they will see to our concerns and that the proper EIS will be accomplished before we conduct some of those moves that would land us in a place without the ability to train.

But we are concerned about that. And we are going to engage very strongly, I can assure you, in the QDR with those concerns.

Mr. DICKS. And some of these are pretty serious environmental issues. They have got a dump that has to be closed down and a

number of other things. I just was worried, that, you know, we are really committed to Guam, apparently, and it doesn't look to me like they have the capability to do all the things that I think we are expecting them to do.

So I hope you all will get the Department motivated to look at this. And I just want to also say that, on the housing, we still—we don't have anybody living on—I mean, the enlisted people still living on—what were those things?

The one at Birmingham was called the "Guppy." You know, this is where they—the Sailors, when they came in, they get off the ship. They go there. I think we have them all in barracks now.

Admiral ROUGHEAD. Well, we—throughout the Navy, we do not have all of our Sailors who are afloat, we do not have spaces for them ashore, all of them. At the end of the—

Mr. DICKS. What is the shortfall?

Admiral ROUGHEAD. It will be 5,000, Navy-wide, at the end of 2010. So we have a plan to make the investments in bringing our Sailors ashore. We will be investing in that throughout the FYDP, and the objective is to get all of our Sailors off the ships by 2016 so that all of our Sailors who are afloat have a place ashore.

Mr. DICKS. Has my time expired?

Mr. EDWARDS. Yes.

Mr. Farr and then Mr. Kennedy.

STABILIZATION AND RECONSTRUCTION MOS

Mr. FARR. Thank you very much, Mr. Chairman.

General Conway and Admiral Roughead, thank you very much for your service and for your leadership. Welcome to the committee where every member thinks they are a garrison commander.

I want to commend your leadership and mention that in previous hearings we have had here—Admiral Mullen before you and General Petraeus—we have created a Center for Stabilization and Reconstruction studies at the Naval Postgraduate School.

Its capability—it has been doing a lot of gaming in the sense of bringing together NGOs, international NGOs, U.N., our military, foreign officers that are there through the IMET program, and so on, to look at how you deal with issues of stabilization and reconstruction.

NPS has designed a training program and offers a master's degree in it. We are finding a lot of officers who are coming out of Iraq and Afghanistan who really want to get into this career. It is a new career.

But the Defense Department hasn't created an MOS for it yet. And General Petraeus was saying we really need these skill sets.

And I know you have indicated your interest. I am asking all the combatant commanders and the commanders here to do what it takes to create a career path.

I have talked to Secretary Chu about trying to get a sub-specialty code designation for stabilization and reconstruction career positions. I had hoped that you could bring that up as an issue to discuss, because the desire to get the training and master's degree is there, but why get it if you don't have a career path?

S&R AND FAO EDUCATION AND TRAINING

And it is kind of intertwined with the FAOs. And I know the Navy and Marine Corps are sending students to NPS for FAOs education. But I don't think that there is any requirement that they go through this stabilization and reconstruction training.

I think there needs some sort of leadership here to bring the two together. They are both at the same school. Well, one is funded under Homeland Security. Excuse me. The Stabilization and Reconstruction program is funded by an earmark. And the FAO is in your budget.

I would like to see how the Navy could bring those two programs together using the Center for Stabilization and Reconstruction as part of the curricula for your FAO positions.

And, also, I am asking the Navy to POM the Center for Civil-Military Relations. It is of high value to you.

So if you could look into that, I would appreciate it.

I wondered if you know whether the demand for Navy FAOs matches the number of students that are in the pipeline. Admiral Mullen's was encouraging people to get this training, and then—I don't know. Do you—

Admiral ROUGHEAD. Well, we have placed a significant emphasis on our Foreign Area Officer (FAO) program. And we have—

Mr. FARR. These are Foreign Area Officers.

Admiral ROUGHEAD. Foreign Area Officers. And their training will be a combination of language training and then assignments. I know that, within the Navy, I have caused our major headquarters to look at restructuring their organization so that we have a career path flow for Foreign Area Officers.

I have been in the Navy long enough to have seen us attempt FAO programs on a couple of occasions, and they have not succeeded simply because we didn't provide for the career progression for these young men and women who have a passion for the regions in which they are going to work and then not being able to realize the type of career progression.

So we are working on that. But I am pleased with where we are with our FAO program. In fact, we are getting ready to do another screening board for FAOs here in June to select another group of Foreign Area Officers. And I believe that we are on a good path—

Mr. FARR. Would you be able to name the naval postgraduate school the Center for FAO Education, if you could designate that. I don't know what it takes, but—

Admiral ROUGHEAD. Sir, well, I would say—we don't send all of our officers to P.G. school. Some—

Mr. FARR. Go to regular—

Admiral ROUGHEAD [continuing]. Go to other colleges and universities. And then, as we get into, particularly in the FAO program, I think being able to tailor where those individuals can go based on their backgrounds, future assignments.

But I do believe that the post-graduate school is an extraordinary capability—

Mr. FARR. See, you have the DLI there, the Defense Language Institute.

Admiral ROUGHEAD. Exactly. Yes, sir.

Mr. FARR. Monterey Institute of International Studies—

Admiral ROUGHEAD. Yes, sir.

Mr. FARR. You have this consortium of intellectual capacity in Monterey that could really do well in producing the curriculum and adjusting it to global needs. And if you created the FAO center there, I think we could really get a better bang for our buck.

Admiral ROUGHEAD. Yes, sir.

General CONWAY. I certainly support the idea, sir, of the stabilization and reconstruction degree. And I think that we—our approach is a little different. Because our commanders have wound up doing this so often in the absence of other elements of American power, we tend to decentralize the effort, and we give everybody some.

I could still see the value of a special staff officer that had this MOS, though, and this capability. So we certainly, I think, want to take a look at that.

Mr. FARR. Thank you.

General CONWAY. Our FAOs go to different places for language school. Many do go out to NPG, but some study right here in Washington, D.C. So we would have to look at percentages, I think, before we could perhaps build the lever on that beam, a center for all FAOs, unless we have different qualifications or qualities in our officers.

Mr. FARR. Thank you very much.

Mr. EDWARDS. Thank you.

Mr. Kennedy.

DDG-1000

Mr. KENNEDY. Thank you, Chairman.

Thank you, and welcome. Admiral Roughead, it is a pleasure seeing you. General Conway, thank you both for your service to your country.

Admiral Roughead, first, if you could, just comment briefly on General Gates' plan to truncate the DDG-1000, complete the third ship, and what you envision to be the future service combatant moving forward with the technology that we have invested in so far in that ship. How do you foresee us moving forward for the Navy, in terms of that future service combatant ship?

Admiral ROUGHEAD. Yes, sir. As you know, Secretary Gates, in his announcement, he mentioned the truncation of three ships and then the restart of DDG-51 line. And that also included an alignment of the work, the construction work, with the ships, the DDG-1000s going to bath for construction, to be able to take advantage of the efficiencies that are there.

As I have discussed before—and we have had the opportunity to talk about it—I think the technologies that are in the DDG-1000 are going to help us inform not just future combatant classes, but I think we will be able to inform other ship classes with that.

Improvements that can be made to the DDG-51 will also allow us to take that information, what we learned from the DDG-1000, and help us better approach future combatant designs. So that is how I see that playing out in the future.

NAVY EDUCATIONAL INSTITUTIONS

Mr. KENNEDY. Terrific. I know what a champion you are of education. Obviously, professional development is so crucial.

Can you tell us a little bit about how you see the evolution of professional education in the Navy, as we see special warfare becoming so much a bigger part of modern warfare, and how your leadership is bringing in and ushering in a whole new sense of kind of strategic thinking, in terms of the individual Sailor, and how they have critical development skills and how they have leadership training skills and the importance of having that as opposed to just the doctrine training that they have had maybe in the past?

Admiral ROUGHHEAD. Yes, sir. And I am very proud of the institutions that are in the United States Navy that get to that. All the service—or all the services have their Service Academies, and I am very proud of what we have done with the Naval Academy.

But what we have done with the Postgraduate School of what I call raising all boats, let the rising tide raise all boats, getting some more structure at postgraduate schools, standing it up as a Naval Station so that we can focus on the educational and development process and work the infrastructure with another piece.

But I am also extraordinarily proud of what we have been able to do with our Naval War College, which I consider to be the center of maritime thought in the world and naval thought in the world. We have at the War College established a new look at the operational level of war, the training that we have going on there.

We have put significant emphasis into our international program at the War College. And in fact, just last week, I hosted all of the international students here in Washington. That experience and what we are able to expose our personnel to is absolutely extraordinary.

And as you know, we are going to be hosting the International Seapower Symposium up in Newport, make all of that as part of an educational process.

What we have also done in Newport is that we have taken our Senior Enlisted Academy and aligned it more with the War College. Not that I am trying to teach every master chief how to become the greatest strategic thinker in the world, but rather to be able to take that educational and intellectual effort that takes place at the War College and have our senior enlisted benefit from that.

We are also incentivizing additional language capability among our force. We talked about the FAO program and aligning our command structure so that, when somebody comes out of the field, they have a place to go and apply that which they have learned.

So I think that the way that we are coming at our intellectual and development of our Sailors is to take those—what I consider to be three extraordinary institutions—and make sure that we are looking at them as a set, resourcing them in ways that allows them to maximize the value they have to the Navy and the nation.

And so that is what my approach has been. And I think, in the year-and-a-half that I have been CNO, we have made some significant changes at the Postgraduate School. We have made some significant changes at the War College.

But it all has to tie together, and that is what I have charged my Vice Chief of Naval Operations who now sits on a coordinating board to make sure that we are not just doing each's, but that we have this incredible capability and we are using it in unison.

Mr. KENNEDY. Well, I really, again, once again, appreciate your service. And thank you for that description. I think you are absolutely right. It is really proving to be a big success.

I also appreciate your work for diversity in the Navy and in the special forces, too, seeing the importance of that, and it is being reflected, and it is very important. Thank you.

Mr. EDWARDS. Thank you, Mr. Kennedy.

Mr. Crenshaw.

HIGH RATE OF DEPLOYMENT IMPACT ON MORALE

Mr. CRENSHAW. Thank you. This is maybe a question for both of you all. This higher rate of deployment, obviously, impacts the Soldiers, the Sailors, their families, the equipment, operational facilities.

And so the first question, I think, is just maybe could you comment on how the morale of the Sailors and the troops have been impacted by this high rate of deployment? Let's start with—

General CONWAY. Sir, we are pretty pleased. We check about a dozen what I call indicators or metric each month to determine resiliency of the force, and we are pretty pleased with what we see.

Now, I would offer that we have some cultural advantages over the Army, which is the other ground force and whose deployment to dwell approximates ours. And we do 7-month deployments, and our troops really like that. Our families really like that.

And after a Marine has been in the operational forces for about 3, maybe 4 years, we rotate them out to do something else. We send them to the headquarters or to a training command or to recruit or something else. And that is giving them a break and having them spend some time with his family and his children, so that when he comes back at the end of that time, he is sort of raring to go. And that seems to be working very well for us.

The leading-edge indicators, I think, as to whether or not we are accomplishing what we want to do are re-enlistments of both the first-term force and the career force. And I can point to with some pride, I think, that we closed out our first-term re-enlistments 2 months ago, and last month we closed out our career force. That is on the fiscal year.

So halfway through the fiscal year, you know, we are getting all of those that we want. And those numbers are way up compared to what they used to be. They used to be about 25 percent of the first-term force. Now it is about 35 percent.

So it tells me, the families are happy. They are enduring it well. They sense that we care. We are building the types of things to make quality of life satisfactory for them. And so that is sort of the good news side of the story.

Now, I will tell you that there are some trends that we see with—very recently with divorce, which is slightly up this year. In the 7 war years thus far, we have led the other Services with the lowest percentage of divorces, but suddenly this year we are leading them in the other direction. And I want to watch that closely.

Suicides were up last year. It runs a bit of a sine wave, but last year we had 42 suicides, most of them as a result of failed relationships.

And I will be honest with you: just in preparation for coming before this committee, I note apparently alarming rise in what we consider driving under the influence. So it may be that our Marines are drinking more.

Whether or not that is related to dep tempo and the war, I don't know yet. The DUI at this point encompasses two categories. One is, you know, you had too many sips of champagne on the way back from the wedding and you got pulled over because one of your lights was out. The other one is, if you had a .20 and you in no way should have been on the road. We have got to cull those stats down to see what is what here.

But there are a couple of things that we have got to dig into to make sure that we keep a resilient force and we don't embarrass ourselves.

Mr. CRENSHAW. Admiral.

Admiral ROUGHEAD. We watch our deployment ratios very closely. And for us, by and large throughout the Navy, we are deploying and providing the time back home for our Sailors that meets a very good standard for us.

There are some communities that we have that are being pressed harder than others. Clearly, our SEALs are very busy. Explosive ordnance disposal are busy. Intelligence officers are in great demand, because they are able to support more than just the Navy.

But I am pleased with what we have been doing and how the tone of the force is reflected in surveys that we do quite frequently.

Similar to General Conway, good positive trends. Retention is extraordinarily high. Attrition is down. I will also tell you that the economy is a factor in that. But we see trends that really go beyond the economy.

In our case, for some of the things that General Conway mentioned, we have seen a slight rise in suicides. And in the month of February, we had more than we had seen in any given month, but now we are back down to the norm.

So I have a group that looks at that from many different perspectives, and we are trying to better understand it, because our suicide demographic is very different than the other services. It tends to be more senior. And we are getting our arms around that.

We have seen significant declines in vehicular accidents, remarkable declines in vehicular accidents. And we have also, you know, contrary to the Marine Corps, we have seen a drop in our DUIs in recent months.

So the trends that I see are good. And the tone of the force is good. I never take it for granted. We always have to be looking, and then, whenever we begin to see an indication, we have to get into it, peel the onion back, and figure out what is going on.

Mr. CRENSHAW. When you have got these kind of strains in terms of deployment, does it leave you in a position, say, with infrastructure or operational facilities where you are asking for funds for higher combat priorities? Do you sense there is any less money for some of the infrastructure or some of the facilities?

It is a question I would ask you—I can't ask you to comment on a budget request, but are there things that aren't in there that maybe ought to be there because of the way the priorities are right now, in terms of combat deployment?

Admiral ROUGHEAD. Well, I would say that the—through what this committee has been able to do, you know, taking care of our kids is huge. And what you have allowed us to be able to do to increase the number of childcare facilities is significant.

We have taken extra money because of the strains that we have seen not just on deployments, but also kind of anticipating the economic effects on our force. We have increased in our Family Service Centers the number of counselors, and we have seen the utilization of those counselors go up. And as a result of that, we have seen our people, I believe, making better decisions.

So we are trying to lead the target, get the things in place that allow our families and Sailors to better address the issues that they face as a member of the U.S. military and just as an American citizen.

So I think we have been able to target those investments in ways that we have been able to minimize and mitigate some of these pressures that they are under.

General CONWAY. I will give you a two-part answer, sir. There is not a Marine that wears this uniform that doesn't want to go to Afghanistan now, and that includes our married guys.

But we realize all along that the families are the most brittle part of this whole equation. I mean, the Marine will go do what he is trained to do, but our families determine whether or not we keep that resilient force because, if they are going back to Texas, they put young Johnny in a heck of a strain, you know, to decide, does he go or stay?

So we have probably put more resources than ever before against our families and against quality of life and professional family readiness officers, increased childcare center, base infrastructure that makes quality of life that much better, you know, while the Marine is gone.

And it sent a strong signal. I mean, it is a psychological signal as well as a tangible signal when they see that crane, you know, over the site.

But all in all, I think it has been very healthy for us. And it is because money has been made available, I think, commensurately recognizing the need.

Mr. CRENSHAW. Thank you.

Mr. EDWARDS. Thank you.

DOD HEALTH CARE SYSTEM MODERNIZATION

General Conway, this subcommittee—and I am proud of this—took the initiative to see that we need to recapitalize, modernize our DoD health care system. So it wasn't an OMB request, but it was this committee's request. I think it reflected the needs we were being told by commanders in the field for new hospitals.

Part of that \$2.2 billion is going to Pendleton and Lejeune, as you know. Would you just say for the record whether that money is needed and those hospitals do need modernization? And will that be a significant service to your Marines and their families?

General CONWAY. Happy to do so, sir, because it is a tremendous, first of all, capacity that our families will be able to take advantage of at our two major bases throughout the whole Marine Corps.

Secondly—and it gets back to the ranking member's question—it sends a tremendous signal to our families that, hey, we get it.

The Navy is doing wonderful work for us, forward-deployed as they are, with the docs and the corpsmen. They are right where we need them to be.

But in the meantime, our families are suffering a little bit. The specialty doctor that is tough for the Navy to contract to go to Jacksonville, North Carolina, is just not always there.

The lines are longer for virtually any kind of care because the numbers of providers are less. So I think that these hospitals are going to be tremendous adds to our Marine Corps and Navy community that live there with us. And it is money, I think, very wisely spent, is the way I would categorize it.

Mr. EDWARDS. Thank you for that.

GUAM

My final question would be to follow up on Mr. Dicks' questions about Guam. The increased cost for infrastructure at Guam, has that been reflected in deliberations on the fiscal year 2010 budget request? I know you can't tell us what is in that budget request officially, but will those numbers reflect that additional cost? Or is there going to have to be more work done and then later adaptation to what the real costs are going to be?

General CONWAY. You are right, sir. We were asked not to speak about the budget. I think it drops soon, and we will be able to talk more.

But there was X amount of money that was applied to Guam. And I think that money is—pending the discussion and QDR.

Mr. EDWARDS. Right.

General CONWAY. I think, again, as I answered Congressman Dicks' question, there are competing priorities. The department is going to have to decide, in conjunction with the national treaties and agreements and so forth, which should take priority and which need to be funded.

So the real costs are in the out-years. And so nothing, I think it is fair to say, would be done in 2010 that would anchor us one way or another. So the QDR discussion, I think in that regard, is very timely.

Mr. EDWARDS. Good. Thank you.

Mr. Farr.

INTERNATIONAL MILITARY EDUCATION TRAINING PROGRAM

Mr. FARR. How important is it to both of you to have the International Military Education Training program, where we bring foreign officers to study at—

Admiral ROUGHEAD. Hugely, Mr. Farr. There, in my mind, as we seek to work with other militaries around the world, there is probably no other program that allows us to be able to develop the types of relationships that we need with foreign militaries.

I was in the Pacific when the tsunami of 2004 hit. As you know, we had had a hiatus with our IMET with Indonesia. That was the

largest relief operation the U.S. military has ever undertaken, and we had people that we knew, that we had worked with, that we had built up trust with in the various countries in the region that we could call. And it set the wheels in motion.

When we tried to contact individuals in Indonesia, it was as if we didn't even know where to start. And it is the trust. You cannot—there isn't—the only switch there is for trust is to turn it off, but you just can't flick a switch and turn trust on. It is built over time. It is built over lifetimes. And I can't endorse IMET enough.

Mr. FARR. Our problem is it is funded through the State Department, not through the Department of Defense. And that budget has been so squeezed and competes for everything else the State Department is doing. I just passed a note to Mr. Dicks that I think it is important for the DoD to fund it.

General CONWAY. If I can, sir, I will emphasize the point with a negative. I visited General Kiyani twice in Pakistan. And it is considered that we have lost, in his terms, a generation of Pakistani officers who have cordial or even friendly relationships with the United States because we did not do that for a number of years with the country of Pakistan. Now, look to how important that country is to us today.

The military undergirds relationships when, you know, our relationships with other nations may be rather sine wave. That military connectivity is always there. It is always pretty good. And it sometimes takes time, but it almost invariably comes back. That is the value to it.

And where it does not occur, such as in a situation like Pakistan, we find ourselves scrambling to try to regain it. And there is always going to be a little bit of reluctance do that because the trust just isn't there.

Mr. FARR. Well, I hope that you will also make your concerns known to Secretary Clinton, whose budget has it.

You have the Cooperative Strategy for the 21st Century Seapower, which speaks to fostering and sustaining cooperative relationships with international partners. I wondered what you are doing to increase the student enrollment in that program. They both go to the War College, following up on Congressman Kennedy's statement, and to the Naval Postgraduate School, and what we need to do to get more countries to be sending students to that program.

Admiral ROUGHEAD. Sir, I would say that it is—when I look at the navies with whom we work, I encourage them to take advantage of the Postgraduate School. For many of the countries, that can be a fairly expensive proposition. So I think, you know, how we can reach out to those countries who perhaps don't have the resources and then how they can be funded—

Mr. FARR. And that is funded separately from IMET, right? That is in your domain, in the Defense Department's domain?

Admiral ROUGHEAD. I would like to get back to you on all of the specifics, because there are many different—I have someone to lay out all of the various funding mechanisms that we have to engage with foreign countries. And it becomes a pretty complex roadmap.

But I think there is—what we do at the Postgraduate School is important, the international program at the War College. We have

started our Surface Warfare Officer's School, an international course for department heads. That is extremely important, because that brings them in at the lieutenant level. That means that they have a whole career of having a relationship with the United States Navy.

I have also invited navies to participate in even some of our shorter courses, executive business courses, where we can bring some of their young leaders in to see how we do things within our Navy and in the business of the Navy.

We also have foreign officers that go through flight training. So we are always looking for opportunities to do that. Moreover, we have been deploying ships—for example, right now, off the west coast of Africa, we have one of our large amphibious ships that we call Africa Partnership Station. For 6 months, it is working with the regional navies there.

The hospital ship USNS Comfort is now on its way down into South America. All of those add up in this building trust and building cooperation that I think is so important for our future and for the future of all countries around the world.

General CONWAY. That is the point I would make, sir. It needs to be outside just the formal education process. It has to be constant. It has to be in earnest, and you have got to work at it.

We recently had a sea-basing conference, which we think is an exciting new concept, and we invited 16 different nations to come in, because we think that coalition warfare is the way of the future and that they ought to understand what we are doing and see if it has value to them.

I think in every case we got good comments from these people in terms of how they might see the value of seabasing, how they might plug in, and it has caused us to alter our thinking some, in terms of how we would fold in a coalition type of effort.

So it is those types of things just repetitively across the calendar and throughout the Services that I think really start to cement those bonds.

Mr. FARR. Well, I appreciate it that support I have learned in Congress that we always fund warfare, but when you get down to the educational component, that is at the bottom.

And I think what is becoming increasingly clear in the last few years is that we need to plus up our education, the relevancy of education, and the training to go with it. And it is a challenge because it is not the way we designed these programs to be on top rather than on bottom. And I think it is going to take your leadership to prioritize it.

Mr. EDWARDS. Thank you. Well said.

Mr. Dicks.

Mr. DICKS. Admiral, I wanted to also say, we appreciate your coming out to the state of Washington on a couple visits. And it has been very well received out there.

And, at the Bangor base, we not only have a lot of Sailors, but we have some very good Marines, by the way, General.

General CONWAY. I was out there about 2 months ago.

Mr. DICKS. Yes, and they have increased the numbers out there because of the security issues. And it is very interesting to see how

you are protecting those submarines going in and out of the Trident Base. I think it is a good plan.

USS HARTFORD

Let me ask you this, Admiral—what plans does the Navy have in place for repair and return to service of the USS Hartford?

Admiral ROUGHEAD. The USS Hartford is making her way back from the gulf. She is in the Mediterranean right now. USS Hartford is the submarine that collided with the USS New Orleans.

And we have been looking at a series of options for her and the cost of that repair to her. And she will likely be repaired in a private facility. That is the way we are leaning now. And the contractual vehicles will be firmed up.

Mr. DICKS. The submarine force has realigned its focus to the Pacific AOR by implementing a 60/40 split on homeporting plans. Does the surface force intend any kind of similar realignment?

Admiral ROUGHEAD. What we have looked at, Mr. Dicks, as you know, we have realigned our carriers, realigning the submarines. This look that I did on our strategic posture, we believe that the surface ships right now are about right.

MAINTENANCE

Mr. DICKS. Okay. A recent INSURV inspection indicated that Navy maintenance at its currently funded level may not be keeping pace with the increasing strains imposed by our tempo of operations. Does the Navy intend to increase its—well, you can't talk about that. I mean, are you concerned about that? Do you think we are keeping up with naval maintenance?

Admiral ROUGHEAD. What I would say, sir, is that the INSURV report that is being discussed in the press is one that is on its way up to me now. But when you look at some of the information, the trends and the performance is not alarming. It is pretty consistent with where we have been.

But one of the things that we have done, a few years ago, we did away with the organization that took an engineering life cycle approach to our surface ship maintenance. We have a very structured way of looking at our aircraft carrier maintenance. We have a very structured way of looking at our submarine maintenance. And we stopped doing that with the surface ships.

Because of some things that I was seeing as a fleet commander and then coming into this position, I have re-established that structure and that organization, and we are now going to be putting our conventional surface ships into that engineered approach.

I do believe that, once we get into that, it will likely indicate that we will be seeing more resources required for ship maintenance. But I want it based on a good engineering approach.

Mr. DICKS. And one final thing. You know, I come from Bremerton, Washington. We have the shipyard there. You know, I think we have done a lot on buildings and there is a lot of concern about earthquakes in our part of the world. That is serious—but I worry a little bit about it. Are we modernizing the shipyards with the kind of equipment that is necessary to do the work in the future years? Do you think we are putting enough into that, I mean, kind of the infrastructure of these yards?

Admiral ROUGHEAD. I believe that our investment plans for our industrial facilities are keeping pace with the ships that we are doing, the types of maintenance that we are doing. We are always looking for new technologies, better ways to do it.

And I think as those technologies and approaches become available, we should take advantage of it, because we have to look at total life cycle cost. We simply just can't ignore that.

So I will continue to look to ensure that we are making the right investments for our shipyards.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

Mr. Kennedy.

Mr. KENNEDY. Thank you.

I have two parochial questions, but some general ones, too. The general ones are on the Medical Corps, whether you have concerns about whether you are getting enough doctors, nurses, and so forth in the Medical Corps to serve your Sailors and Marines.

Admiral ROUGHEAD. Yes, sir. A couple of years ago, we were challenged with our medical recruiting. That has turned. We put a tremendous amount of effort into that, and we are seeing really good numbers this year.

Mr. KENNEDY. Good.

Admiral ROUGHEAD. So, again, we have to keep on that. Plus, we are also growing our medical capabilities for Marine Corps growth.

Mr. KENNEDY. Terrific.

Admiral ROUGHEAD. So right now, we are doing quite well.

EDUCATION

Mr. KENNEDY. You know, my good friend, Sam Farr, was talking about it, education. It seems as though we do so much to educate the best and brightest in our country in the military. It would be so great to think about ways to keep them in some way after they leave the military and tying them into civil service of some kind and ways of—and education system and tying them to our communities.

I know so many of them continue to serve our communities in so many ways. But to make sure that we keep track, we are trying to navigate the transparency just in medical records between, obviously, the active DoD and the V.A. But it would also be great to have transparency between our servicemen and women who we have invested so much in and we put such great stock in, as the continuing assets that they are for our country, after they have served us in the armed forces, to continue to be there as an asset, if you will, in civilian life in some form.

With this great, new national service bill that we passed, it might be interesting for us to look at ways that we might be able to tap into all that they have to offer, in terms of the great education that they have received and all that they have to offer, in terms of their experience leadership-wise, you know, and education-wise.

When you think about all of the young people in our communities who could benefit from them as role models, it would just be tremendous. I know just in the mentoring area, we are working so hard in our inner cities to tie up some of our—you know, young

people into mentors in the community, if we could just facilitate, if you will, some of these veterans with some of these kids who are, maybe in need of a role model.

It would just be terrific. And it might not be anything more than just making that introduction to a local Boys and Girls Club or something of that sort.

I know that the Junior ROTC program is fantastic in my—Newport you would think is, white bread and America's first resort. We have the highest public housing in the state, and it is the greatest opportunity for kids who never would ever—you would never have the opportunity to see the ocean, to get out there and go sailing all summer long.

And if it weren't for the Navy's base there, there are many kids in the inner city, and they consider Newport inner city. They would not otherwise go to the shoreline.

We actually have kids from Providence come down and participate in the Navy ROTC program, never would otherwise have a chance, in a state that is called the Ocean State, to participate in being able to sail on Narragansett Bay.

They learn discipline, and they learn leadership, and they get an introduction to the United States Navy. So I would just encourage continued Navy ROTC. To the extent that you can do it in areas where there isn't maybe, easy access for, folks that may have a legacy of Navy—maybe like my community—but maybe other communities of diversity, that would be great, because we all know that we need to have more diversity wherever we can, especially for the newer demands on our Navy that will invariably come in the developing world.

We need to look like the developing world that we are going to be going into and, working in. With the countries that we are going to go to, we need to look like those countries that we are going to be going into.

And so it basically behooves us to inculcate early that—and I can tell you, 85 percent, 90 percent of my applications for the Naval Academy are all legacy kids who have been—whose parents and grandparents and great-grandparents were in the Navy. And that is great.

But I want to see more kids from the inner city who have never heard or had one of their family members been in the Navy before think about the Navy as an opportunity in terms of their future and the opportunities that it holds out.

If the Navy ROTC was out there more, I guarantee that more of them would think about the Navy as an opportunity.

Admiral ROUGHEAD. Sir, if I could, this past year—because I share your passion on this—I took some money from our personnel account and I stood up 20 additional Junior Navy ROTC—

Mr. KENNEDY. Thank you so much.

Admiral ROUGHEAD. A modest number, but we targeted those areas that you are talking about exactly. Where can we allow young men and women to see the Navy, see the opportunity that the Navy offers? Whether they elect to come in or not, that is their decision. But at least they are exposed to it.

We also sponsor a program called Starbase Atlantis—

Mr. KENNEDY. Yes.

Admiral ROUGHEAD [continuing]. That brings middle-school kids in to expose them to space and aviation.

And there is another program that I am very interested in working with the initial organizers of it. It is called Naval Operations Deep Submergence, where you take middle-school kids and teach them about what it takes to operate submarines, not the warfare aspect, but navigation and oceanography and things like that, because I really do believe that we have great things to offer young people.

Those are the ways we do it. And I have been able to realign some money, and I am very pleased to—

Mr. KENNEDY. Thank you so much. Thank you so much.

Mr. EDWARDS. Thank you, Mr. Chairman.

Members, let me ask you. We can do this two ways. We can submit any additional questions in writing and adjourn. There will be three votes. Or, if anyone has a question you would like to follow up with in person, I will be glad to come back.

What is your—

Mr. CRENSHAW. I would be happy to submit the questions in writing.

Mr. EDWARDS. Anybody have any questions you would like to ask them first?

If not, Admiral Roughead, thank you.

General Conway, thank you for—

Admiral ROUGHEAD. And, Mr. Chairman, if I could, earlier question I said that we would be beyond our substandard BDQs by 2016. That is when we are going to have everybody ashore. And I would like to take for the record when we will have cleared that, but I just wanted to correct that before—

Mr. EDWARDS. Thank you for that.

We stand adjourned.

[Questions for the record submitted by Chairman Edwards to Admiral Roughead]

BARRACKS

Question. Will you formulate a master plan for buying down the 42 percent of barracks that have been assessed as substandard? When will such a plan be completed?

Answer. I will formulate a master plan to address substandard barracks in PR-11. My objective is to eliminate substandard barracks by 2020, however that will depend upon balancing available funding with competing Navy priorities.

Question. What is the Navy's definition of standard barracks?

Answer. The Navy uses the DoD standard for permanent party barracks, which sets a minimum of 90 square feet per person and requires each Service member to have his or her own sleeping room.

Question. Do you have a target date for bringing Homeport Ashore barracks up to the DoD standard of 90 square feet per person?

Answer. Our current priority is to achieve the Homeport Ashore goal of getting all Sailors currently living aboard ships into accommodations ashore by 2016 at the Interim Assignment Policy (IAP) standard of 55 square feet per person. The Navy's long-term bachelor housing goal is to comply with the DoD standard of providing a private sleeping room for each Sailor at a minimum of 90 square feet per person. Our plan to achieve that standard will be developed in POM12.

Question. Will you seek an expansion of barracks PPV authority beyond the three authorized projects?

Answer. To date, the Navy has executed two of the three authorized PPV pilot projects and is conducting a business case analysis to determine the most cost effective approach to meeting projected Bachelor Housing requirements through the

third PPV project. The business case analysis will inform future decisions regarding additional PPV authority.

EAST COAST CVN HOMEPORTING

Question. With regard to CVN homeporting on the east coast, what specifically will the QDR address? Is it simply a question of validating the Navy's preferred alternative?

Answer. The 2010 QDR will address the need for strategic dispersal of the carrier force in the broad context of future threats, future Navy force structure, and cost effectiveness.

Question. What is the Navy's most up-to-date one-time cost estimate of implementing the preferred alternative? Please break down your response by military construction, OMN, PCS, etc.

Answer. The Final Environmental Impact Statement, issued in 2008, estimated one-time MILCON costs for implementing the preferred alternative at \$456M, including:

- P-187; Dredging (\$48M)
- P-186; Foxtrot Wharf Improvements (\$39M)
- P-250; Controlled Industrial Facility (\$139M)
- P-251; Ship Maintenance Support Facilities (\$157M)
- P-502A; Parking Garage (\$28M) and P-503; Road Improvements (\$15M)
- Planning and Design (\$30M)

P-187 channel dredging would provide dredging of Wharf F, the Mayport turning basin, entrance channel and Jacksonville Harbor Bar Cut 3 to a depth of 52 ft to allow safe navigation and vessel maneuverability for all ships that currently dock at Naval Station Mayport. The cost of this project was updated and included in the FY2010 President's Budget Submission for \$46.303M.

In addition to the one-time MILCON costs, there is an estimated \$85M one-time maintenance cost for Management & Industrial Plant Equipment and an estimated \$24M one-time cost for Permanent Change of Station associated with relocating personnel.

Question. What are the new recurring costs of the preferred alternative?

Answer. The Final Environmental Impact Statement, issued in 2008, estimated the total recurring costs would be \$20.4M. This amount includes Sustainment, Restoration, and Modernization/Base Operating Support (SRM/BOS), operations, and maintenance costs and also reflects a reduction in BAH as compared to housing the CVN ship's crew in Mayport area vice Norfolk area.

END STRENGTH

Question. On April 6, 2009, Secretary of Defense Gates announced a series of budget and policy decisions for the Department, which included a decision to halt reductions in Navy end strength. What was the Navy's planned end strength, and how does the decision by Secretary Gates affect that?

Answer. In FY09, Navy's active duty end strength was on a planned glideslope to 322,000 personnel by the end of FY13. The FY10 National Defense Authorization Request seeks to stabilize the force at an active duty end strength authorization of 328,800 personnel for Navy.

OUTLYING LANDING FIELD FOR EAST COAST CARRIER LANDING PRACTICE

Question. When does the Navy expect to produce a Record of Decision for the new OLF site in Virginia/North Carolina?

Answer. A Record of Decision for the new OLF is currently planned for the latter half of 2010. Navy is currently working with multiple federal and state agencies to complete data collection and analysis to ensure we have done the due diligence necessary to make an informed decision.

Question. What is the Navy's target date for commencing operations at the new OLF?

Answer. The target date for commencing operations at the new OLF is CY 2015.

[Questions for the record from Chairman Edwards to General Conway]

BARRACKS

Question. What is your total deficit (after accounting for all currently funded military construction) of adequate barracks spaces?

Answer. The Marine Corps' total requirement for bachelor enlisted quarters (BEQ) is 93,300 spaces. With the \$1.168B and over 12,000 spaces funded by Congress in FY 2009, the Marine Corps' remaining adequate BEQ space deficit is approximately 7,000.

Question. As you noted in your testimony, you will meet your target end-strength of 202,000 by the end of fiscal year 2009. Clearly the Grow the Force military construction program has not proceeded at the same pace. How will you accommodate the bigger force until the GTF MILCON program is fully completed? Will you seek to accelerate your barracks modernization program?

Answer. The Marine Corps is handling the acceleration of its force growth through use of temporary facilities and other measures such as delaying demolition of older facilities. With the increased retention rates, the enlisted demographic within the Marine Corps has shifted to a more senior force with the ability to live on the economy. Additionally, at their discretion, local commanders may use tools such as allowing junior NCOs to live on the economy or assigning more than two Marines per room for temporary periods. Current deployment cycles have also helped alleviate "space crunches" across our installations.

The Marine Corps is accelerating its barracks modernization program and will soon reap the benefit of an aggressive FY 2008 and FY 2009 construction schedule.

Question. Do you have a standard for training barracks? If so, what is the deficit of adequate training barracks spaces, and what is the estimated MILCON requirement to buy this down?

Answer. An adequate barracks for recruits is an open-bay barracks in good repair.

Congress has provided both MCRD Parris Island and MCRD San Diego Military Construction funding in FY 2009 for Recruit Barracks. At MCRD Parris Island the funding will complete the replacement of the 3rd Recruit Battalion barracks and provide additional recruit barracks spaces that will support the increased throughput generated by our end-strength growth. At MCRD San Diego the Recruit Support Barracks and the Recruit Remedial Fitness Center will free-up recruit barracks space at MCRD San Diego by consolidating injured recruits into their own barracks. We are grateful for the additional recruit barracks you added to our program in FY 2009.

Approximately \$140 million in Military Construction is proposed in FY 2010 to complete the improvements at our recruit depots to fully support recruit quality of life. These improvements include two additional barracks projects and a new mess hall proposed at Camp Pendleton, Edson Range (where we also train recruits from MCRD San Diego) as well as a mess hall addition at MCRD San Diego. Thank you in advance for your support of our FY 2010 program.

At the completion of these projects (approximately 2012) all barracks at MCRD Parris Island and MCRD San Diego and Edson Range at Camp Pendleton should be adequate.

GUAM

Question. You stated in your assessment that the U.S. MILCON share of the realignment of Marines from Okinawa to Guam will be "much more" than \$4 billion. What specific needs have been underestimated, in your opinion?

Answer. It is important to understand the context of the original \$10.27B cost for relocating Marines to Guam. This cost estimate represents only the infrastructure and facilities development costs for the relocating Marines. It was developed at the very early stages of the proposed relocation before any significant planning had occurred or comprehensive assessment of the existing conditions on Guam, including detailed project site locations or engineering and environmental data.

As planning has advanced, we have been able to more completely identify many of the costs involved in the relocation. These costs remain fluid as we continue our planning and environmental efforts. With regards to construction costs, for example, the compressed construction timeline (7 years to 4) along with the need to import many of the construction workers requires workforce housing and logistics support for the massive workforce that will be required on Guam during the short duration construction build up. This is anticipated to cost approximately 8% of the primary and supporting facilities costs. Additional construction costs include the new Navy requirement that all new facilities in the Department of Navy be constructed to a LEED (Leadership in Energy and Environmental Design) Silver certification. This requirement typically increases the facilities construction costs by approximately 8.5%. There is also a Guam Gross Receipt Tax assessed on all construction projects. This may result in an assessment of 4% on the sum costs of the total primary and support facilities for all construction projects. Finally, as the planning develops, it

appears as if the project will require major improvements to existing roads and utilities.

In addition to these additional construction costs, as we have evaluated alternatives and assessed their various impacts as a consequence of preparing the Environmental Impact Study, we may have unknown mitigation costs and the need to acquire additional land to insure adequate training capacity for the force laydown for the associated training ranges and infrastructure, and to compensate for environmentally protected lands. Finally, there are the numerous requests by GovGuam that remain undefined, with much or all of the discussions being interagency.

It is anticipated that the net change from all of the above will add up to several billion dollars in construction costs over the original \$10.27B estimate. Since GOJ's investment is capped, all additional construction costs will be funded via the U.S. government.

Question. What specific questions will the QDR address with respect to the Guam realignment?

Answer. The SECDEF has directed the QDR's Global Posture working group to consider two issues related to the Guam realignment: 1) The Asia-Pacific Training shortfall, to include shortfalls on Guam, as well as, joint training shortfalls across the Pacific and 2) Grow the Force implications on the Guam agreements and PACOM.

BLOUNT ISLAND

Question. The Marine Corps has indicated a need for about \$125 million in MILCON improvements to Blount Island. What is the importance of this installation and the identified requirements?

Answer. Blount Island is a national strategic asset and key to Marine Corps expeditionary capability and future force regeneration.

The Marine Corps' acquisition of Blount Island in 2004 offered the Marine Corps substantial opportunity for realizing the full potential of the installation and its logistics support facilities. The Marine Corps has already expanded the use of the installation from its traditional role as the "home of United States Marine Corps prepositioning" to service as the logistics hub for all Marine Corps equipment returning from OIF/OEF. Additionally, it has most recently served as the deployment platform for Marine Corps equipment deploying to OEF utilizing the facility as the Seaport of Embarkation as well as the Seaport of Disembarkation.

Blount Island will play a major role in Marine Corps equipment reset efforts. The most important facility requirements to support reset efforts at Blount Island include approximately \$155 million of projects to improve existing operational capacity and maintenance operations, provide adequate storage and supply space to properly account for equipment, improve efficiency of ship on load and off load operations, and increase throughput capacity.

These construction projects are tied directly to the war effort and are consistent with the projected volume. Construction improvements include wash rack expansion, hardstand expansion, container staging space, warehousing, hazardous material handling, expansion and improvements to ship berthing and additional depth dredging in order to accommodate larger ships. These requirements were previously identified in the installation's long range facilities plan to improve the installation's efficiency in executing its preposition mission. However, these projects are needed sooner to support critical near term reset efforts.

WEDNESDAY, MAY 13, 2009.

SECRETARY OF VETERANS AFFAIRS

WITNESS

HON. ERIC SHINSEKI, SECRETARY OF VETERANS AFFAIRS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the committee to order and want to welcome Secretary Shinseki and your leadership team to our subcommittee. It is good to have all of you here, and thank you for the work you do on behalf of America's veterans.

The purpose of today's hearing is to hear the administration's budget request for fiscal year 2010. We have seen the raw numbers on that and look forward to hearing some of the specific details behind those budget numbers.

I will make a very brief opening comment before recognizing Mr. Wamp and Mr. Lewis for any opening comments they would care to make.

Let me begin by saying, it is the responsibility of this subcommittee to ensure that we are not only saying thanks to our heroes, but providing for their earned needs, as well. I am proud of the work this subcommittee has done on a bipartisan basis since January of 2007.

I want to thank Mr. Wamp for his close partnership a every step of the way.

With this, we have been able to increase health care and benefits funding for veterans over the past 2 years by \$17.7 billion, \$9.9 billion more than requested by the administration. These funding increases will mean a number of things: improved access to needed health care services at our V.A. medical facilities. It will mean all Operation Iraqi Freedom and Operation Enduring Freedom veterans will be screened for post-traumatic stress disorder and traumatic brain injury.

The increase will mean that the Department of Veterans Affairs will be able to address its significant backlog in facilities maintenance to ensure that our veterans are cared for in a safe and healthy environment.

It will mean fewer veterans will be homeless, and I know we all long for the day where there is not one homeless veteran on any street of any city in America.

Our increases over the past few years will mean our veterans will receive the benefits they have earned much sooner than otherwise. And it will mean that this generation of veterans will receive a greater education benefit than at any time in our history.

Yet, despite all of that work together, we know that much work remains to be done.

I would like to, again, thank all the members of this subcommittee on both sides of the aisle for our work over the past 2 years and look forward to continuing that work together as we craft in the weeks ahead the fiscal year 2010 budget for the Department of Veterans Affairs.

The administration's budget request for fiscal year 2010 totals on the discretionary side \$53 billion and an additional \$55.8 billion in mandatory spending. On the discretionary side of the ledger, the amount requested represents an increase of \$5.4 billion over the fiscal year 2009 appropriation, an increase of over 11 percent.

And, again, we look forward to hearing more of the details and the rationale behind those budget proposals.

At this time, it is my privilege to represent our partner in this effort, Mr. Wamp, our ranking member, for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, thank you, Mr. Chairman, for your leadership and for that partnership.

And, Mr. Secretary, I always like it when you come, because we get to come to the big room here as opposed to the smaller room over in the Capitol, as much as we enjoy that.

And I want to first applaud President Obama for your selection, which I think was a very wise one and an early one. And, of course, you had a long and storied history before the Military Construction and Veterans Affairs Subcommittee here in all aspects of your life. And for your whole team, we are grateful for your service to our country.

I also want to say that I thought that Secretary Peake did a very good job. Both of you have unique skill sets and experience and knowledge and understanding that is very, very helpful to all of our veterans. And I think, frankly, this is somewhat of a seamless transition, even though change is underway.

I also want to say what I said to a group of realtors that were just in my office when they asked me about this privilege I have to be the ranking member on the subcommittee that I am grateful that, in a bipartisan way, we can say that we are doing more and more for our veterans, in terms of funding, creating efficiencies and more accountability in the V.A., and in a bipartisan way we have met at the water's edge, so to speak, on this issue and continue to do so.

And I applaud our chairman and the leadership of the Congress and the executive branch over the last 3 years particularly, as is manifested in this budget request, making a greater commitment to our nation's veterans at a time where it says all the right things and it actually does all the right things.

And there are many fears out there that our country is not honoring our veterans. And I can actually look people in the eye today and say, "That is changing rapidly." And I really believe that. And that is a good thing.

Now, in your testimony, Mr. Secretary, you mentioned 28 times some form of the word "transformation." So I want to ask you a little later about that, because I do think that sweeping changes are

still in order and I do like that spirit that you are coming in, that you want to change things and transform the V.A.

I am a little puzzled still about what this administration's position is on advanced appropriations. We, as appropriators, think that there is a lot of value in this annual process of scrutinizing budget requests and that, frankly, that is how you bring accountability. And without it, the executive branch could just run the country without any oversight from the people, which was guaranteed under the Constitution.

And I would like for you to clarify that as we go through today and then maybe even speak to some of the new positions that you have proposed and created in the V.A.

The V.A. is a very necessary, very necessary agency, but it is a large bureaucracy. And one thing I would like to see is that it doesn't get any larger when we have so many new and efficient ways to deliver health care, particularly to our nation's veterans. Growing programs might not necessarily be the way.

But having said all of that, I just can't thank you enough for your service to our country for so many years in so many different, very valuable ways. And I do stand united with the leadership of this Congress, committed to every man and woman that you represent as you sit here and testify today.

And I yield back.

Mr. EDWARDS. Thank you, Mr. Wamp, for your comments and for your work day in, day out on behalf of America's veterans.

It is certainly a privilege when we have the opportunity to have the ranking member of the full committee, Mr. Lewis, here. He is no stranger to anyone who has ever worn our nation's uniform, because he has spent so many years of his life in Congress fighting for servicemen and women, their families, our veterans, and their families.

He is now the ranking member of the full committee, having served as chairman of the full committee, chairman of the Defense Appropriations Subcommittee.

And, Mr. Lewis, we are honored to have you here, and I would like to recognize you for any opening comments you care to make.

Mr. LEWIS. Thank you very much, Mr. Chairman.

I don't intend to make an extended statement, except to say that, unfortunately, I am going to have to go to the Rules Committee in a while—the supplemental appropriations bill on the floor tomorrow.

But I did want to come to recognize the great people who are beginning to lead this agency in a new direction. I think my colleagues would be interested to know that the first time I met Eric Shinseki was when he—the day he was being sworn in as chief of the Army. And he and his wife, Patty, and Arlene and I have become friends over these many years.

I really do believe he has the experience and the capability of giving an entirely new direction to the agency, which I think really does need that new direction.

So it is a pleasure to be with you. I may have a chance to ask a couple of questions in a moment.

Thank you.

Mr. EDWARDS. Thank you, Mr. Lewis.

General Shinseki is no stranger to this subcommittee or any of us on the committee, but this is his first time here as Secretary Shinseki. So, for the record, let me briefly introduce him in saying that he is the seventh secretary of veterans affairs, sworn in on January 21, 2009.

As Mr. Lewis referenced, he served as chief of staff with the United States Army from June 21st of 1999 until June 11th of 2003. He retired from active duty on August 1st of 2003 after 38 years of service.

And thank you and Patty both for those many years of service to our Army.

His previous assignments as a leader in the Army included commanding general, U.S. Army Europe and 7th Army, commanding general of NATO Land Forces Central Europe, commander of the NATO-led stabilization force in Bosnia-Herzegovina.

He served two distinguished tours of service in Vietnam and has a degree from West Point, 1965, and a master's degree from Duke University.

And as Mr. Lewis referenced, his wife, Patty, I think their family commitment to our troops and their families is indicated by her leadership in creating the Military Childhood Education Coalition, which has been a very, very important and effective voice on behalf of the children of our servicemen and women who make so many sacrifices every day, even as we speak.

Mr. Secretary, your full printed testimony will be submitted, without objection, into the record. I would like to recognize you now. Thank you for bringing your leadership team with you. I would like to recognize you now for any opening comments you would care to make.

STATEMENT OF THE HONORABLE ERIC K. SHINSEKI

Secretary SHINSEKI. Thank you very much, Mr. Chairman.

And thank you Ranking Member Wamp and the other distinguished members of this committee, for holding this hearing and allowing us to be here.

And, Mr. Wamp, thank you for those kind remarks for Jim Peake. He is an old friend. I picked him to be the Army Surgeon General while I was still serving, never regretted that choice, and he went on to do great things here. I am honored to be following him and continuing many of the good things he started.

I am pleased, also, to be joined today by V.A.'s senior leadership. Mr. Chairman and members of the committee, if you don't mind, I would like to take a moment to introduce them.

I will begin on my far left, Undersecretary Pat Dunne from Benefits Administration. Next to me, Dr. Gerald Cross, acting Undersecretary for Health, Acting Assistant Secretary for Management Rita Reed, Acting Undersecretary Steve Muro from the National Cemetery Administration, and Acting Assistant Secretary Steph Warren from the Office of Information and Technology.

I thought having all of us here would enable us to address many of the questions that may come up today.

I would also like to acknowledge the leaders of our Veterans Service Organizations who are also part of the audience and partners and advocates for our nation's veterans.

We thank you for this opportunity to present the President's 2010 budget for the Department of Veterans Affairs. Let me also thank you for your unwavering support, as the chairman indicated, on this committee for our veterans through previous generous appropriations to our budget and for the stimulus funds you authorized for the department.

V.A. has begun to lay down the groundwork to implement President Obama's charge to us to transform V.A. into a 21st-century organization. V.A.'s 2010 budget request increases V.A.'s resources to nearly \$113 billion, up 15 percent from our 2009 resource level, the largest percentage increase for V.A. requested by a president in over 30 years.

With this budget, V.A.'s transformation begins by increasing our investment in information technology, by undertaking organizational reforms, by ramping up the training and leader development of our workforce, and by other initiatives which are intended to improve the ways in which we serve veterans. These are essential if we are going to improve client services and enhance responsiveness to veterans' needs.

Information technology is vital to achieving the president's vision for a 21st-century V.A. I.T. enables almost everything we do at Veterans Affairs. More than \$3.3 billion in funding is needed to support our I.T. requirements and will allow V.A. to invest in new and emerging technologies to create an informational backbone which will enable efficient, effective and client-focused services.

The 2010 budget provides resources to establish a new office for the Assistant Secretary for Acquisition, Logistics and Construction, the importance of which is underscored not only by the budget's \$1.9 billion in capital funding to resource it, but by the more than \$13 billion in products, services and V.A. contracts that are handled each year. We need this office to bring all of that together in a smart way.

There are few higher priorities before us than to ensure a seamless transition from active military service to civilian life. V.A. will continue to collaborate with the Department of Defense on transition initiatives, including development and implementation of a joint, virtual, lifetime electronic record, a presidential priority.

This budget request funds health care for a new and changing veteran demographic. Women veterans, for example, are increasingly reliant on V.A. The budget provides \$183 million to meet their specific health care needs.

The budget includes \$440 million to improve access to care for veterans in rural and highly rural areas and \$5.9 billion for both institutional and non-institutional, long-term care services.

This budget makes important commitments to newly qualified priority group eight veterans and to the expanding numbers of combat veterans from ongoing operations. We are requesting \$2.1 billion to meet the health care needs of veterans who served in Iraq and Afghanistan.

And thanks to the leadership shown by Congress and the commitment expressed by President Obama, we will implement an expansion of eligibility to health care for priority group eight veterans beginning in this summer through the next 4 years, implemented over time.

Our 2010 budget requests nearly \$4.6 billion for expanded outreach and enhanced services for mental health and traumatic brain injuries. This budget also provides \$47.4 billion in total resources for V.A. medical care, an 11 percent increase over the 2009 resource level.

And, importantly, it increases V.A.'s investments in research, patient-centered health care, and technology to support our commitment to client-focused health care services.

The president is committed to expanding proven programs, which include joint initiatives with other cabinet agencies and nonprofit organizations to combat homelessness and requests \$3.2 billion to address the estimated 154,000 veterans who sleep on our streets every night.

The \$1.8 billion provided to the Veterans Benefits Administration is 25 percent higher than in 2009. Our primary focus is to strengthen our investments in a paperless infrastructure to leverage ways to decrease waiting times for veterans' claims processing.

V.A. provides continuity of care until veterans are laid to rest. To properly honor them, the president's budget request includes \$242 million in operations and maintenance funding for the National Cemetery Administration.

Veterans are V.A.'s sole reason for existence. In today's challenging fiscal and economic environment, we must be diligent stewards of every dollar if we are to deliver timely, high-quality benefits and services to the men and women we serve.

While we recognize that the growth in funding requested for 2010 is significant, we also acknowledge our responsibility for being accountable and showing measurable returns on this investment.

Mr. Chairman and members of the committee, I assure you I will do everything possible to ensure that the funds Congress appropriates will be used to improve the quality of life for veterans and the efficiency of our operations.

Thank you, and I look forward to your questions.

[The prepared statement of the Honorable Eric K. Shinseki follows:]

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**STATEMENT OF THE HONORABLE ERIC K. SHINSEKI
SECRETARY OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES**

MAY 13, 2009

Mr. Chairman, Congressman Wamp, distinguished members of the Committee:

Thank you for this opportunity to present the President's 2010 budget for the Department of Veterans Affairs (VA). The President's vision for the Department is to transform VA into a 21st Century organization that is Veteran-centric, results-driven, and forward-looking. This transformation is demanded by new times, new technologies, new demographic realities, and new commitments to today's Veterans. It requires a comprehensive review of the fundamentals in every line of operation the Department performs.

VA's budget request for 2010 provides the resources for this transformation that will take more than one year to complete. It provides the resources to move the Department closer to achieving the President's vision for VA, and will help ensure that Veterans—our clients—receive timely access to the highest quality benefits and services we can provide and which they earned through their sacrifice and service to our Nation.

Some have complained that, in the past, VA has been seen as difficult and bureaucratic in providing for our Nation's Veterans. Change requires strong leadership amidst finite resources to improve access, quality, safety, timeliness, and advocacy for the care and services we provide to our Veterans. This is not about nibbling around the edges of change.

The President's budget request for 2010 provides the Department with resources needed to become a 21st Century organization as the Department's leadership develops further the individual investments currently in the Budget to better align with evolving Departmental priorities.

The President has requested that I do two things – first, transform VA into a 21st Century organization, and second, to ensure that we approach Veterans care as a lifetime initiative, from the day the oath is taken until they are laid to rest. With this budget, the transformation begins.

At present, the budget request contains four major categories of transformational activity collectively designed to initiate the process of creating a 21st Century VA. These transformational initiatives include creating a reliable management infrastructure, delivering ongoing services, making progress on Departmental priorities, and instituting important new initiatives to meet the needs of Veterans today and tomorrow.

VA's request for 2010 is nearly \$113 billion—an increase of over \$15 billion, or 15.5 percent, from the 2009 enacted budget. This is the largest one-year percent increase for VA requested by a President in over 30 years.

I would like to take this opportunity to highlight how this budget will help VA begin the transformation in these four areas.

First, Management Infrastructure. In order to transform VA, we must begin with ourselves. Transformation must start within our own doors. VA will create a reliable management infrastructure that expands or enhances corporate transparency at VA, centralizes leadership and decentralizes execution, invests in leader training, and focuses on research and development on 21st Century requirements. This infrastructure also is a key to dramatically improved client services and enhanced responsiveness to the needs of Veterans and all VA stakeholders. Examples include increasing investment in training and career development for the VA career civil service; improving capacity to manage IT services and major programs; employing a suitable financial management system to track expenditures; and achieving significant realignment of VA's acquisition processes for improved transparency of and accountability for spending across the VA.

Second, delivering and maintaining ongoing services. Transformation does not mean throwing out the baby with the bath water. What it does mean is that we must identify the things that work best and improve upon them. Some of the services that we can improve upon, and must improve upon, are our ongoing services provided to Veterans on a daily basis, such as care for polytrauma, substance abuse, mental health, and preventive health care. Such activities include access to the highest quality care, delivered at best-in-class facilities, and powered by excellence in medical research. These also encompass fair, consistent, and rapid processing of benefits claims, memorial services that honor service to the Nation, and evolving needs, such as rural care and outreach, care for homeless Veterans, Veterans' families, and women's health care.

Third, the 2010 budget will provide VA with sufficient resources to continue to make progress on Departmental priorities. VA will assess and revitalize core programs that have already been recognized by the VA and Congress as important to improving quality and access to services for Veterans. These programs provide access for additional Priority 8 Veterans; improve

interoperability and coordination between the Department of Defense (DoD) and VA; increase investment in mental health and telemedicine; and continue the development and implementation of the Post-9/11 GI Bill. Progress on these initiatives, begun in 2009, will be sustained in 2010 to ensure that VA follows through on its existing commitments.

Lastly, transformation is about making bold moves to introduce entirely new concepts of best business practices that lead the organization into the 21st Century. The FY 2010 budget request will enable new approaches to meet emerging needs that change the way VA serves Veterans. The on-going work of the VA's Transformation Task Force will further inform the development of these elements. And while these four areas of transformation represent the opportunities presented by the 2010 budget, below are specific examples to demonstrate how these funds will help our Veterans thorough their entire service lifetime, beginning at the day they take their oath.

The Transformation from Within - Increasing Investment in Training, Career Development and Other Organizational Reforms

In order to transform VA, we must begin with a commitment to critically assess ourselves. Transformation must start within our own doors. The transformation of VA will require many organizational reforms to better unify the Department's efforts on behalf of Veterans. These will take time and may even result in up-front costs within our overall budget, but all are designed to save taxpayer dollars over time while ensuring VA successfully accomplishes its mission. Lastly, where we can save costs to our Veterans, without impacting quality of care, or diminishing our core mission, we will be sound stewards of the taxpayer dollar. Some of these key reforms are presented below.

- **Increasing Investment in Training and Career Development**

The 2010 budget will help ensure that VA's workforce will remain leaders and standard-setters in their fields. The Department will continue to grow and retain a skilled, motivated, and client-oriented workforce. Training and development (including a leader development program), communications and team building, and continuous learning will all be components of reaching this objective.

- **Establishing an Office of Analysis and Evaluation**

The Department will establish an office with robust program analysis and evaluation capability. This office will conduct in-depth reviews of VA programs and operations, and will assess their return on investment. These independent evaluations will help inform program and budget decision-making.

- Enabling Improved Communications

The Department will invest in a virtual forum and related services to enable better communications with Veterans, Veterans Service Organizations, Congress, and other government agencies.

- Implementing Management Control Systems for Acquisitions

This initiative will allow VA to gather and use information to assist senior leadership in steering the Department toward its strategic objectives. This will involve allocating resources, motivating employee behavior, and evaluating performance.

- Improving Medical Collections

The Department expects to receive nearly \$2.9 billion from medical collections in 2010. About \$8 of every \$10 in extra collections will come from increased third-party insurance payments, with the vast bulk of the remaining collections growth resulting from rising pharmacy workload. The 2010 budget supports the establishment of additional consolidated patient account centers (CPACs) that help maximize the efficiency and effectiveness of VA's medical collections program through standardized processes, accountability for results, improved decision support capabilities, and more stringent internal controls. The implementation of six more centers from 2009 to 2011 will generate approximately \$1.7 billion in additional revenue during the next decade.

In addition to investing in VA to provide the best quality of care to our Veterans, we are rededicating ourselves to improving our VA infrastructure, construction and logistics, to provide Veterans with the comfort in knowing that they will always have a place to go to seek their care that they can call their own.

New Construction and Funding the new Office of the Assistant Secretary for Acquisition, Construction, and Logistics

- Establishment of a New Office of Acquisition, Construction, and Logistics

The President's 2010 budget request is so firmly committed to this goal, that it includes funding for the establishment of a new Office of the Assistant Secretary for Acquisition, Construction, and Logistics. The necessity of this new office is highlighted by the \$1.921 billion in capital funding for VA in the 2010 budget. Our request for appropriated funds includes \$1.194 billion for major construction projects, \$600 million for minor construction, \$85 million in grants for the

construction of state extended care facilities, and \$42 million in grants for the construction of state Veterans cemeteries.

The 2010 request for construction funding for our health care programs is \$1.584 billion—\$1.077 billion for major construction and \$507 million for minor construction. All of these resources will be used to further renovate and modernize VA's health care infrastructure, provide greater access to high-quality care for more Veterans, closer to where they live, and help resolve patient safety issues.

- **Major Construction Initiatives.** Within our request for major construction are resources to continue five medical facility projects already underway:
 - Orlando, Florida (\$371.3 million)—complete a new medical center consisting of a hospital, medical clinic, community living center, domiciliary, and full support services;
 - Denver, Colorado (\$119.0 million)—replacement medical center on the same campus as the University of Colorado Hospital complex in Aurora, consisting of an inpatient medical center, spinal cord injury and community living center, and research building;
 - Bay Pines, Florida (\$96.8 million)—inpatient and outpatient facility improvements;
 - San Juan, Puerto Rico (\$42.0 million)—seismic corrections to the main hospital building; and
 - St. Louis, Missouri (\$19.7 million)—medical facility improvements and cemetery expansion at Jefferson Barracks.
- **New Facilities.** Major construction funding is also provided to begin seven new medical facility projects:
 - Livermore, California (\$55.4 million)—design and land purchase for new community-based outpatient clinic in East Bay, expanded community-based outpatient clinic and new community living center in the Central Valley, and minimally invasive procedure center at the Palo Alto VA Medical Center;
 - St. Louis, Missouri (\$43.3 million)—design new inpatient bed tower, emergent response unit, spinal cord injury beds, intensive care unit beds, and clinical expansion at the John Cochran Division;
 - Canandaigua, New York (\$36.6 million)—design new community living center and new domiciliary/residential rehabilitation facility;
 - Long Beach, California (\$24.2 million)—design new mental health center and community living center;
 - Brockton, Massachusetts (\$24.0 million)—design new long-term care spinal cord injury unit;

- San Diego, California (\$18.3 million)—design new spinal cord injury building and renovations to provide a community living center and hospice unit; and
 - Perry Point, Maryland (\$9.0 million)—design new community living center.
- Minor construction.

Minor Construction is an integral component of our overall capital program. In support of the medical care and medical research programs, minor construction funds permit VA to realign critical services; make seismic corrections; improve patient safety; enhance access to health care; increase capacity for dental care; enhance patient privacy; improve treatment of special emphasis programs; and expand research capability. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

We are requesting \$162.9 million in construction funding to support the Department's burial program—\$112.2 million for major construction and \$50.7 million for minor construction. Within the funding we are requesting for major construction are resources for gravesite expansion and cemetery improvement projects at two national cemeteries—Abraham Lincoln (\$38.3 million) and Houston (\$35.0 million).

VA is requesting \$25.5 million for land acquisition in the major construction account. These funds will be used to purchase land as it becomes available in order to quickly take advantage of opportunities to ensure the continuation of a national cemetery presence in areas currently being served. All land purchased from this account will be contiguous to an existing national cemetery, within an existing service area, or in a location that will serve the same Veteran population center.

VA's commitment to our clients does not end at building a world-class, 21st Century Veterans healthcare and benefits organization. We also have an obligation to ensure that America never forgets their sacrifices. The 2010 Budget assures that the legacy of honoring our Veterans continues.

Although the foundation of transformation is laid first internally, by focusing on our own transformation within the walls of VA, at the end of day, we are judged by our performance, not our promises. The President has charged VA with providing for our Veterans for their entire lifetime. The President's 2010 Budget allows VA to focus on this continuity of care earlier than ever before.

One Life Continuity of Care

One of VA's highest priorities is to ensure that active and Reserve component Veterans returning from service in Operation Enduring Freedom and Operation

Iraqi Freedom receive everything they need to effortlessly make their transition from active military service to civilian life. The Department will take all measures necessary to provide them with timely benefits and services, to give them complete information about the benefits they have earned through their military service, and to implement streamlined processes that simplify their interactions with VA.

- Early Transition Initiatives

The most effective way to ensure servicemembers receive continuous care from military service to civilian life is to begin the transition process at the time they are sworn in for active duty. VA will continue to collaborate with DoD to facilitate the transition of military personnel into civilian status through a uniform approach of both registering into VA and accessing electronic records data. This will involve the development and implementation of a Joint Virtual Lifetime Electronic Record that will contain both administrative and medical information, resulting in improved delivery of benefits and assuring the availability of medical data to support the care of patients shared by VA and DoD. This will be achieved while maintaining the privacy and security of servicemembers' and Veterans' personal information.

- Developing and New Partnerships with DoD

The Department will continue to partner with DoD to establish and administer programs to support this continuity of care, including participation in demobilization events, the Yellow Ribbon Reintegration Program, the Center of Excellence in Psychological Health and Traumatic Brain Injury, and others. Our facility-to-facility collaborations foster improved care coordination and delivery at the local level and I will continue to work with Secretary Gates to ensure this continuum of care is supported and addressed at the highest levels. To this end, I am establishing a new VA/DoD Collaboration Office with dedicated staffing to support our efforts at the Departmental level.

As our Veterans move from DoD to VA as their principal care provider, we must ensure that we are poised to address their specific needs. This requires that VA look at the most effective ways to meet the needs of this latest generation of Veterans. We will strive not to repeat the mistakes of the past, and ensure that once Veterans are fully under our care, we are poised to deliver the specialty health care and services that they need and that this budget will provide.

- Meeting Emerging Needs of All Veterans Across All Generations

In addition to this newest generation of veterans, we must ensure that the budget addresses the needs of all Veterans, across all emerging demographics. This includes funding initiatives for women Veterans, the growing elderly population of Veterans, and Veterans living in rural areas. VA's request for 2010 provides the

resources required to treat nearly 6.1 million patients as they enter our system of care. This is 474,000 (or 9 percent) above the patient total in 2008 and is 122,000 (or 2 percent) higher than the projected number in 2009.

- Advance Appropriations for VA Medical Care

The President and I share the concern that the care our Veterans receive should never be hindered by budget delays. The Administration plans to work with the Congress to develop a specific advance appropriations proposal for the VA Medical Care program.

Funding Care for a New and Changing Veteran Demographic

- Meeting the Medical Needs of Women Veterans

The 2010 budget provides \$183 million to meet the gender-specific health care needs of women Veterans, an increase of \$15 million (or 9 percent) over the 2009 resource level. The delivery of enhanced primary care for women Veterans is one of VA's top priorities. The number of women Veterans is growing rapidly and these women are increasingly reliant upon VA for their health care. More than 450,000 women Veterans have enrolled for care and this number is expected to grow by 30 percent in the next five years. We will soon have 144 full-time Women Veterans Program Managers serving at VA medical facilities. They will function as advisors to and advocates for women Veterans to help ensure their care is provided with the appropriate level of privacy and sensitivity.

- Expanding Care for Veterans in Rural Areas

The Department appreciates the additional resources provided by Congress for rural health care initiatives. Using some of these 2009 funds as well as additional resources we are requesting in 2010, VA's budget includes \$440 million to implement the President's initiative to continue improving access to medical care for Veterans in rural and highly rural areas, including use of rural health resource centers, mobile clinics, rural health consultants, and outreach. VA will also continue to expand its telehealth program which is the largest of its kind in the world. Where appropriate, the Department will provide fee-basis access to mental health professionals when VA services are not reasonably close to Veterans' homes.

- Emerging Elder and Long-term Care

VA's budget for 2010 contains more than \$5.9 billion for long-term care, a rise of \$663 million (or 13 percent) over the 2009 resource level. About 60 percent of the additional resources will support institutional care while 40 percent will be

devoted to expanding non-institutional long-term care services. We anticipate increased demand for long-term care services resulting from severe injuries, such as TBI and polytrauma.

The Department's 2010 request includes \$1.2 billion for non-institutional long-term care, an increase of \$265 million (or 28 percent) over 2009. By enhancing Veterans' access to non-institutional long-term care, VA can provide extended care services to Veterans in a more clinically appropriate setting, closer to where they live and in the comfort and familiar settings of their homes. These services include adult day health care, home-based primary care, purchased skilled home health care, homemaker and home health aide services, home respite and hospice care, and community residential care. During 2010 we will increase the number of patients receiving non-institutional long-term care, as measured by the average daily census, to nearly 91,000. This represents a 25 percent rise above the level we expect to reach in 2009.

- Funding Care for Newly Qualified Veterans (Priority 8)

Building on the resources provided by Congress in 2009 for VA to begin a gradual expansion of health care eligibility for non-service-disabled Veterans earning modest incomes (Priority 8 Veterans), the President's Budget includes funds to expand eligibility to this group for the first time since 2003. This year, VA will open enrollment to Priority 8 Veterans whose incomes exceed last year's geographic and VA means-test thresholds by no more than 10 percent. We estimate that 266,000 more Veterans will enroll for care by the end of 2010 due to this policy change. Furthermore, the budget includes a gradual expansion of health care eligibility which will enable over 500,000 Veterans who were previously not eligible for VA medical care to enroll by 2013. This expansion of health care eligibility will be accomplished while improving the timeliness of care and maintaining the quality of VA health care that already sets the national standard of excellence.

- Funding Care for OEF/OIF Veterans

The number of patients who served in Operations Enduring Freedom and Iraqi Freedom will rise to over 419,000 in 2010. This is 61 percent higher than in 2008 and 15 percent above the projected total this year. In 2010 we are requesting \$2.1 billion to meet the health care needs of Veterans who served in Iraq and Afghanistan. This is an increase of \$463 million (or 29 percent) over our medical resource requirements to care for these Veterans in 2009. The treatment of this newest generation of Veterans has allowed us to focus on and improve treatment for PTSD as well as TBI, including new programs to reach our Veterans at the very earliest stages of these conditions.

Enhancing Outreach and Services for Mental Health Care and TBI

VA's 2010 budget includes nearly \$4.6 billion for mental health care, an increase of \$288 million, or 7 percent, above the 2009 resource level. These resources will allow the Department to expand inpatient, residential, and outpatient mental health programs. A key element of VA's program expansion is integrating mental health services with primary and specialty care. Veterans receive better health care when their mental and physical needs are addressed in a coordinated and holistic manner.

- PTSD and TBI Commitments

This budget allows us to continue our effort to improve access to mental health services across the country. We will continue to place particular emphasis on providing care to those suffering from post-traumatic stress disorder (PTSD) as a result of their service in Operations Enduring Freedom and Iraqi Freedom. The Department will increase outreach to these Veterans as well as provide enhanced readjustment and PTSD services. Our strategy for improving access includes expanding our tele-mental health program, which allows us to reach thousands of additional mental health patients annually, particularly those living in rural areas.

To better meet the health care needs of recently discharged Veterans, the 2010 budget enables VA to expand its screening program for depression, PTSD, TBI, and substance use disorders. The Department will also enhance its suicide prevention advertising campaign to raise awareness among Veterans and their families of the services available to them.

VA's 2010 budget contains \$298 million for the care of Veterans with TBI, an increase of \$41 million (or 16 percent) over the 2009 resource level. TBI and polytrauma are serious conditions that Veterans injured as a result of their service in Operations Enduring Freedom and Iraqi Freedom experience, and we must find even more ways to address their needs. While VA's Polytrauma System of Care is unique in its expertise and capabilities, we are learning more every day about effective treatments. The additional resources in 2010 will help ensure these Veterans receive the specialized care they require.

- Investments in New Vet Centers to Address Unique Mental Health Challenges of Combat

In 2010, VA will open 28 new Vet Centers providing readjustment counseling services to Veterans, including those suffering from PTSD. The Department will also improve access to mental health services through our community-based outpatient clinics. Where appropriate, we will provide fee-basis access to mental health providers when VA services are not reasonably close to Veterans' homes. We will also expand use of Internet-based mental health services through

"MyHealthVet," which provides an extensive degree of health information to Veterans electronically. These steps are critical to providing care to Veterans living in rural areas.

In addition to identifying and funding care for the evolving Veteran demographic, VA must commit adequate resources to addressing the needs of today's Veteran, and that can only be accomplished with adequate funding for research. The President's 2010 budget allows us to commit dramatically increased resources to research.

Increasing Investments in Research and Other Health Care Initiatives

The 2010 budget provides \$580 million for medical and prosthetic research, an increase of \$70 million (or 14 percent) over the 2009 resource level. Our request will fund nearly 2,400 high-priority research projects to expand knowledge in areas critical to Veterans' health care needs, most notably in the areas of mental illness (\$74 million), aging (\$51 million), acute and traumatic injury (\$46 million), military occupations and environmental exposures (\$43 million), and cancer (\$41 million).

- **Groundbreaking Research Initiatives**

Some of this research will focus on TBI and polytrauma, including studies on blast force-related brain injuries, enhancing diagnostic techniques, and improving prosthetics. We will strengthen our burn injury research to improve the rehabilitation and daily lives of Veterans who have suffered burns. VA will also enhance research on chronic pain, which afflicts approximately two of every five recently discharged and enrolled Veterans. And the Department will also advance research on access to care, particularly for Veterans in rural areas, by studying new tele-medicine efforts focused on mental health and PTSD.

One of our highest priorities in 2010 will be to continue our aggressive research program aimed at improving the lives of Veterans returning from service in Operations Enduring Freedom and Iraqi Freedom. The President's budget request for VA contains \$299 million devoted to research projects focused specifically on Veterans returning from service in Afghanistan and Iraq, an increase of \$20 million (or 7 percent) over the 2009 resource level. The new research initiatives will focus on post-deployment mental health, spinal cord injury, sensory loss, TBI and other neurotrauma, and pain.

The President's request for research funding will help VA sustain its long track record of success in conducting research projects that lead to clinically useful interventions that improve the health and quality of life for Veterans and the

general population. Recent examples of VA research results that have direct application to improved clinical care include the successful use of tele-medicine to improve Veterans' mental health status, quality of life, and satisfaction with care; better understanding the specific factors leading to the development of osteoporosis; delineating the critical brain structures involved in components of learning and memory that are important for improving care for Veterans with brain injury and memory disorders; improving treatment for Veterans suffering from the combined effects of hepatitis C and depression; and utilizing deep-brain stimulation to improve the quality of life for patients suffering from advanced Parkinson's disease.

The 2010 budget for medical care provides funds for VA to strengthen its focus on critical ongoing programs and new initiatives that will improve care and clinical outcomes for Veterans. Certain new initiatives that support overall transformation include:

- Patient Centered Care

The Veterans Health Administration (VHA) will deploy a patient-centric care model called Veteran Centered Care, based on best practices in private sector health care, which will result in a fully engaged prevention partnership between Veteran, family, and health care team, established through healing relationships and provided in optimal healing environments in order to improve health outcomes and the Veteran's experience of care.

- Medical Home and Care Coordination

The patient centered medical home is a team based model of care that provides continuous, first contact, comprehensive care to maximize health and functionality. The model focuses on preventive health care and emphasizes a holistic approach that addresses the medical, psychological, and social needs of the patient. These teams consist of medical professionals, mental health providers including behaviorists, nurses, nutritionists, and care coordinators. These models can be adapted to meet the specific needs of unique patient populations such as those with advanced heart disease.

- Leveraging Technology in Health Care Services

As part of our continued operation and improvement of the Department's electronic health record system, VA is seeking \$360 million for development and implementation of the Veterans Health Information Systems and Technology Architecture (HealtheVet) program. Facets of the program have already received national accolades as a model for improving online accessibility of health records. This is \$47 million (or 15 percent) above the estimated resource commitment for this key project in 2009. HealtheVet will equip our health care

providers with the modern technology and tools they need to improve the safety and quality of care for Veterans.

Until HealthVet is operational, we need to maintain the VistA legacy system. This system will remain operational as new applications are developed and implemented. This approach will mitigate transition and migration risks associated with the move to the new architecture. Our budget provides \$116 million in 2010 for the VistA legacy system.

- Health Care Spending Summary

In total, the President's 2010 request includes total budgetary resources of \$47.4 billion for VA medical care, an increase of \$4.6 billion (or 11 percent) over the 2009 resource level (which excludes \$1 billion for non-recurring maintenance projects, including renewable energy and efficiency projects, supported through resources from the American Recovery and Reinvestment Act). Our total medical care request is comprised of funding for medical services (\$34.7 billion), medical support and compliance (\$5.1 billion), medical facilities (\$4.7 billion), and resources from medical care collections (\$2.9 billion).

As we focus on the new medical care services and delivery mechanisms needed to transform VA care, we must ensure that we do not repeat the mistakes of the past, and disassociate the injuries from the full social and economic impacts of those left untreated, or whom we simply cannot reach. This budget allows us to address some of the social and economic impacts that we cannot address with health care alone, such as addressing homelessness and providing other economic benefits.

Combating Homelessness

The President has committed to expanding proven programs and launching innovative services to prevent Veterans from falling into homelessness. The 2010 budget provides more than \$3.2 billion for homeless Veterans programs. This includes \$2.7 billion to furnish health care to homeless Veterans and \$500 million for other programs providing supportive services, which help to break the cycle of homelessness among the estimated 154,000 Veterans who are homeless on any single night.

- Joint Initiatives

The budget provides \$26 million for VA to work with the Departments of Housing and Urban Development, Labor, Education, Health and Human Services, and the Small Business Administration, in partnership with non-profit organizations, to reduce homelessness. This pilot project coordinates VA's efforts with programs of partner agencies and non-profits to target Veterans who are most at risk of

becoming homeless. It aims to maintain stable housing for Veterans while continuing to provide them with support services and ongoing medical care.

In addition, this historic budget allows us to set our Veterans up for success well into the future by investing now in their education and in the future financial stability of America by educating the next greatest generation of Veterans.

Automating the Application for and Delivery of Education Benefits

The Department is on target to implement the Post-9/11 Veterans Educational Assistance Act starting August 1, 2009, and began signing up Veterans online for this program on May 1, 2009. VA is pursuing two parallel strategies to successfully implement this new education program, both of which are fully supported by the resources presented in the 2010 budget.

- Short Term Strategy

The short-term strategy relies upon a combination of traditional claims processing and modifications to existing IT systems. Until a modern eligibility and payment system can be developed, VA will adjudicate claims manually and use the existing Benefits Delivery Network to generate benefit payments to schools and program participants. This budget includes funds to hire and maintain the additional staff required.

- Long Term Strategy

The long-term strategy is the development and implementation of an automated system for claims processing. The Department has teamed with the Space and Naval Warfare Systems Command to address the necessary IT components of this strategy. They are the premier systems engineering command for the Department of the Navy. The automated solution will be available by the end of calendar year 2010, by which time full operational control of the automated system will be in VA's hands.

- Dramatic Increase in the Number of Educational Beneficiaries

As a result of the Post-9/11 Veterans Educational Assistance Act, we expect the number of education claims to rise dramatically. We anticipate in excess of 2 million education claims in 2010, a total 8 percent higher than the number we projected for 2009 and 25 percent above the 2008 total. Despite this significant growth in workload, the resources provided in the President's 2010 budget will allow us to maintain our program performance for two key measures. The timeliness of processing original education claims will be at least as good as the level (24 days) we estimated for 2009, while the average time it takes to process

supplemental claims will be no higher than the estimated level (10 days) for 2009.

Of import, this program will invest in knowledge and education for our latest generation of Veterans.

Providing Additional Economic Stability to Veterans

- Providing Greater Benefits to Veterans Who Are Medically Retired from Service

In addition, the President's 2010 budget provides for the first time concurrent receipt of disability benefits from VA in addition to DoD retirement benefits for disabled Veterans who are medically retired from service. Presently, only Veterans with at least 20 years of service, who have service-connected disabilities rated 50 percent or higher by VA, are eligible for concurrent receipt. Receipt of both VA and DoD benefits, for all who were medically retired from service, will be phased in starting in 2010. The estimated VA costs in 2010 are \$47 million.

- Improving Compensation and Pensions

A major challenge in improving the delivery of compensation and pension benefits is the steady and sizeable increase in workload. The volume of claims receipts is projected to reach 972,000 in 2010—a 5 percent rise from the 2009 level and a 23 percent increase since 2005.

The number of Active Duty service members as well as Reservists and National Guard members who have been called to active duty to support Operations Enduring Freedom and Iraqi Freedom is one of the key drivers of new claims activity. This has contributed to an increase in the number of new claims, and we expect this pattern to persist, at least for the near term. An additional reason that the number of compensation and pension claims is climbing is the Department's commitment to increased outreach. We have an obligation to extend our reach as far as possible and to spread the word to Veterans about the benefits and services VA stands ready to provide.

Disability compensation claims from Veterans who have previously filed a claim comprise about 55 percent of the disability claims received by the Department last year. Many Veterans now receiving compensation suffer from chronic and progressive conditions, such as diabetes, mental illness, cardiovascular disease, orthopedic problems, and hearing loss. As these Veterans age and their conditions worsen, VA experiences additional claims for increased benefits.

- Increasing Number of Beneficiaries Receiving Compensation

The growing complexity of the claims being filed also contributes to our workload challenges. For example, the number of original compensation cases with eight or more disabilities claimed increased from 43,700 in 2005 to 61,600 in 2008. Nearly 27 percent of all original compensation claims received last year contained eight or more disability issues. In addition, we expect to continue to receive a growing number of complex disability claims resulting from PTSD, TBI, environmental and infectious risks, complex combat-related injuries, and complications resulting from diabetes. Claims now take more time and more resources to adjudicate. Additionally, as VA receives and adjudicates more claims, a larger number of appeals are filed from Veterans and survivors, which also increases workload in other parts of the Department, including the Board of Veterans' Appeals and the Office of the General Counsel.

- Addressing Innovative Ways to Decrease Waiting Time for Benefits

VA will address its ever-growing workload challenges in several ways. For example, we will enhance our use of IT tools to improve claims processing. In particular, our claims processors will have greater online access to DoD medical information as more categories of DoD's electronic records are made available through the Compensation and Pension Records Interchange project. We will also strengthen our investment in a paperless claims processing infrastructure, to reduce our reliance upon paper-based claims folders and enable accessing and transferring electronic images and data through a Web-based application. This infrastructure will also dramatically increase the security and privacy of Veteran data. The existing Virtual VA repository will be sustained until the more robust enterprise paperless infrastructure is developed and deployed. The Department will continue to move work among regional offices in order to maximize our resources and enhance our performance. Also, the Department will demonstrate improved timeliness and quality of service resulting from the recent expansion of the Benefits Delivery at Discharge program at all regional offices, demobilization sites, military installations, and VA health care facilities.

As a result of staffing increases, more efficient claims processes, and enhanced use of IT tools, we expect to lower the average number of days to complete rating-related compensation and pension claims to 150 days in 2010. This represents a 29-day improvement (or 16 percent) in processing timeliness from 2008 and an 18-day (or 11 percent) reduction in the estimated amount of time required to process claims this year.

In addition, we anticipate that our pending inventory of disability claims will fall to about 302,000 by the end of 2010, a reduction of more than 78,000 (or 21 percent) from the pending count at the close of 2008. At the same time we are improving timeliness, we will also increase the accuracy of the compensation rating decisions we make, from 86 percent in 2008 to 90 percent in 2010.

As we press to build momentum on our forward leaning initiatives, it is with the sense that, every day we stand still, we face irrelevancy. The future moves at the pace of the micro-chip processor, and we must invest in technology to remain relevant. This budget provides a serious down-payment on leveraging technology to transform VA into a 21st Century Organization.

Processing benefits claims in a paperless environment and other critical IT investments

Leveraging information technology (IT) is crucial to achieving the President's vision for transforming VA into a 21st Century organization that meets Veterans' needs. Key concepts of the transformation include creating an electronically based benefits system to speed processing and address the backlog; integrating service member information from DoD with all VA information about a Veteran to create a seamless transition from warrior to Veteran; using Customer Relationship Management (CRM) techniques to work proactively with Veterans and provide them with a view of all of their VA benefits; ensuring continued innovation of the award winning Computerized Patient Record System and VISTA medical records systems; and creating "anywhere, anytime" access to VA by developing multiple access channels for information and transactions.

IT is an integral component of VA's health care and benefits delivery systems. VA depends on a reliable and accessible IT infrastructure, a high-performing IT workforce, and modernized information systems that are flexible enough to meet both existing and emerging service delivery requirements. Only in this way can we ensure system-wide information security and the privacy of our clients.

- Meeting Vital IT Needs

The President's 2010 budget for VA provides more than \$3.3 billion to meet these vital IT requirements. This is \$559 million (or 20 percent) above the 2009 resource level (which excludes \$50 million made available through the American Recovery and Reinvestment Act). Almost all of the Recovery Act funds will be used to develop IT solutions associated with the implementation of the Post-9/11 Veterans Educational Assistance Act.

The 2010 budget provides \$144 million to continue moving toward the President's goal of reforming the benefits claims process to make VA's claims decisions timely, accurate, and consistent through use of automated systems. VA's paperless processing initiative expands on current paperless claims processing already in place for some of our benefits programs. It will strengthen service to Veterans by providing them the capability to apply for and manage their benefits on-line. It will also reduce the movement of paper files and further secure Veterans' personal information. The initial features of the paperless

processing initiative will be tested in 2010, and by 2012, we expect to implement an electronically based benefits delivery system.

- **Funding for New Technology**

The Department is requesting \$86 million for the Financial and Logistics Integrated Technology Enterprise (FLITE) system. This is an increase of \$38 million (or 78 percent) from the 2009 resource level. FLITE is being developed to address a long-standing internal control material weakness and will replace an outdated, non-compliant core accounting system that is no longer supported by industry.

We recently completed an in-depth analysis of our patient scheduling program. I have directed a similar review of all our major IT programs to evaluate program performance against cost and schedule milestones. Changes in how we manage IT projects include use of standard templates to ensure completeness and consistency of development and testing processes, initiation of an IT competency assessment, and formation of integrated project teams, such as the Post-9/11 GI Bill team to ensure close collaboration between IT and education program experts.

In total, within VA's total IT request for 2010, nearly \$2.4 billion (or 72 percent) will be for IT investment (non-payroll) costs, while the remaining \$939 million (or 28 percent) will provide for payroll and administrative requirements.

- **Benefits Spending Summary**

In summary, the Department's 2010 resource request for General Operating Expenses (GOE) is just over \$2.2 billion. Within this total GOE funding request, more than \$1.8 billion is for the management of the following non-medical benefits administered by the Veterans Benefits Administration (VBA)—disability compensation; pensions; education; vocational rehabilitation and employment; home loan guaranty; and insurance. Our request for GOE funding also includes \$394 million to support General Administration activities.

Funding for VBA in 2010 will be \$364 million (or 25 percent) higher than the 2009 resource level (which excludes \$157 million from the American Recovery and Reinvestment Act). Almost all of the resources provided to VBA through the Recovery Act will be used to hire 1,500 additional staff to support the processing of compensation and pension claims; 500 of these will be permanent employees who will replace staff losses through attrition while the other 1,000 will be temporary employees hired under term appointments. The temporary employees will conduct follow-up actions to expedite claims development and perform other administrative activities to free up claims decision-makers to handle more complex claims processing tasks.

Service to the Last Breath and Beyond - Funding the Memorials to our Heroes

The President has charged me with caring for our Veterans until they take their last breath. The VA's commitment, however extends beyond the last solemn ceremony and last note of Taps. We are committed to continuing the memories of our heroes with the dignity and respect they deserve. The Recovery Act funds available to the National Cemetery Administration (NCA) will be used for national shrine projects, energy projects, monument/memorial repairs and other non-recurring maintenance activities, and equipment purchases.

- Increasing Memorial Services

The resources requested for 2010 will allow us to meet the growing workload at existing cemeteries by increasing funding for contract maintenance, supplies, and equipment, continuing the activation of new national cemeteries, and maintaining our cemeteries as national shrines. VA expects to perform 111,500 interments in 2010, or 4 percent above the estimate for this year. The number of developed acres (8,015) that must be maintained in 2010 is 3 percent greater than the 2009 estimate.

- Improving Memorial Services

Our budget request includes an additional \$1.6 million to continue daily operations and to begin interment activities at the last three of the six new national cemeteries established by the National Cemetery Expansion Act of 2003. Burial operations at Bakersfield National Cemetery in California, Alabama National Cemetery in the Birmingham area, and Washington's Crossing National Cemetery in southeastern Pennsylvania are expected to begin by the end of calendar year 2009.

- Expanding Memorial Services and Access for Veterans

The President's resource request for VA provides \$38 million in cemetery operations and maintenance funding to address gravesite renovations as well as headstone and marker realignment. When combined with another \$26 million in minor construction, \$2 million in non-recurring maintenance, and \$1 million for monument and memorial preservation, VA is requesting a total of \$67 million in 2010 to improve the appearance of our national cemeteries which will help us maintain cemeteries as shrines dedicated to preserving our nation's history and honoring Veterans' service and sacrifice.

With the resources requested to support NCA activities, we will expand access to our burial program by increasing the share of Veterans served by a burial option

within 75 miles of their residence to 90 percent in 2010. This is 3.1 percentage points above our expected performance level for 2009.

In addition, we will maintain the level of service to our clients that resulted in VA's national cemetery system receiving the highest rating in customer satisfaction for any federal agency or private sector corporation ever surveyed as part of the American Customer Satisfaction Index (95 out of a possible 100 points). We expect that 98 percent of our survey respondents in 2010 will rate the quality of service provided by national cemeteries as excellent and 99 percent of survey respondents will rate the appearance of national cemeteries as excellent. These performance levels will reinforce that the Department's cemetery system is a model of excellence in providing timely, accessible, and high-quality service to Veterans and their families.

- Memorial Spending Summary

The President's 2010 budget request for VA includes \$242 million in operations and maintenance funding for the NCA. This is \$12 million (or 5 percent) above the 2009 resource level (which excludes \$50 million provided through the American Recovery and Reinvestment Act).

Summary

At the end of the day, none of these reforms can be implemented by money alone without investments in our own internal growth and development. As a people-centric organization, investments in training recruiting, and educating the best workforce for our Veterans will take a priority in my tenure as the Secretary of the Department of Veterans Affairs. If we make those investments, and commit to true organizational change, we will succeed, if we do not, we will fall short of major transform.

Closing

Veterans are VA's sole reason for existence and my number one priority. In today's challenging fiscal and economic environment, we must be diligent stewards of every dollar and apply them wisely to deliver timely, high-quality benefits and services to Veterans whom we serve. While we recognize the growth in funding that we are requesting in 2010 is significant, we also acknowledge the responsibility, accountability, and importance of showing measurable returns on that investment. You have my pledge that I will do everything possible to ensure that the funds Congress appropriates to VA will be used to improve both the quality of life for Veterans and the efficiency of our operations.

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Organizational transformation is a challenging task that requires changes in culture, systems, and training. This will require resources, but it will also demand commitment and teamwork. The entire Department is dedicated to serving the needs of Veterans in the 21st Century and every VA employee has a stake in transformation to meet those needs.

Leadership will continually assess and re-assess the necessary funding resources for transformation. It should be expected that these bold new initiatives will result in adjustments to the budget request within the 2010 topline during the next several months. The results of this ongoing management decision-making process – in partnership with the Congress – will be a budget that starts the VA down a path toward becoming a model for 21st Century governance.

I am confident that Congress and VA can work together to achieve a common goal on behalf of Veterans.

Mr. EDWARDS. Mr. Secretary, thank you very much.

We will begin questioning under the 5-minute rule.

Mr. Lewis, I know you have responsibilities at the Rules Committee. I don't know how tight that schedule is, but I would be happy to recognize you if you would like to begin the questions, which would free you up to—

Mr. LEWIS. Let's go to the ranking member. Regular order is fine.

Mr. EDWARDS. Are you sure?

All right, I will begin with Mr. Wamp.

Go ahead, Mr. Wamp.

TRANSFORMATION

Mr. WAMP. Well, I just want to jump right in with what I said, Mr. Secretary, on the transformation and exactly how you see that playing out. You know, my history here goes back to having high expectations with CARES and what it might lead to and had hoped that maybe, by perception at least, some of the more antiquated facilities in places like the Northeast, where veterans still live, but more used to live, and then they move to places like where I live, where the land is cheap, and water is abundant, and the climate is good, and—a little Chamber of Commerce promotion there, but we are growing in our veteran population in the southeast, in the mountains and lakes of East Tennessee.

And we don't have the facilities that they do in other parts of the country. And as I said to you in my office when you honored me and came last week, we had hoped that CARES might lead to more facilities. I know that the CBOC approach is very helpful, very good. Super CBOCs move in more and more programs and benefits into the super CBOCs for the veterans.

But how does the transformation, you know, from CARES to what your plans are now going forward, how does it play out? What are the big initiatives? How does it shape the infrastructure and the face of the V.A. for the veteran, in terms of what they will see and the benefits that they will actually derive?

Secretary SHINSEKI. I would say transformation is a journey. It is hard to describe it as a destination. And I will tell you where we are starting.

We start by looking at everything we do, every line of operation, to make sure we understand what the relationship is to the mission we have, which is care of veterans.

And we know we have some hiccups here. We don't process claims quickly enough; there is an inordinate amount of waiting time for veterans.

We know that—at least in our house, I.T. is sort of the elephant. So much of what we do is tied to I.T., whether it is electronic health records, which has been a tremendous shot in the arm for not just V.A.'s medical services, but for folks who have also borrowed that electronic health record, it has been very helpful.

But there are so many other aspects of what we do in V.A. that is still paperbound and caught up in processes. We don't know how to get beyond that until we put in I.T. backbone that fully links what we do and what we say we should be doing.

Part of looking internally is also looking at ourselves and ensuring that—I wouldn't call it efficiencies, but it is that what we do

day to day counts towards the execution of that mission. I can tell you that, in the 3 months here since our arrival—we cancelled some conferences and meetings that didn't quite meet that definition.

And so we have begun to strip away some of those probably good ideas at one time and maybe a good idea at some time in the future, but for right now, for where we are and what we expect out of our own organization, we are challenging all the assumptions about what we do, how we spend money, and what the payoff for the mission is.

Internal to that look is looking at how we develop our people. The V.A. is not unlike some of our service departments where people come in at an entry level and stay for a career, 20, 30 years. I met a lady who was in the elevator the other day that has been there 50 years.

The challenge to us is to understand that we have a development process, a training program, an education effort that takes people who are going to be with us for that extended period of time and grow them, leader development skills, and prepare them for upward mobility in the organization so that we are gaining from their experience of serving with us.

Nothing magical here. Good organizations do this. They invest in their human resource element, they grow their talent, and they benefit over time from those investments. I think that is the start point.

We have asked questions about why 40 years after Vietnam we are still adjudicating Agent Orange, why 20 years after the Gulf War we are still wrestling with Gulf War illness. My sense is that these answers are best derived—at least we think that historically we felt that they are best derived through the scientific method, which is collecting a lot of data, writing papers, having discussion, and at some point agreeing that this is probably service-connected.

Unfortunately, that invests a lot of time. Veterans, on the other hand, don't have all that time. About 3 years into their first reunion after combat operations—Agent Orange stopped being used in Vietnam in 1970—my sense is, the veterans who sat around the table and compared personal notes realized they had afflictions that were similar, and probably came to a conclusion much faster that something was wrong.

It has just taken us much longer to come to the same conclusion. And over that 40 years, we have acknowledged that soft tissue sarcoma, respiratory cancers, on and on and on, are, yes, tied to Agent Orange.

So part of challenging our assumptions is going to be, is this the way we want to continue to do this? Because we know where history has brought us, still adjudicating Parkinson's disease today as a connection to Agent Orange.

If it is the way we choose to continue to do this, then 20 and 40 years from now, the injuries from this war will still be being adjudicated. And I think we owe veterans a better response, a quicker response. And this is part of this effort to transform—it is to challenge the assumptions we have been operating with for 40 years.

Mr. WAMP. I will follow up in the next round.

Mr. EDWARDS. Okay. Thank you, Mr. Wamp.

Mr. Farr.

INTEROPERABILITY

Mr. FARR. Thank you very much, Mr. Chairman.

And I want to follow up on Mr. Wamp's questioning. We are really going to miss him when he leaves this committee. He really, I think, senses where the rubber meets the road.

I just want to think through the big picture. A person cannot be in your files in the veterans department unless you have first been in the files of the Department of Defense, right? I mean, it is an assumption that there is a starting point in the Department of Defense, and after you get out of the Department of Defense, you get into the Department of Veterans Affairs.

So a lot of the initial data is really there. And it seems to me that is the area that the VA is very much aware of, but we in Congress need to know more how we can push to make that data interoperable.

Interoperability is a big word around here. You coined it many years ago in the military, then it got into the civilian side through law enforcement. Essentially, it means you could have communication that works between law enforcement and fire and other kind of first responders.

I think it is also now carried to the next phase of information sharing. It seems to me that we have not yet made the Department of Defense's information interoperable with the Department of Veterans Affairs.

You told us the VA is the world leader in setting up electronic medical data, and yet when you go to get all the medical information from DoD their files won't move over.

I am really interested because, as I see Operation Enduring Freedom and Operation Iraqi Freedom, soldiers come back—and they are going to go back to these communities all over the United States and in our territories—are you assessing what that impact is going to be on the ground? And how do you do that?

And, for example, if you decide to build a CBOC clinic that Mr. Wamp was talking about, how long does it take to get that clinic online? What can we do to make sure that this process can be improved? How does the V.A. handle the excesses in demands in the meantime?

And if, indeed, we were going to provide services to priority six, seven and eight veterans in fiscal year 2010, would there be sufficient funding for the CBOCs to handle the increased demand? And how long would it take the V.A. to meet that demand?

Secretary SHINSEKI. Let me take the question about CBOCs. The amount of time I think is a function of—it depends, the size of the facility and the demand. It can be as quickly as a couple of years start to finish in the process, where patients are being seen. I think 2 years, there is a fast-track method for doing this.

But otherwise, if it is a normal, routine decision to stand up a CBOC and it fits into a pattern, it will go into the queue and could be a little longer than that.

Mr. FARR. Yes. Will every veteran you receive, say, for medical purposes have with them the military medical record?

Secretary SHINSEKI. First of all, Mr. Farr, not every member of the military leaving the service necessarily comes to enroll as a veteran. And hence, this is part of the effort—to answer your question, they do have one—my recollection of my own time, we carried around our own paper set of records as a backup.

Both DOD and V.A. have electronic health records, but they are not totally integrated. You can take information out of one, but they are not totally useful in terms of passing records.

Having said that, however, Secretary Gates and I have personally been working on this issue. We have met four, maybe five times and have set into motion the process by which our agreement to create something called uniform registration, where a member joining one of the military services today is automatically registered—

Mr. FARR. That is cool.

Secretary SHINSEKI [continuing]. In the V.A.—

Mr. FARR. That is smart.

Secretary SHINSEKI [continuing]. That decision, that agreement between us is really a forcing function for both departments to put their assets and their brain power together to come up with that single, joint virtual electronic record that President Obama publicly announced here a couple of weeks ago with both Secretary Gates and I present.

The intent is to have exactly what is being described here, and this is the seamless transition. The problem has been that seamlessness between midnight or the day the uniform comes off and 8 o'clock the next morning doesn't exist. And so we are attacking it over time.

When that youngster puts on the uniform, some have asked, why is the V.A. reaching so early to create this joint record? Well, when that youngster puts on the uniform, servicemen's group life insurance that is mandatory for every member in uniform, administered by the V.A., if that youngster chooses to take out a college loan and get education on their own, administered by the V.A., guaranteed home loans, administered by the V.A.

So the perception that you suddenly become a veteran with entitlements to benefits and services when the uniform comes off is a little misleading. Those entitlements are there well before that, which argues that we ought to have this sharing of information. As we do this, we will begin to solve some of the issues that you are—

Mr. FARR. And then to bring those CBOCs online, how long does that take?

Dr. CROSS. There are several types of CBOCs. If we were doing what we call an outreach clinic, which is really run by the VISN, the regional command, so to speak, they can do that fairly quickly, perhaps even in less than a year, and have a small part-time clinic and a leased facility located in that area.

But typically, as the secretary said, a couple of years in the planning process, the budgeting process, hiring, setting up the clinic, getting the outreach to our veteran population to let them know where it is going to be situated and so forth.

And may I say, sir, I am a patient at the V.A. And you talk about the interoperability. Progress has been made. And on my last visit,

they pulled up my military record and my lab tests from when I was in Georgia as a soldier and compared it to my current test, and that was very valuable.

Mr. EDWARDS. Thank you, Mr. Farr.

Mr. Lewis.

HOMELESS VETERANS

Mr. LEWIS. Thank you very much, Mr. Chairman.

Some years ago, Mr. Chairman, I had the privilege of essentially chairing a piece of this committee when I was responsible for V.A.-HUD. And during those days, I probably didn't have the best relationships with the VSOs as I might have wanted, in no small part because it was my view that, while we had very fine bipartisan support here within the Congress to get funding for veterans' efforts, servicing our veterans, we had great difficulty following the money down to where the veterans lived, to the hospitals, et cetera.

And the VSOs did a great job here with us, but the need for following to the community and insisting that there be real change has taken a long time. I am pleased to say there has been progress there.

It took us a long time, for example, within our committee, also, to get the Navy and Marine Corps to be able to communicate with each other. We have made progress there, but we are far from perfect, so that the effort that you are talking about, communicating with those who are serving the soldier in uniform and the veteran who overnight changes his position, is a very worthwhile effort, but a very, very big challenge.

I must say that, in your testimony and in the chairman's comments of concern about the homeless, there is demonstration there of an area where we might make great, great progress. In California, we made a big change, because we used to solve people's mental problems by throwing them in hospitals. We decided that we would make it tougher to put people in hospitals with the promise that there would be clinics in the communities where they could get their medication and thereby begin to rebuild their lives. We made it tough to enter the hospitals. We never built the clinics.

This is a place where, in terms of the homeless, your administration could have a huge, huge effect, if we take our basic hospital system and make clinics more readily available with a design to deal with those soldiers who long served who now are in a desperate circumstance, we might get a very significant percentage of those homeless off the street.

So I would be interested in your reaction to that. And I think you know—it is my intention to have us work very closely together. Thank you.

Secretary SHINSEKI. Mr. Lewis, thank you for that question.

The homeless issue is a particularly vexing one. I mean, I can tell you that 154,000 veterans are homeless tonight—today, men and women, and veterans from every generation, including the ones who are currently in operation in Afghanistan and Iraq, so that is devastating, this area is.

Our effort is to prevent the first step of homelessness. And so it isn't just about, going and finding the ones that are on the street today. It is, what are we doing with VBA's home loans to prevent

foreclosures and working with veterans who are in the financial tough times, sometimes not of their making, just the economic conditions, giving them every option to stay in their habitations? If we can do that, we have prevented that first step.

But once we are dealing with folks who are homeless, they fall in a category of joblessness, homelessness, depression, substance abuse, potential suicide. Veterans lead the country in those statistics.

And in the past several years, we have been successful in reducing the homeless number. And this is an estimate; I will grant you that. It is 240,000 down to 154,000 today.

We have made progress and we think we have some good ideas on how to break the cycle of homelessness, 80 percent of them after the first year are still living—after they finish our 2-year program—are still living successfully independently.

So we think we have opportunities here, and we do intend to go after that. We are putting \$3.2 billion against this area in 2010 budget. But we know we can't do it alone.

This is one of those issues that sitting in an office in Washington with a 1,000-mile screwdriver to fine-tune something does not work. We have to reach out and create partnerships with people in the communities that deal with these issues. Every community in this country has part and parcel this larger issue.

Twenty-six million dollars we are going to use to partner with Housing and Urban Development, with Labor, with Education, Health and Human Services, Small Business Administration to put together a package of tools in which we get folks off the street, we wean them off whatever substance may be there, and then we begin the process of bettering this 80 percent record a year later.

Mr. LEWIS. I believe that the veterans base of personnel could be a fabulous place, of course, to make breakthroughs relative to medical research, providing better service to all Americans, but particularly to veterans. Like you, veterans often come out of service and their paper—all their background stuff is in paper in a folder.

Well, it wasn't so long ago in my own veterans hospital that our staff found that veterans were walking around the hospitals with those same folders and there was no real information base. They didn't get service because the records weren't straight and nobody could ever find them.

That is changed. It is very significant that we have seen that change.

Well, I would hope that we recognize that dollars do not reflect all of our solutions. And if we can better coordinate, as you suggest, with NIH, with the research hospitals, as the Pettis Memorial Hospital does with Loma Linda, the work they are doing in terms of breakthroughs for prostate cancer and breast cancer treatment, for example, is pretty phenomenal, and it is because of the exercising of work between the veterans being served and research hospitals.

So with that, the thrust of your testimony is very pleasing to me, and I would hope you would exercise those pathways.

Secretary SHINSEKI. Thank you. Thank you, sir.

Mr. EDWARDS. Thank you, Mr. Lewis.

Mr. Israel.

Mr. ISRAEL. Thank you, Mr. Chairman.

Mr. Chairman, I would like to follow up on Mr. Lewis' eloquent words about homeless veterans. And, Mr. Secretary, I want to thank you for visiting my office 2 weeks ago. I enjoyed the visit immensely.

You know, when we talk about 154,000 homeless veterans, I think it is important to put a face on that, because it doesn't really resonate. People can't appreciate the scope of the problem unless they understand what a homeless veteran is all about.

And I told you the story, Mr. Secretary, of Joe Sukup, who came to my office on Long Island. He had fought in Vietnam, had PTSD, received medals from his service in combat in Vietnam, but ended up living in a truck, and on Valentine's Day, on a snowy night, decided to kill himself.

And whether it was divine intervention or maybe something else, he decided to drive to the Northport V.A. And he went into the Northport V.A., and he said, "I was thinking of killing myself tonight." And a caseworker there said, "Joe, we are going to help you."

And to this day, he would say that is the first time somebody from government said, "We are going to help you." And they put him on a trajectory to get help, and we got him his retroactive payments. And Joe Sukup is actually now, Mr. Chairman, organizing clinics for veterans on Long Island who have PTSD.

So that is a story of failure turned to success, but that is only 1 out of 154,000.

I commend you, Mr. Secretary, and the administration for putting this critical focus into homeless veterans. One of the concerns I have is that \$3.2 billion, is it enough? Of the \$3.2 billion, \$2.7 billion is going to health care and \$500 million will go to supportive services.

In a climate of tight budgets and fiscal responsibility, I understand the pressures to make sure that we are safeguarding every dollar. But it seems to me that homeless veterans ought to be an absolute priority. And are there other things that we could be doing, in your view?

Are there innovations that we should be looking at? Could you do more if this committee or subcommittee were to increase the level of resources that you have to make sure that all of the Joe Sukups are being treated, identified, and put on the trajectory that he found?

Dr. CROSS. Sir, I appreciate those remarks. There is always more that can be done. Our view is that no veteran should be homeless, no veteran needs to be homeless. We have the programs that, if we can bring them to bear for that veteran, we can do something about that.

The core issues, of course, are mental health and substance abuse, and those are what we have to address. That is the typical reason why they are homeless.

Two broad categories of things that we are doing relate to Grant and Per Diem and the work that we are doing there, but particularly I want you to know that in transition housing we are moving from—we now have 11,000 beds and are expanding over the next several years to 15,000 beds.

And in the HUD-VASH program, our plans are right now—

Mr. ISRAEL. I am sorry. The HUD——

Dr. CROSS. HUD-VASH, V-A-S-H.

Mr. ISRAEL. Okay.

Dr. CROSS. Expanding from about 10,000 to about 20,000 in the near term, I think that will make a difference. And as the secretary said, I think we have already made some progress over the past couple of years as we measure it, and it is hard to measure it.

But this is something that we are committed to and that everyone of us, I think, on the staff feel that no veteran should be on the street.

Secretary SHINSEKI. Mr. Israel, if I could follow up, I think the reason that the allocation of funds goes the way described here is so much of it what appears to be medical services, it is because that is the first step in beginning the process of recovery.

If we can't get through the substance abuse and some of the other mental health issues that may be present, it is hard to get to the education, the job counseling, and the rest of this. And so it essentially begins as a sort of a medical services issue.

Mr. ISRAEL. Well, I appreciate that, Mr. Secretary. I know this is a front-end investment, and I am sure that most, if not all, of my colleagues are interested in continuing to work very closely with you so that we can grow our focus on homeless veterans from here on.

And I thank you very much for your leadership.

Mr. EDWARDS. Thank you, Mr. Israel.

Mr. Crenshaw.

TRANSFORMATION

Mr. CRENSHAW. Thank you, Mr. Chairman.

And, Mr. Secretary, thank you for being here today. I know that you have got a tremendous background of dedication and taking care of the men and women in uniform, and I know you are going to take that same dedication and commitment in this new job. So thank you for all of that.

And it is really good to hear you talk about transformation. There is an old saying that change is inevitable, but growth is optional. And I think you recognize that in the sense that, change is going to come, but it is what you do with that kind of change.

And I think the growth part is the transformational part. And I think, as you pointed out, when you have got a big bureaucracy like you have got, you have got to start looking at yourself and looking from within.

And one of the things I saw that you are going to have is a new office of the Assistant Secretary for Acquisition, Construction and Logistics.

And so I wanted to ask you, in terms of this transformation, this new office, this new department, can you tell us what your view of the role it will play. Maybe tell us what some of the functions are that are being taken care of by existing departments—and, obviously, some are going to be brand new—and then maybe talk about how, what kind of control you will have within that to make sure that it is conducting oversight.

Secretary SHINSEKI. This is to formalize a new office that was stood up here recently where acquisition, logistics and construction are co-located as a subject area.

We contract in a variety of places. We do acquisition in different formats and different places. And we need a single point where we can see what our priorities are, how the money is being invested, and what the returns are. Right now, that is a little difficult to see.

And I am used to a structured acquisition process in which there are objectives to be met prior to a decision to acquire something and then there are deliverables over time.

When you don't have that kind of a process, you go 3 or 4, 10 years, and you find out something doesn't work. And there has been just one too many example of that in the history of our experience. And we need not to do that anymore.

And we need to put together a disciplined acquisition process where all of this comes together, you have to make your case for why this is important, what it is going to cost, and then deliver. But it is to discipline our processes.

We are looking at 16 people for this—to be added to this office, to create this new office for the assistant secretary. And we have provided some budget resources for them to begin to stand up the office.

But it is to discipline our process that covers 152 hospitals, 755 outpatient clinics, 230 vet centers, and 50 mobile vans, and 57 regional offices. We need to discipline the way we see our priorities and also how we spend money on acquisition.

Mr. CRENSHAW. So it would be fair to say right now, some of that happens, but it is piecemeal, and this is trying to bring things together, have one office specifically review and analyze all those projects and bring about a better result?

Well, thank you, sir. And I think that is a great program.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Salazar.

FITZSIMMONS ARMY MEDICAL CENTER

Mr. SALAZAR. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for being here. And appreciate all your hard work over the last several years and your dedication to this country, and always want to tell you that I appreciate your promptness when we call you for a meeting or a phone call, as well as Undersecretary Muro.

Let me just ask you—and thank you, first of all, for the Fitzsimmons Army Hospital. I guess we will be breaking ground on that shortly, or you have already broken ground? And can you tell me where we are on the fiscal year 2010 budget for that facility?

Secretary SHINSEKI. This is the Denver hospital?

Mr. SALAZAR. Fitzsimmons, yes, sir.

Dr. CROSS. Sir, we have for funding for 2010 \$119 million in the budget. Future funding would be \$493 million. And that is the information.

INFORMATION SECURITY

Mr. SALAZAR. Okay. I do appreciate that.

And one other thing. I know that my work through the Veterans Affairs Committee over the last several years, we have encountered some problems in V.A. with identity theft or with identity compromise, where we had lost those computers—one of the members.

With your push on I.T., what are we doing as far as cybersecurity? Could one of you address that?

Dr. CROSS. We are working closely, sir, with our I.T. colleagues to make sure that security among our physician staff and our nurses, where that hasn't always been the foremost concern that they have focused on, it does become something that they think about, that we make it a part of our culture.

And I think that is the key for us. We are making a difference in terms of the people who use the I.T. in terms of their culture, making this something that they think about that is a routine part of their practice every day. And that has been a bit painful at times, but we are working through that, and I think we have made some progress.

Mr. SALAZAR. So are you committing certain resources to the security portion of the I.T.?

Mr. WARREN. Yes, sir. To give you a laydown on how we are approaching information—how we are dealing with cybersecurity and information protection at the department, there is approximately \$120 million in the fiscal year 2010 request to fund those programs, not just at the technical level of putting systems and controls into place, but also training for the staff, so having annual security awareness training and privacy training for all employees at the department so they understand that obligation to be a steward of the veterans' data.

The approach that we have taken is fixing the liabilities that we are aware of, the things that have been identified as a result of I.G. investigations, of GAO audits, monitoring our systems to understand if we are in an insecure condition and what we need to do to protect it.

So active monitoring, we have a network and security operations center that monitors 24/7 what is happening at our perimeter, are folks doing bad things, and then responding to that.

We are standardizing our desktop computers and our systems to make sure that, when things get out of balance, when you have all these different unique systems, it is hard to protect them. So standardizing those so we can put the controls in place to make sure we are able to secure them and secure them at a reasonable cost.

We are controlling the use of sensitive data in terms of tracking where it is and putting policies and procedures in place to make sure that the employees understand, if you are sending something that has personally identifiable information in it, we need to encrypt it when you send it and you do not send it off to somebody who is not an employee or is not authorized to access it.

Again, I spoke to enhancing training and awareness, a very active engagement with the staff, national training programs, videos, trying to be creative in reaching out to the V.A. employees so they understand it is very, very important to husband that information and to protect it.

We are also making sure that, as we develop new systems, that we are building security into them, that they are not an afterthought.

Hopefully that gives you a sense of how we are taking on information protection at the department, sir.

Mr. SALAZAR. So how have you changed it from or has it been changed from, you know, 2 years ago?

Mr. WARREN. The way we have taken on your question of what has changed, when the incidents took place, there was a dearth of policy, in terms of how you should approach it. It was very fragmented. So with some areas, it was understood how you need to deal with it. In those areas, there may have been policy, but no procedure, or even folks not doing what they needed to do.

So tremendous effort went into making sure policies were put in place to explain to folks obligations, and then procedures to change how we do things, and then down to the level of at the sites making the changes and fixing the systems.

I have a dashboard on my desk that tracks all the open findings and progress made location by location, where are they, so I have a constant update, what is happening, and if I see things going out of kilter, being able to reach in and say, "You are missing your focus here. You need to get into that."

Secretary SHINSEKI. Mr. Chairman, I would just add a comment here to Mr. Salazar's questions. Two things: We begin our day, 8 o'clock every morning, with an update on exactly these kinds of issues. It is a daily brief on where we stand, what do we have to do the rest of the day to assure information security and our links are working?

If I might, let me go back to the question you initially asked about Denver, just give you a little more information: \$119 million this year, but in the near future, in order to stay on our timelines to deliver that hospital by summer of 2013, we will have to work project funding for another \$493 million in order to complete the project.

Site acquisition is complete. They begin moving dirt shortly, if they haven't already started. Vertical construction begins fiscal year 2010.

Mr. SALAZAR. Thank you, sir.

Mr. EDWARDS. Thank you, Mr. Salazar.

Judge Carter.

Mr. CARTER. Thank you, Mr. Chairman.

MEDICAL CARE FOR VETERANS IN RURAL LOCATIONS

Mr. Secretary, it was great talking to you in the office the other day. When we were talking, we spoke about the possibility of adjusting the rural clinic eligibility circles, bringing the V.A. health services to more underserved communities like Stephenville, Texas. We also spoke about the possibility of use of part-time or mobile outpatient clinics.

I see the budget includes a request of \$440 million to continue improving access to medical care for veterans in rural areas. Can you talk about how that money will be spent toward the goal of bringing services to rural veterans without having them to drive 100 miles or more? Is there a plan to utilize some of that funding

to re-analyze the VHA strategic planning process through which the community-based outpatient clinics' locations are selected?

Secretary SHINSEKI. I can't answer specifically for that location, but I will have a better answer for you.

Mr. CARTER. Well, really I am just looking at a rural veterans in general, and what plans do you have for those folks who are a little outside the circle?

Secretary SHINSEKI. Yes, I just would like to tell you that the budget includes \$440 million to improve access to medical care for veterans in rural and highly rural areas, including the use of health resource centers that may be available out there or mobile clinics, rural health consultants, and outreach clinics.

And the whole intent is to ensure that we are not medical center—and that has been the migration over the last decade. Great medical centers, but then, how do we get that moved out to where veterans live?

And there are three definitions that sort of, in the V.A., governs the geography of this country. There is urban; there is rural; and there is highly rural. So two-thirds of our definitions acknowledge the fact that we are dealing with an unusual circumstance, smaller numbers, but we still owe them the services we provide in the urban centers, and this is part of our attempt here to close that gap.

Mr. CARTER. I not only have an interest in this area because of what we talked about with Stephenville, but on the Transportation Subcommittee, of which I am a member, we discussed the servicing of rural areas with a transportation network, up on the East Coast and the New England area, and it is really designed to get veterans places, because they are scattered out in small counties around everywhere. And they use a bus system.

I sat down with a map of Texas, and in reality, there would be no profitable bus system that could go pick up one veteran in one county in the western part of our state.

So we have got to be aware that there are a lot of veterans in west Texas, but they are scattered out over a wide area.

I thank you for what you can do, and we discussed it at length in my office. We have to take care of the veterans that also like to buy land and get away from things, as a lot of them do, but we are still responsible for their health care.

So I know you will keep that on the front burner.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Judge Carter.

I believe we have time for Mr. Dicks to finish his questions before we need to recess for three votes.

Mr. Dicks.

Mr. DICKS. Mr. Secretary, we have a great confidence in you, and I appreciated our chance to talk the other day. And I also appreciate the fact that we put in a clinic in Port Angeles, Washington. It is not a full-fledged clinic, but it is a partial clinic. We have one in Bremerton, too.

A lot of veterans, though, have to get up at 2 o'clock in the morning up at Clallam Bay and drive all the way to Port Angeles, all the way down across the Hood Canal Bridge into Seattle. It takes

about 5 or 6 hours. And all they have is a volunteer—to drive the truck.

So I don't know if we can do any better than that. I think we put—I think the administration put money in here to keep working on this rural issue. People really appreciated the clinic. We didn't have one in Port Angeles, so for a lot of those people, being able to go there was a big step forward.

I think there was also a clinic—another small area at the Elwha, an Indian reservation. They just put in a new health care clinic, and we are using that as well.

BACKLOG

You and I talked about backlog. And I know there has been a tremendous effort to get the backlog under control. What is the backlog on people who were trying to get in to the hospitals—and how long do they have to wait? I am sure it is different by district or VISN area. And I think we are VISN 21.

Do you have any idea what those numbers are?

Dr. CROSS. Yes, sir, we do. We measure nationwide. We measure by VISN and by locality. And I can certainly have my staff or I go over it with your staff any time and give you the very specific numbers that we have.

[The information follows:]

5) Rep Dicks requests VA provide patient wait time data for VISN 20.

VISN 20 Waiting Times Data

The information populating the first table below is extracted from the VHA Completed Appointment Report. This report contains data specific to completed appointments during the Month/Yr specified.

First row: Percent of all scheduled appointments completed within 30 days of desired date within the 4 Combined Primary Care Clinic groups (Primary Care, Women's Clinic, Geriatric Primary Care, and Mental Health Primary Care).

Second Row: Percent of all scheduled appointments completed within 30 days of desired date within the 46 high volume Specialty Care Clinic Groups (large clinics like Audiology, Cardiology, Ophthalmology, Optometry, Podiatry, Gastroenterology).

Third Row: Percent of all scheduled appointments completed within 90 days of appointment desired date when combining Primary Care and the high volume Specialty Care clinic groups.

Fourth Row: Percent of all scheduled appointments completed within 30 days of appointment desired date when combining Primary Care and the high volume Specialty Care clinic groups.

Last Update	VISN	March 2009	Sept 2008	Sept 2007
Percent of Combined Primary Care Appointments completed within 30 Days of Desired Appointment Date				
22APR09	VISN20	99.1	99.2	94.3
Percent of 46 Highest Volume Specialty Clinic Appointments completed within 30 Days of Desired Appointment Date During the Month				
22APR09	VISN20	97.4	97.0	92.2
Percent of All Clinic Appointments completed within 90 Days of Desired Appointment Date During the Month				
22APR09	VISN20	100.0	99.9	99.3
Percent of All Clinic Appointments completed within 30 Days of Desired Appointment Date During the Month				
22APR09	VISN20	98.1	97.8	92.9

This second table contains information extracted from the VHA Access List Report. This report contains data specific to patients waiting for scheduled appointments during the Month/Yr specified.

First row: Unique Patients on Electronic Wait List (EWL) possessing scheduled New and Established Appointments and waiting Over 30 Days from Desired Appt Date - All Major Clinical Areas - Veterans are counted once per VISN using longest wait.

Second Row: Unique OEF/OIF Patients on EWL possessing scheduled New or Established Appointments and waiting over 30 Days from Desired Appt Date - All Major Clinical Areas - Veterans counted once per VISN using longest wait.

Last Update VISN		March 2009	Sept 2008	Sept 2007
All unique Patients Waiting over 30 days from their desired appointment date				
07MAR09	VISN20	4,228	5,066	9,259
All unique OEF OIF Patients Waiting over 30 days from their desired appointment date				
07MAR09	VISN20	217	257	288

But our standards are for mental health that a new patient is to be evaluated within 24 hours. And that may be done by phone or it may be done in person, and that is 7 days a week, and that is our standard.

Our second standard is that, once that is done, they are to have a comprehensive mental health evaluation by a mental health clinician within 14 days.

We are measuring that right now. And across the board, including your area, 95 percent of the time we are meeting that standard of 14 days.

Now, for primary care and specialty care, across the board right now, it is running 97 percent and 98 percent, primary care 98 percent, specialty about 97 percent, meeting our 30-day standard.

Mr. DICKS. Well, that is good. I know you are working on that and trying to keep that at a high level, which we appreciate.

HOMELESSNESS

You know, we just built or revitalized a facility at Retsil, Washington, and I know they now have a capability to handle some homeless veterans. Do you do that a lot with the states, I mean, when they are building their veterans homes, state veterans homes, to have them make it accessible to homeless veterans? Or should we be doing that?

Dr. CROSS. Well, we have a couple of programs. We have the Per Diem program, where we work with a local community to provide transitional housing, and then we work with the HUD-VASH program to provide vouchers for what we want to be long-term solutions.

Mr. DICKS. See, this is a state veterans home.

Dr. CROSS. State veterans nursing homes are based on medical conditions and those situations more so than being homeless.

Mr. DICKS. Well, in this one, they must have worked out some way to do it, because they do have homeless veterans there, as well. I think using the existing facilities, if you can, makes sense. This was a \$35 million upgrade of this facility. It is a very nice facility.

Secretary SHINSEKI. We have used a number of venues using excess capacity, and dedicating it to a homeless population is one. Another is, we partner with some of the nonprofits out there, Catholic charities. You know, in Chicago we have got a terrific partnership working, and it just so happens that that homeless shelter is next door to one of our outpatient clinics.

So the availability of health care for those homeless veterans, good fit. And then, on a second floor, we have a vet center, which is run by vets, and so they have this camaraderie effect. And inside the vet center, there is a bank of computers for job searchers in which there is a counselor helping folks with that part of it.

So dealing with the homeless issue has many hats to it. And we find great success when we can bring to include folks in the community together to help us. We get a better return on the investment.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

Members, we have got about 6 minutes, but not many members have voted yet, so we have got time to get over. We will stay in recess until after the end of the third vote. If we could try to get back as soon as possible, for those that can come back, we would appreciate that.

Thank you

[Recess.]

Mr. EDWARDS. I would like to call the committee back to order.

Mr. Secretary, thank you, and all of you, for the inconvenience of having us go vote. I have often said this job would be a good job if it weren't for having to vote. But we appreciate you staying here.

ADVANCE APPROPRIATION

I would like to begin my first round of questioning by addressing the issue of forward-funding for the V.A. A decision has not been made as to whether in the fiscal year 2010 budget we will also include forward-funding to fiscal year 2011, but the administration supported that, and the budget resolution allows that.

Mr. Wamp has raised a question that I would like you to address. I think it is a legitimate and important question to ask, and that is, what would be the impact of congressional oversight of the V.A. budgeting process if we went to forward-funding like that?

I would like to ask you, if we are going to do this, we obviously would need input, detailed input from the administration over the next few weeks as to what we would propose for fiscal year 2011. Could you say for the record where the V.A. is in that process of looking at a budget submission for fiscal year 2011?

Secretary SHINSEKI. Mr. Chairman, I would just reinforce with you that both the President and I feel very strongly that funding for Veterans Affairs and the impact that has on our veterans who come to us for health care shouldn't be hindered.

And, you know, timely budgets are a great thing, but if we look at our history, they are a rare event. And a continuing resolution has created a host of other issues for us. And for that reason, he and I have agreed that advanced appropriations is—you know, is a reasonable way to look at this.

I think you know that, within the V.A., we have a modeling process that looks forward. It is based on the Milliman model. We contracted with them. This model looks out 20 years. And I would say year one is great. Year 20 is probably not worth much.

But we have gone and looked back at the second year of that process, went back and looked at how the second-year modeling, compared to what was enacted and executed, very favorable. So we think we have the basic tools to be able to look beyond the first year.

Timing and implementation—I mean, this would be significant. When we did take this step, we would hope that all the details had been worked out. And what I would like to do is come back and work with you and the committee and your staff on exactly what that implementation timeline would be so that it would be a good fit the first time we do it.

But in terms of modeling, the information is there. For 84 percent of, you know, what we do in VHA, that modeling is there. And then the other 16 percent, we have to do other efforts.

Mr. EDWARDS. Okay. I would welcome that. And the sooner you could do it, the better, once you have the data you need, because if we are to implement this for fiscal year 2010 and 2011, we would have to see those numbers pretty quickly.

In fact, you know, taking a look at those numbers might allow us to determine which way we want to go. If we feel good about the numbers and believe we could continue oversight with the V.A., despite a 2-year budget, then we might move ahead. If we feel the numbers are rushed and not well put together, then it might cause us to second-guess that.

And Mr. Wamp might want to have some follow-up comments on that.

I would like to read one thing into the record that usually we don't talk about. Mr. Muro, with Memorial Affairs and your representation of that important part of the V.A., I am very proud—and I hope everyone that works in Memorial Affairs at the V.A. is proud of the fact that, according to the records I have, that the V.A.'s national cemetery system has received the highest rating in customer satisfaction for any federal agency or private-sector corporation ever surveyed as part of the American Customer Satisfaction Index, a 95 out of a possible 100 points.

Is that a correct statement of the facts? And when did that rating occur, if it is?

Secretary SHINSEKI. I would just like to affirm that that is accurate, but let me let the individual who is responsible for much of that provide some detail.

Mr. MURO. Thank you. Thank you, Chairman.

Yes, it is accurate. And we actually accomplished it two times, in 2005 and in 2007.

Mr. EDWARDS. Well, I want to compliment you. And please pass on this subcommittee's compliments to everyone who had a hand in earning that level of respect from—I am sure the vast majority of those in customer satisfaction survey were family members of veterans. And what a great show of respect to our service men and women.

In a town where you only make the front page of the Washington Post if you have done something wrong, how refreshing it is to be able to at least speak publicly in this committee hearing about the V.A. having done something that no other federal agency or private-sector corporation has done.

Thank you. And I salute you in the V.A. and its employees for that.

My final question will be asked in the next round. I am going to try to follow the 5-minute rule.

I would like to recognize Mr. Wamp for any questions he might have.

Mr. WAMP. Well, thank you, Mr. Chairman.

I have basically three lines of short questions, but I want to first read into the record quotes from the GAO study, April 29, 2009, about advanced appropriations, just so the committee and the secretary can absorb what an independent analysis of this request might entail.

It says the provision of advanced appropriations would "use up" discretionary budget authority for the next year and so limit

Congress's flexibility to respond to changing priorities and needs. While providing funds for 2 years in a single appropriations act provides certainty about some funds, the longer projection period increases the uncertainty of the data and projections used.

If V.A. is expected to submit its budget proposal for health care for 2 years and lead time for the second year would be 30 months, this additional lead time increases the uncertainty of the estimates and could worsen the challenges V.A. already faces when formulating its health care budget.

It says providing advanced appropriations will not mitigate or solve the problems we have reported on regarding data, calculations, or assumptions in developing V.A.'s health care budget, nor will it address any link between cost growth and program design. Congressional oversight will continue to be critical.

So you make a great point, but just because the Congress has not done its job funding programs in a timely manner doesn't mean you have to go and change the constitutional process of annual oversight and appropriations from the legislative branch.

I think we need to be real careful here, but I also think we need to use this as an incentive with the leadership to remind them, relative to these most important Americans, the men and women who put themselves in harm's way on our behalf and stand between a threat and our civilian population, the most important Americans cannot have their needs met unless we do our work on time.

And this chairman has done that. And this leadership right now has done that. But it has to continue or this becomes a real wedge issue between the executive branch and the legislative branch.

And I know, when we were in the majority, I was more inclined, obviously, to try to support the administration, all their requests, and now you have that burden, Mr. Chairman. But I hope that you will remember always the importance of this legislative prerogative. And it is not just a prerogative. It is a requirement. So that is all I will say about advanced appropriations.

TRANSFORMATION

Let me go back briefly to the transformation piece that you were talking about, because when you were answering my first question, I got a lot of process response on the transformation, and I am really looking more for the bigger piece, like contracting. I want to know where that fits in to any transformation you have.

And I used to think of contracting—of adding options to veterans' toolbox for their benefits. And I am not talking about a voucher, because I know that is like taboo, but I know that my veterans will say this in Chattanooga, Tennessee: "Man, we love our outpatient clinic, and it is better than ever, and they are so needed, and we get great benefits, and you are expanding it, and thank you, and we love it, and we need it, and don't take that away."

And they say, "And the hospital in Murfreesboro is necessary. They do just about everything. And you have got long-term care, and mental health services." And you talked about one of your employees. There is a person in the long-term care wing of Murfreesboro that has been there over 60 years. A person has been in that hospital for over 60 years.

So it is an amazing benefit. So I am not talking about in any way eroding the V.A. delivery system, because that should be guaranteed for our veterans that they have this. But there are cases where contracting makes a whole lot more sense than driving 2 hours to get inpatient care. And it is a huge burden on the family to have to drive 2 hours to see their loved one who is inpatient, receiving the treatment.

And if we are not going to build new facilities because we can't, and because the new model is, take the health care system to the veterans through CBOCs and the new facilities, okay, I understand that, but what about those other cases where contracting services are creating an additional option for the veteran makes more sense, is that part of your transformation?

Dr. CROSS. A couple of comments—

Secretary SHINSEKI. I will bat clean-up here.

Dr. CROSS. A couple of comments related to that. The transformational model that will have an impact on this is the HCC, the health care center, an example of that being in Harlingen, Texas. And the idea is that we shouldn't have to drive 5 hours to get to get a colonoscopy.

Mr. WAMP. Right.

Dr. CROSS. And, by the way, if you have to go through the preparation for that and then drive 5 miles, that is not a good day. So if you are having a heart attack or something like that, in this HCC concept, you would get it taken care of locally, because that is a time-related element.

If you have something like a knee replacement or something that can be scheduled, that is scheduled long in advance, you make all of the arrangements, well, certainly we would want to centralize that on a regional basis and take care of that for the veteran.

But it is a combination of those factors: working with the local community, but still preserving the veteran system—health care system in its regional basis, providing primary care locally, as well.

So it is primary care locally, time-sensitive things go to the local community in that HCC concept, other things that are planned long in advance can be regionalized.

Mr. WAMP. Are you keeping a healthy inventory of specialists in the V.A., from radiologists to other people that you need? How is that going?

Dr. CROSS. Well, thanks to Congress and the physician and dentist pay bill, we have been very, very successful and had the best years in hiring for the past couple of years that we have ever had, as far as I know. And I think last year we hired, at least for part time, over—probably about 1,500 physicians and over 4,000 nurses.

Mr. WAMP. Wow.

Secretary SHINSEKI. Mr. Wamp, if I could just add to that, if we were to go up 50,000 feet and look down on our health care delivery system, I hope that what you would see are, a population of veterans and then, within that, a medical center, first-rate medical center some place in the midst, and then a health care center that is a step below that, and the difference being all the same services are provided and just no inpatient care.

And then, below that, the large outpatient clinics, and then the community-based and veterans, and then—vet centers, and then

the mobile vans, all of that intending to address the problem you are talking about, which is access. And for the last decade-plus, the effort has been to reach out.

In those communities where patients would have trouble making the drive, be it in the wintertime or be it anytime just because of the long distances to get to the medical center where specialized and inpatient care is available, there is an opportunity to provide on a fee-basis arrangement contracting in the community, where a quality hospital may also provide inpatient services, and so that arrangement is there.

I guess the only hitch here is that we would try to provide V.A. services, because we know what our standard is and we are pretty meticulous about it. But where that standard is also available in a community and it is to the benefit of the veteran not to have to make that drive, I mean, that option is there. And we do, do that.

There are some communities and rural areas where they don't have that capability. And so we try to put a larger facility in that area or, ultimately, you know, we have to ask them to make that long drive for just the inpatient care.

Ninety-five percent of what veterans would need on a day-to-day basis—shots, lab work, medication, x-rays—is handled by any of these other than medical center facilities. So the attempt is to address those needs and those concerns.

ADVANCE APPROPRIATION

Mr. EDWARDS. Mr. Farr, before I recognize you, I would like to follow up on something Mr. Wamp said, a couple of points that I think were very important, one on the advanced funding. I think that is an important decision to make, and I would reiterate, we have not made that decision. And I think we need to sit down with our respective staffs and go through that, once we see some numbers on what fiscal year 2011 would look like, and then talk about the question, do we delete our oversight authority?

And on the second point—that I think is a good point—when you say there is a natural tendency as a Democratic chairman of this subcommittee to want to work with the administration, I think I would use the analogy of a spring scrimmage for football, a college football team. They are all on the same team, but to make themselves better, they play against each other and challenge each other in spring scrimmage.

And so, while I have the greatest respect for everyone at this table and have known Secretary Shinseki since he was at 1st Cav Division at Fort Hood, what we are—maybe 90 percent of the time we are absolutely partners on the same team, on the same side of the line, I do take seriously, as I think we all should, the relative balance, checks and balances our founding fathers intended in the Constitution.

So I think we ought to be very vigorous on a bipartisan basis in not necessarily attacking, but in challenging the administration to show the facts, show the data.

And one area that you brought up, I think, would be a perfect example is with some of the proposals, the innovations to bring about transformation, you do propose several new offices. And I would hope, at the end of the first year, there would be some

metrics by which we could judge. Do we just create new bureaucratic positions, or did they actually meet metrics of saving taxpayers' dollars?

I am glad the ranking member brought up these points. I think they are both very important points, and I look forward to working with you on that.

Secretary SHINSEKI. Mr. Chairman, may I just add—

Mr. EDWARDS. Please, Mr. Secretary.

Secretary SHINSEKI [continuing]. I would just offer to you—and, you know, to Mr. Wamp's point, there is great value in the competitive arena where people with initiatives and want to compete for funding need to come and present their case. You know, I couldn't—I am a firm believer in that based on previous jobs I have had.

But I do think that you would expect me not to take the attitude that, if advanced appropriations were to be enacted, that there is a bye on the second year. You would expect and you could count on me to provide the arguments for what validates what is being asked for in that second year. You will have a chance to look at that. It is a competitive process.

I would also offer that, as good as we might put together this implementation plan, the second year is always challenged with the unknowns, you know, whether it is an H1N1 virus or whether it is a Katrina. And so I would look for an opportunity to find a way to create a mechanism for the second year that could be adjusting for those unknowns, unanticipated, or maybe even bonehead calls. What we want to do is get it right for our veterans.

Mr. EDWARDS. Thank you, Mr. Secretary.

Mr. Farr.

VA/DOD JOINTNESS

Mr. FARR. Thank you.

I am very pleased to see that Admiral Dunne is here. Admiral Dunne was the superintendent, the commander of the Naval Postgraduate School in Monterey before his retirement. And what I want to—

Mr. EDWARDS. Is that in your district?

Mr. FARR. You wouldn't know that, would you? It is probably mentioned in every hearing.

What we have at former Fort Ord is the Defense Manpower Data Center. And I don't know if anybody in V.A. knows about it, but it is essentially the Department of Defense's one-stop for every kind of information need on any personnel in the Defense Department and the families of the soldiers and the defense contractors who are maybe overseas.

And it seems to me that that I.T. is something that maybe the veterans department could work on. I am really keen on jointness, because essentially—and I am working on how we can work with you on this—I mean, the Defense Department has the luxury of essentially operating out of bases. So all the personnel are assigned to a base, and they operate out of a base.

But when people get out of the Defense Department and go into the veterans department, they are scattered all over the world. And

then your line of support isn't on campus, on base. Your line of support is in the community.

And I think that is the thing that Mr. Wamp and I are really keen on, is how can we integrate more what is good in a community, sort of in the civilian sector on community support systems and specialists that are there. Then, when veterans do need some help, we don't have to go hundreds of miles in order to get that help. We could find that there are resources in their own community.

And along those lines, what I would just like to have you comment on, we still have over 6,000 uniformed personnel on the Monterey peninsula either at the Defense Language Institute or the Naval Postgraduate School, or at the Navy lab, or at the Fleet Numerical. I mean, it adds up. We have seven different military footprints on the Monterey peninsula.

We have just finished all the housing on the RCI housing, and we are now trying to do a joint clinic with the DOD. And the V.A. is leading the effort here.

And I would just like to have you tell us the importance of meeting this critical, unmet health care need for both the local veterans population and the active-duty dependent beneficiaries through using your new health care center facilities act, the private-sector funding. I mean, I know you have mentioned that.

But what I see is, we couldn't get this facility built without using that modality, because the line to be in the FYDP would take too long, several years. And we are going to incur a lot of costs, unnecessary costs.

And with this critical ability to get it privately funded, it just seems to me a win-win. And I wondered if you had any comments now, that doesn't work in every community, but where you do have significant Defense Department presence and a significant veterans community living there, we ought to have that jointness.

They have the jointness when they go on to base to use the privileges of the P.X. or use the privileges of a gas station. But they don't have that, privileges to go into a joint medical facility.

Secretary SHINSEKI. Well, I will let Dr. Cross talk about the Fort Ord health care system. But I would just lead into this by saying, we have a history of DOD-V.A. joint facilities. We do it in New Mexico with the Air Force; Alaska with the Air Force; Leavenworth, Kansas; El Paso, Texas, with the Army; Key West, Florida.

So there are a number of these that suggest we have a history of doing this and doing this well. And in the case of Chicago, Great Lakes, Naval and Northern Chicago V.A. Medical Center, we have integrated it to the point where a V.A. director and an active, serving naval captain are working together. One is the director; the other is the vice director, if you will, fully integrated. And we hope that that partnership is going to, you know, go forward this fall.

With that as background, we have some history here. We have some experience on how to do this right. Let me ask Dr. Cross to talk about the potential here.

Mr. FARR. The key to this is you have a new methodology of having private-sector funding for the facility—

Secretary SHINSEKI. Right.

Mr. FARR [continuing]. Which is essentially what we did with RCI housing.

Dr. CROSS. Mr. Farr, there is good news here. And although this project did not go forward as a JIF project for a joint clinic between DOD and V.A., we are moving forward with this as a lease project in the V.A. 2010 budget. And this is to make it a new health care center, just as I was describing it for the Texas venture.

And this project will construct a new health care center to provide primary care, specialty care, mental health, expanded diagnostics, and ambulatory surgery, and activation is expected probably by the end of fiscal year 2012.

Mr. FARR. Admiral Dunne, it is nice to have you back on the team.

Mr. DUNNE. It is great to be here, sir. And I would like to take the opportunity to thank you for all your efforts to make sure that the Postgraduate School could celebrate its 100 years this year.

Mr. EDWARDS. And, Admiral, let me assure you, he doesn't pass up an opportunity to emphasize the assets of that—

Mr. FARR. You are all invited to the celebration.

Mr. EDWARDS. Thank you, Mr. Farr.

Mr. Carter.

CLAIMS ADJUDICATION

Mr. CARTER. Thank you, Mr. Chairman.

Mr. Secretary, I sent out 220,000 questionnaires to my constituents. And there was a line of that questionnaire that says, "If you aren't able to communicate some of your concerns, you are welcome to call the congressman."

Last night, I spent my time talking to these constituents, and one of them was a veteran. In fact, there usually are quite a few veterans who take advantage of calling me or me calling them.

And I promised him, if I ran into you all, I was going to talk to you about this, so I will. It is just luck that it happens to be today.

He served in the military for 20 years or 30 years, and then went to work for the Texas Veterans Commission, which helps veterans work through the system. Now he is working a claim through the system for himself, and he says the perception is—he believes it to be a reality—that the people who process claims, adjudicate claims, are working on a piecemeal quota system that they have to do so many claims to get promoted to the next promotional level and they have to meet a quota every week.

He is convinced that, when they get behind in the quota, that sometimes they just deny a claim to get the number of cases dealt with that week to meet their quota, which throws it into the appeals system, which then, he says, the V.A. can stretch out for a year or 2. In his case, it was almost 2 years, to which he had only 60 days within which to reply.

He thinks that something should be done about the fact that there is a quota on these case workers, which would cause them, rightfully or wrongfully, to think, "Well, a couple of them that I just let slide by will be taken care of in the appellate process, but I will be able to get promoted."

I would like a comment, maybe from you or one of the other people, about whether that system or his perception of that system is

a reality. He claims his issue was arthritis. The reason he questions this whole process is that he first went in for arthritis, they said traumatic arthritis. He appealed it and said, "I have never had a trauma," and they did a restudy and came back and agreed with him. And they awarded him for arthritis in both his elbows and then later in his neck for congenital arthritis.

Then it had moved into his shoulders. When he made this request, once again, he got "traumatic arthritis" and was thrown into the appeal system again. He said it was so easy to see, if they had just taken the time to read the records, that he had been through this whole process on his neck and both elbows, but he felt like they just did it because they were in a hurry and not because they were trying to deny him his claim for any other purpose, but they were just in a hurry.

So I promised him I would raise this issue. I know it is specific to one veteran, but it is important to him, and I gave him my word.

Mr. DUNNE. Sir, even if one soldier feels that way, we have got more work to do. There is what is called a performance standard for the rating representatives that work in the regional offices, but there is also a quality standard.

And part of that quality standard is that the cases that they work are reviewed periodically on a random basis. And if they were to deny a claim that otherwise should have been awarded, they would be held accountable for that. And so that information would be back to their supervisor and factored in, as well as the—simply the amount of cases that they do.

So from a supervisory level, simply volume itself is not enough to achieve success. And we want to make sure that every veteran who comes to us to get their claim adjudicated, that we do it accurately, and that we do it right the first time, and that there is no need for our veterans to appeal because they feel that they didn't get a right—a properly adjudicated claim.

Mr. CARTER. I will call him tonight and tell him that.

Mr. DUNNE. Thank you, sir.

Mr. CARTER. You bet.

Mr. EDWARDS. Thank you, Judge Carter.

Mr. Kennedy.

MENTAL HEALTH

Mr. KENNEDY. Thank you, Mr. Chairman.

Welcome, all of you.

Mr. Secretary, welcome. Thank you.

Secretary Shinseki, as you know, with Monday's tragic events at Camp Liberty underscoring the critical epidemic of mental illness amongst a number of our military and veterans, too, climbing suicide rates and shortage of mental health professionals and broken families seem to be common themes that are always appearing in our newspapers for our veterans and their families.

And the stories are constantly—we cannot afford to wait any longer to staff up and reach out to those who are in need. Could you tell us, how, with the integration with the DOD, we are going to make sure that every single soldier that is going to have the face-to-face interview coming out of the Department of Defense, and every Guard and reservist and the like, to get a face-to-face

interview, so that when they are coming into the V.A., we have a full assessment of their needs and are able to hopefully prevent any onset of PTSD from ever happening?

Dr. CROSS. A key point for us is, first of all, to make sure that we have the people, the expertise in place to take care of these veterans. And that is why, over the past several years, we have added almost 5,000 new mental health professionals. We have also expanded our vet centers.

But regarding the interview, I think that is very key. And what we were finding was that, when they first got back from overseas, that if we talked to them right then, didn't get much of a response. They were focused on one thing and one thing only, and that was going home.

Mr. KENNEDY. Right.

Dr. CROSS. So DOD actually took the initiative to do 90 to 180 days later the post-deployment health reappraisal. That was actually a very successful initiative.

We wanted to buy into that, so I have taken our local V.A. staff and our vet center staff, but mostly our vet center staff, to be physically there, to be face to face with the individuals when the units go through the PDHRA. We have done boatloads of those now. They often end up making referrals right then and getting them arrangements to get them into care after that.

They are much more sensitive at that point. You have a much better conversation, and it really did make a difference.

Secretary SHINSEKI. Mr. Kennedy, may I just add to that?

Mr. KENNEDY. You bet.

Secretary SHINSEKI. One of our efforts in establishing this relationship with DOD for the single joint electronic record is to, first of all, have a registration for every serving member in the military.

Mr. KENNEDY. Right.

Secretary SHINSEKI. As you know, right now, not all who leave the service come to enroll with the V.A., but this would be automatic, so we now have a population that we can identify and deal with.

And then, between DOD and the V.A., this face-to-face interview that you talk about is what we intend to do. Some of this may be done prior to the uniform coming off, but certainly, for those that have been to Iraq and Afghanistan, that is our priority, is to talk to them face to face and to get this identification and begin the tracking process, even if at that time there was no definite determination that PTSD was a factor. If it crops up 6 months later, at least we have got a point of reference to look back at.

Veteran service-connected PTSD has increased from 120,000 in 1999 to today we are carrying on our rolls 344,000 folks, not all of them Iraq-Afghan veterans. These are PTSD cases that have occurred over time. Vietnam veterans are probably the hardest hit with this factor, just didn't know enough, and they weren't being screened, and many of them are still carrying those burdens.

Out of that number, as of February, about 53,000 Iraq and Afghanistan veterans have been validated for service-connected PTSD. So where we are able to get to that face-to-face, there are assets in our health care system to be able to make those determinations and begin the treatment process.

What we do know is, if diagnosed, we can treat. If we treat, things generally get better. If we don't diagnose or treat, they don't. Invariably, they get worse.

Mr. KENNEDY. Obviously, we are in the midst of health care reform. I am told that the best treatment for PTSD is prevention and that it is really simply a matter of making sure that they don't get PTSD. There are real known protocols to take to keep people from falling into getting PTSD.

Rather than waiting for them to get it and then come in and get treated, we ought to be pre-empting them from getting it by having a welcome home strategy for them, a plan of action, where we say, "A, B, C, D, these are the things that we know work to make sure you get yourself back on the ground and rolling, and you get yourself surrounded by loved ones and friends and community and family, and welcomed back home properly."

When you follow this protocol, your incidents of PTSD will just drop, precipitously. And we just know that through the study of PTSD.

But if you don't have those support systems in place, your incidence, the possibility of your suffering from PTSD is just going to skyrocket.

Now, why we would wait, one way or another for a soldier or a veteran to fall into one of those categories where they are lucky enough either to have a supportive family or not so lucky enough to end up without a job, without a supportive community, and without—when we, the V.A., and our country can, set it up to me is beyond me, especially when it is going to be—cost us a fortune, just financially, let alone, morally we shouldn't be allowing it to get as far as that.

We should have this set up in advance, where we connect them right away to whatever they need. We take the stigma right away from it. We just say, "You know, here's the Rolodex. Here's the one, two, three, four." Then it is not about PTSD; it is about connecting, these are the things that we are told that make you, have the best chance ever of, getting your feet on the ground.

That brings me to my next question is, why don't we have best practices for mental health in our health care system in the V.A.? We have best practices for every other health disease group in the V.A. health system but mental illnesses.

Dr. CROSS. We do.

Mr. KENNEDY. No, you don't. I have been to two dozen of your health clinics, and you do not have metrics base for substance abuse, PTSD, anything. You practice different types of treatment for substance abuse, for everything else. You don't have a one-size-fits-all for—in terms of programs that you know work that you take to scale like you would for MRSA, for cancer, for cardiovascular disease. The same does not hold true for mental health system-wide in your mental—

Dr. CROSS. I certainly agree with you, Mr. Kennedy, that one size doesn't fit all. That is why we do have different types of programs. We are leading the way. We worked with the Academy of Sciences to decide, what is the very best type of treatment for PTSD? We are the leader in that.

Mr. KENNEDY. And it is prevention, am I right?

Dr. CROSS. For treatment, it is exposure therapy.

Mr. KENNEDY. But it is prevention, to surround people—people are the best solution to PTSD, loved ones, community, and we are doing nothing to prevent PTSD. You have got wonderful little clinics with 24 people in them. How are you going to—you can treat people when they have acute PTSD, but we have got to prevent them from getting PTSD to begin with.

Dr. CROSS. I certainly agree with that. And I think, actually, prevention occurs before deployment.

Mr. KENNEDY. Okay, all right. How is the aversion therapy going?

Dr. CROSS. We trained 1,600 of our providers in this, based on what the IOM recommended. And we are going to expand from there. We are going to be into the thousands.

Mr. KENNEDY. Good. Well, if you could submit to the committee how that is going and whether you feel like you are going to keep pace with the need, that would be great.

Dr. CROSS. I would be very pleased to do that.

[The information follows:]

RESPONSES

1) Provide Rep. Kennedy a report on aversion therapy usage by VA.

Aversion therapy involves repeated pairing of an unpleasant stimulus with production of an undesirable behavior, such as giving a patient in alcohol treatment an electric shock each time he or she tastes alcohol. The only aversion therapy we use is the drug disulfiram (Antabuse) in VA's alcohol treatment program. According to the Substance Abuse and Mental Health Services Administration (<http://www.dpt.samhsa.gov/medications/disulfiram.aspx>), disulfiram is "[t]he first drug ever approved for treating problem drinkers. Antabuse (disulfiram) interferes with the metabolism of alcohol, causing unpleasant side effects when alcohol is ingested." Although approved by the Food and Drug Administration, its use has largely been supplemented by other medications and therapies. However, some providers and patients find it useful. Over the past 12 months, VA filled 11,979 prescriptions for disulfiram for 3,741 Veterans.

Mr. KENNEDY. And, Mr. Chairman, if I could indulge just one more—

Mr. EDWARDS. Okay.

Mr. KENNEDY [continuing]. Question, are you co-locating your TBI clinics with your other Centers of Excellence in epilepsy and the like, neuroscience clinics?

Dr. CROSS. We are working on some new Centers of Excellence for epilepsy. I think, in the plan that we have at the moment—I am not sure if it is the final plan—at least one or two of them would be co-located with the polytrauma level one centers. Some other ones would probably be elsewhere.

Mr. KENNEDY. The only concern we have is, obviously, make the most of the dollars we are spending by co-locating those same neuroscientists.

Dr. CROSS. I think that is a good point. Appreciate that.

Mr. KENNEDY. Thank you, Mr. Chairman.

G.I. BILL

Mr. EDWARDS. Thank you, Mr. Kennedy. Certainly an important area to explore.

Mr. Secretary, could I ask, where are we on the implementation of the new G.I. Bill? Are we on time and schedule? Will veterans

that have qualified for the G.I. benefits start receiving those on time this fall? And will they know soon enough to be able to make their plans for colleges or universities this fall?

Secretary SHINSEKI. I am going to let Admiral Dunne provide the detail, but, Mr. Chairman, upfront, in answer to your question, very, very tight timeline. And I won't say lots of risk, but there is some risk in the process. And we learn something every time we put a new tool out there.

But I have been to the training center. I can tell you that training has gone well. Highly motivated people, I asked them if they could do it. There was a standing, rousing applause.

So on our end, you know, between leadership and providing the information technology that will enable us to do this first time as a manual process, assisted by computers, we are in a good line. The issue is, we have to keep that line going.

Mr. EDWARDS. Okay.

Mr. DUNNE. Mr. Chairman, we are definitely—it was never any doubt that we had the right people to execute this program. And they have been working very, very hard since last summer.

We brought on board 530 new people on schedule, and we trained them on schedule in order to be able to process claims. We were able to start processing claims on the 1st of May. We already have received over 20,000 claims. They are coming in at the rate of about 3,000 claims per day.

And so we are very pleased with the response that we are getting from the veterans. We are doing everything possible, we think, to communicate with them and make sure that they know it is better to submit your application early, as the sooner we get it, the sooner we can act on it.

And we are moving along with the testing of the other I.T. systems that we need. And perhaps Mr. Warren could add more on the I.T. side. But our folks are performing very well at this point, and we are pleased with the response from veterans.

Mr. EDWARDS. So bottom line is, there should be no veteran who is qualified for the benefits who would have a problem getting approval of the funding for classes that start in the fall, unless there are some bumps along the way between now and the fall?

Mr. DUNNE. We expect that—we have got many challenges between now and the 1st of August, but we are on it every single day. And if a veteran gets his application, we are going to make sure that they get into class.

HIRING OF VETERANS IN THE CLAIMS PROCESSING SYSTEM

Mr. EDWARDS. Okay. Could I also ask you, while I have your time, to address, how many people have you hired in the claims processing system since, say, in the last 2 years? I know we have provided enough funding, I think, to provide as many—if you count the stimulus bill—it was as many as 6,000 or 7,000 new claims processors.

How many have you hired? How many yet to go? And I might ask also on that, are you out looking or are you exercising any outreach to look for combat veterans as potential employees, particularly wounded combat veterans, to serve as employees in the V.A. benefit system?

Mr. DUNNE. Absolutely, sir. The first increment in personnel, as you know, was 3,100. And we started that in January of 2007, and we have completed that phase.

For 2009, we were authorized another 1,100, and we are in the process of hiring those now. We are about halfway through that hiring.

In addition, as you mentioned, with the stimulus package, there was authorization for 1,500 temporary employees. We are in the process now of hiring those. We have got 44 who are already on board at the regional offices, another 86 who have report dates within the next 2 weeks. And the remainder of the jobs we are in the process of announcing and interviewing potential personnel.

We are very anxious to—at any opportunity to hire a veteran into the V.A., because we know what good employees they are.

Mr. EDWARDS. Right.

Mr. DUNNE. And when we have an announcement at one of our R.O.s, the first place they go is right to the VR&E office and see if there are any veterans who have completed their training and are perhaps interested in working in the R.O.

I can tell you, as an example, I went to one of the RPOs after we hired the 530 folks for the G.I. Bill. And I asked how many in the room were veterans. And almost everybody in the room raised their hand. And I asked about the three that didn't, and they said, well, they are either relatives or dependents of veterans.

So I think we can always do better, sir. We always need to make sure we keep that focus on, that we are looking for veterans. But I think we are doing pretty well.

VA SUICIDE HOTLINE

Mr. EDWARDS. That is good to hear.

And my final question in this round, Secretary Shinseki, would be as a follow up to Mr. Kennedy's questions about the mental health care issues and care.

Obviously, suicide is of great concern to all of us. Could you update us on the status of the V.A. suicide hotline and how that is working?

Dr. CROSS. Sir, it is one of our most successful ventures, quite frankly. We have received 120,000 phone calls since it was opened in 2007. Over half of those phone calls, however, were not veterans. We still help them.

Now, the key thing is—

Mr. EDWARDS. How do they find out the number? How do they—

Dr. CROSS. The number—we tie it in—we decided not to go it alone with this. We tied in with Health and Human Services into an existing phone system. And so when you call up the number, 273-TALK—

Mr. EDWARDS. How do you get that number? I am having a problem. I am literally thinking about committing suicide. How do I get that 273-TALK number?

Dr. CROSS. We put it on the Internet. We put it on the buses. We put it on the Metro. We put it out to the VSOs. We put it on public service announcements. We have got Gary Sinise from "Forrest Gump" doing public service announcements, Deborah

Norville—every way that we can, we are getting that number out. And it must be working, because 120,000 people have called.

So they call the main number. And then it says, “If you are calling about a veteran or you are a veteran, press one now.” So 120,000 people pressed one.

Then, out of that, the key number I would like you to remember, we have done over 3,000 rescues. What that means is, while the veteran was on the phone, while the caller was on the phone, we sent an ambulance or police to the location where they were at that very moment.

And I have just—if you would bear with me for a moment—

Mr. EDWARDS. Please. Take whatever time you need on this.

Dr. CROSS [continuing]. The most spectacular thing happened about 2 weeks ago. We got a call from a mother, and she was talking to her son through her computer using, I think, a program called Skype. And she was very upset, because her son told her on the computer he was going to commit suicide, had a gun in his hand.

And she called the hotline, the V.A. hotline in Canandaigua, New York. And they called the Pentagon. The Pentagon worked with the local Red Cross and their contacts. And 20—I think it was roughly about 23 minutes later, she watched or heard while a person arrived, talked to her son, took the gun out of his hand. The soldier in this case was in Iraq.

Mr. EDWARDS. Oh, my God. What an incredible story. Thank you. Thank you for that. And I am so glad to know that the hotline is being used and literally saving lives. Thank you for that.

Mr. FARR. Can you just call 911 and get the same response?

Dr. CROSS. Well, they would get the police. But many of these cases that call the hotline are not calling because they are immediately suicidal. Some of them just want to talk. And then we put them in contact with our suicide prevention coordinators that we have now located at every one of our medical centers and sometimes several of them.

I think our hotline is the best, because we—instead of using volunteers, we use psychologists, social workers, nurses who have mental health experience. These are people who are very experienced.

The second reason why we are the best, I think—and I admit my pride in this—if it is one of our patients, we can pull up their record electronically while they are on the phone, and that has actually helped us save lives at times, because sometimes they didn’t want to tell us exactly where they were at or what their situation was. And with a little detective work, we were able to trace that back.

Mr. EDWARDS. Well, thank you for that. I hope those kind of positive stories of saving America’s veterans and, in this case, an active-duty serviceman, those kind of stories need to be told.

Mr. Wamp.

CLOSING OF CEMETERIES

Mr. WAMP. Thank you, Mr. Chairman.

My final question of the day is on the cemetery front. And, Mr. Muro, the chairman rightly gave you a high compliment earlier based on the customer satisfaction.

And it is such a well-stewarded recognition, these national cemeteries across the country of the sacrifices that have been made. And they are solemn places. I will be there in 2 weeks to keynote the commemoration at Chattanooga National Cemetery for Memorial Day. And I am there often, several times a year.

But our cemetery, which has Civil War soldiers and many, many storied internments there, is set to close on your schedule in 2019, which I used to think 2019 was a long time from now, but I used to think 2009 was a long time now, and it got here really fast.

So that is a short period of time. Now, they have done studies of ways they could change things around and extend that somewhat, but there is also 15 acres that could be available next to it. And it can only grow in one direction because of streets and right-of-ways.

I don't know if you specifically know about this issue, but I am interested overall in what the posture is of the V.A. This is something that, at a time of war, people are really keyed into. Are we going to guarantee this ultimate resting place? And I don't mean in the next state over. I mean in the area. I know you have like 100-mile, 120-mile circumference of each—

Mr. FARR. Seventy-five miles.

Mr. WAMP. Seventy-five miles. Okay, 75-mile circumference of where these could be. But this is obviously a national cemetery in Chattanooga, Tennessee, that would want to keep open and preserve.

Can you give me an update about where we are with the study? Assistant Secretary Turk was very, very helpful, in the last administration. He came and physically toured the site. The city is willing to cooperate in any and every way to take the lead on assembling any land.

[The information follows:]

4) NCA should reach out to the local Veteran community to explain its plans for extending the service life of the Chattanooga National Cemetery.

NCA'S OUTREACH PLAN

In the summer months following Memorial Day 2009, NCA plans to hold a series of Town Hall type briefings for the local community and stakeholders to explain the preplaced crypt process being implemented at the cemetery. This process will gain an additional 25 years service from the existing cemetery property, extending burial availability to the year 2044.

In addition to cemetery and Memorial Service Network (MSN) staff, Subject Matter Experts from the NCA Office of Field Programs and Office of Construction Management will attend the briefings to explain the process and to answer community questions and concerns.

I have almost seen a posture around the country as I have studied this that you wait until you are 5 years away from closure to begin to act. And, obviously, that is not the way to do business, in terms of long-term planning. It is much more beneficial to begin the process much in advance of closure so that you can take the necessary steps to actually secure the available land.

Plus, if there is available land, you would want to secure it while it is still available before somebody goes and builds a new building on top of it.

Do you know anything about the Chattanooga Cemetery expansion.

Mr. MURO. Yes, sir. Right now, we actually have, because of our new burial policy and practice of pre-placed crypts, we actually have enough land to last an additional 25 years above 2019 before we have to worry about looking for other land in the area.

So we are good 2019 plus 25. And we are already going to start planning the process to install the crypts there so we don't run out. We try to stay—we have changed our policy. We are trying to stay 2 to 3 years ahead of closure or—so that we expand so that we don't close the cemetery.

And if we are going to close because there is no further land to use, then we are looking for land. And last year, there was appropriation for funds for that. So we are trying to stay ahead of it.

Mr. WAMP. Well, I appreciate that. I would say, with the VSOs in the room, that I hope you will communicate effectively with the VSOs so that their membership will understand what you are doing, because usually they don't find out except after they make enough noise and their member of Congress then engages as to what any policy may be that you were in the middle of enacting.

And I can assure you that the veteran community that lives there, they don't really believe this extra 25 years within the fence because your stated closure date was 2019, and then, all of a sudden, kind of miraculously, well, they can start pulling rocks out of the ground and make room for more.

So help us, if you will, convince the veteran population that you are going to stand behind keeping this cemetery open at all costs, because that is basically all they care about. Please assure them of that.

And then, if there is any way to go forward to secure that land or even allow the city to hold the land until which time you need it, that would be wise if there is any possible way within your budget constraints to do so.

We appreciate your cooperation on that, and I yield back, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman. I am amazed that Mr. Wamp and I have had the same questions on all day. I want to talk about veteran cemeteries. I want to also thank you for your career in this field and for your public service.

Mr. MURO. You are welcome. Thank you.

VA CEMETERIES

Mr. FARR. I would really encourage you, Mr. Secretary and staff, to look at this 75-mile policy. It has been in concrete for so long, and it is a dumb, dumb policy.

The population of California lives along the coast. So in this wisdom of developing a 70-mile radius, and because of congressional earmarks, you are building your veteran cemeteries in the middle of the San Joaquin Valley. There is no history of military in the

San Joaquin Valley. You are building three of them. One of them is already there. It is in Santa Nella, which is a truck stop, no hotels, no people, no town, no mayor, nothing.

And we are within 75 miles of that, the Monterey peninsula, the oldest piece of military real estate in the United States. It started with Spanish occupation, the Presidio of Monterey. And Fort Ord, the land was acquired for the military in 1919, still has a military presence there and a huge veterans presence, and that is why you are going to build a clinic there.

But we can't build a cemetery. We have had to go to the state of California. The state of California says, "We don't do state cemeteries." So we are going to a third process, is we are going to try to get a private developer to put up money, we are going to give him some of the cemetery land, put enough money in the pot so that the state can file for a state application.

Now, I want to just think outside the box a little bit, because I understand that—and I am sort of interested in this—that of the 128 cemeteries that you maintain in 39 states and Puerto Rico, as well as 33 lots and monument sites, it is the Department of Army that maintains two of the cemeteries, Arlington National Cemetery in Virginia and the U.S. Soldiers' and Airmen's Home National Cemetery in Washington, D.C.

There are also a number of state cemeteries. And the Department of Interior maintains 14 veteran cemeteries. If I knew I could go to the Department of Interior and the Department of Army and maybe gotten them to build a cemetery, I would have done that, but I didn't know.

I don't know why it is that, one, that all of these cemeteries aren't under just one—you know, under your department. Maybe administratively they are, but why are they being maintained by the Department of the Army and the Department of Interior?

And why can't we think outside the box to figure out a solution? The land is there. The title is in the Department of Defense. The feasibility study for it is there. It is going to take us forever to find a third party to put up enough money to build the cemetery.

You have got the Presidio Monterey, the Naval Postgraduate School. It is a destination, tourist area. People want to be there. There are a lot of people that are holding ashes in their home waiting for this cemetery to be built.

And, I mean, this is where California history began. It began with military history. And it is still there. And I would like to try to see if we could work some way to work in a cemetery by your department or whether I have to go to the Department of Interior.

Mr. MURO. Let me try to answer some of your questions, Congressman.

First of all, San Joaquin Valley, when that cemetery was built, the national cemetery system could only build on property that was either donated or transferred from DOD. We didn't have the funds at that time to purchase land, so San Joaquin Valley, San Joaquin National Cemetery was a donated piece of property and—

Mr. FARR. The Bureau of Reclamation?

Mr. MURO. Correct. So that—hopefully that answers that one. In reference—

Mr. FARR. When President Kennedy, his uncle, was president.

Mr. MURO. Oh, all right.

Mr. FARR. It had nothing to do with anything functional for a cemetery. It was just federal land in the middle of nowhere.

Mr. MURO. Right. And it was donated.

The other question, in reference to the Fort Ord cemetery and the state project that we worked with the state to build the other one, which is up in Redding, California, we are working closely with the state, and they do have an application in right now for that. So they are working with that organization to try to get it.

Mr. FARR. For which?

Mr. MURO. For Fort Ord.

Mr. FARR. They have an application to you?

Mr. MURO. Yes, they have got the pre-application in right now, and we are waiting on state legislation to pass it. And then we—

Mr. FARR. No, wait a minute. State legislation passed it, saying that they have to put the money up into an account with the state before they will exercise it. And the Shasta veterans department, that was a state senator. He insisted that they couldn't pass a state budget unless they made that his cemetery and up in little, old Shasta County. In a weak moment, the legislature and the governor signed the bill, and then they hired him as the secretary for veterans affairs in California.

So it was a real sweetheart deal. And the state said they would never do it again. And Schwarzenegger says they won't do state cemeteries, unless, in this case, the money is put up by the private sector.

Mr. MURO. The other question was in reference to how V.A. received the cemeteries that we have. In 1973, Congress passed a law and transferred certain cemeteries over to V.A., was where we started, and kept—Army kept DOD in the Soldiers' Home.

Mr. FARR. The Interior Department doesn't run any cemeteries?

Mr. MURO. They run—yes, they have 14 total cemeteries. Two are open for internments; the rest are closed. They are Park Service.

Mr. FARR. We will work on something, okay?

Mr. MURO. Okay.

Mr. EDWARDS. Thank you, Mr. Farr.

Mr. Kennedy.

NATIONAL GUARD AND RESERVE BENEFITS

Mr. KENNEDY. Thank you, Mr. Chairman.

If we could go back, Mr. Chairman, your question about mental health, extent of services. The concern I have is the Guard and Reserve, because their benefits really aren't as great as, obviously, the standing military.

When they come out, they often don't have the access to the TRICARE benefits. When they go back to their job and so forth, they don't have access to the same benefits. And, of course, their dependents, their family don't have any access to benefits.

And so the—the real question is, a lot of those families and Guard and Reservists are getting their services through states, through their community mental health centers and the like.

What I am interested in is what we are going to do as a committee, given the fact that states are shedding all of their mental

health services because they are all in a free fall economically, what are we going to do as a committee to respond to the need at these community mental health centers of those veterans who go into those community mental health centers looking for services?

Because there are no services for them at the V.A., because they are “weekend warriors,” but they aren’t. They are now part of our total force. But because of the nature of them being Guard and reservists, they don’t enjoy the same package of benefits that the regular service does.

So can you all kind of answer for me, what are we going to do about this whole new group of veterans that may not have all the service-connected injuries and the like that are going to allow them to get access to the V.A.? How are we going to manage to make sure they get the necessary health care that they need?

Dr. CROSS. I strongly agree with you that, yes, that is a real concern of ours, that the Reserve and National Guard come back, they don’t go to a military post. They don’t stay with their active-duty colleagues. They go off into the small communities across the nation and the cities, and that is where they live, and trying to return to their previous lives.

Congress, working with the V.A., just fairly recently created a new benefit, and that was that returning from a combat deployment automatically granted 5 years of eligibility.

Mr. KENNEDY. Right.

Dr. CROSS. That was a tremendous help. And we really appreciated that.

It did several things. It also expanded the dental capability by our timeframe, as well, from 90 to 180 days. That made a difference, because it gives time now for that new veteran to try and obtain eligibility through the C&P process, they have got plenty of time.

They are still covered for their health care. They can still be seen and taken care of, as long as it is anything that is even quasi-related to their service overseas. And I want to thank you for that.

Mr. KENNEDY. Secretary Shinseki was talking about back in the Vietnam War, there was always a challenge to Agent Orange because there was a question, was this a real thing or not? With this war, the combination of TBI, post-traumatic stress disorder, being the signature wound, are we going to have a bureaucratic process of challenging veterans when they come in and saying, “prove it”?

Or are we going to have an assumption that, if they have been to three tours of duty, they have been out in their combat, they have been out on the driving outside the Green Zone every day, which we know would take any normal person, knowing that they are taking their lives in their hands every day when they drive outside that Green Zone, that that is going to put any normal person in a position where they could suffer from post-traumatic stress and say that they are going to be eligible for veterans benefits, access to the health care system?

Dr. CROSS. For the health care component, we are happy to see them. It is not a matter of trying to prove that they need to be seen. If they say they need to be seen, they need to be seen. And then, during that 5-year period, they have the eligibility to do so.

Mr. KENNEDY. Okay.

Dr. CROSS. And I think, as I mentioned earlier, that gives them time to engage with my colleagues in VBA, as well, to start the process.

I will ask Admiral Dunne.

Mr. DUNNE. From the benefit side, we are, of course, charged with evaluating the need for compensation based on the medical evaluation that is provided.

Mr. KENNEDY. Right.

Mr. DUNNE. And we are looking very carefully right now at the process that we go through to—when a veteran claims PTSD, the evidentiary requirements that are in place, we are evaluating those to make sure that they are sufficient to ensure that, during the time period when they have straight access to VHA, that we are able to complete the medical evaluation that is required so that, if necessary, we can ensure that they get their compensation benefits in a timely manner.

VOUCHERS

Mr. KENNEDY. One of the concerns I hear about homeless vets is that, while we are increasing the number of permanent vouchers—and thank God. Finally we have permanent vouchers instead of these temporary vouchers for these endemically homeless vets.

We need more support services for these vouchers. In other words, we need administrative personnel. I hear there are a lot of vouchers in a lot of these different places because there aren't enough staff on hand in various places to administer these vouchers and get the support services wrapped around these veterans who need these vouchers.

One case in point, my cousin, Bobby Shriver, is on the council out in Santa Monica, says that there is a number of excess vouchers. I had a hard time believing it, knowing the number of homeless veterans out there. And he says it is because there are not enough veterans, staffed to help administer those vouchers. So maybe you could take a look at that.

Secretary SHINSEKI. Let me take a look at that and then come back to you with an answer on—

[The information follows:]

2) Update Rep Kennedy on whether or not vouchers for homeless are not being issued because there is not enough staff to administer the program.

The Housing and Urban Development – Veterans Affairs Supportive Housing (HUD-VASH) program began in 1992, but was funded in Fiscal Year (FY) 2008 to provide approximately 10,000 new additional vouchers with 291 case managers. The HUD-VASH program combines the HUD Housing Choice Vouchers Program (HCV), rental assistance for homeless veterans, with case management and clinical services provided by the VA and its medical centers. On April 8, 2008, a letter was sent to all facilities from the VA Deputy Under Secretary for Health and Operations Management stating that hiring was to begin immediately. Caseload projections for the program were 35:1 and were based upon prior HUD-VASH data.

In August, 2008, a national training conference was conducted with HUD to train new VA staff and promote implementation of the program. In attendance were new HUD-VASH case managers and other homeless assistance staff.

In September of 2008, due to slower than desired implementation, the Deputy Under Secretary for Health for Operations and Management established a performance monitor for HUD-VASH. This monitor established specific targets for timely hiring of new staff, goals for admission of Veterans into VA case management services, and the rate of Veterans' referral to the Public Housing Authority for the issuing of housing choice vouchers. Monthly reports were submitted through the VISN Directors and were used to document the progress of participating medical centers in implementing the program. Medical Centers and VISNs that were not meeting the target goals were contacted, technical assistance was provided by the HUD-VASH Program Office, and some site visits were conducted.

By April 30, 2009, a total of 14,250 Veterans have been screened to determine eligibility for the program; 9300 have been enrolled in VA case management; 8,600 Veterans have been referred to public housing authorities for vouchers; and 7,300 vouchers have been issued and over 3,500 Veterans had utilized vouchers to secure permanent housing.

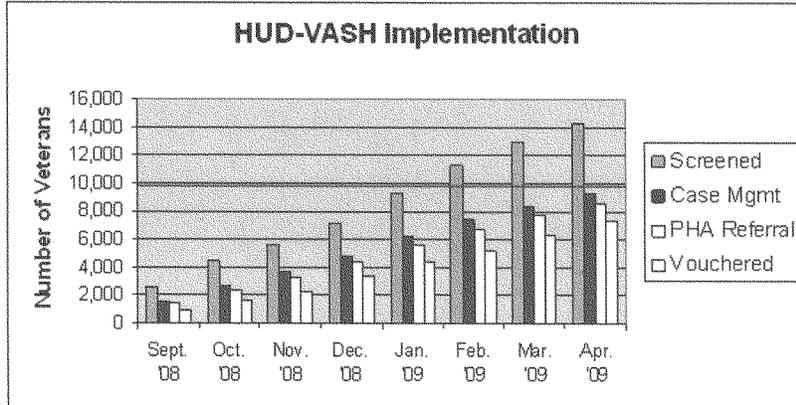
By this same date, the expectation was to have completed all hiring. However, only 256 of the 291 funded positions had been filled or were committed. Therefore, on May 5, 2009, The Deputy Under Secretary for Health for Operations and Management issued a second memorandum requiring sites that did not complete their hiring in a timely manner to provide bi-monthly action plans for resolution. Since initial delays in hiring have now been addressed, VA expects to have 10,000 Veterans enrolled in case management services through HUD-VASH by the end of May 2009. VA will continue to evaluate staffing for this program and will focus on ensuring the availability of adequate case management services.

VA is actively working with HUD and the local Public Housing Authorities to have Veterans housed through HUD-VASH. Veterans have been experiencing difficulties

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obtaining funds for down payments, utility deposits and essentials needed to live independently. Additionally, there have been difficulties in identifying safe affordable housing in communities where Veterans want to reside. To help Veterans to overcome these obstacles, VA staff has been authorized to contract with local housing specialists to more rapidly identify and secure safe affordable housing in their local communities. VA has been advised that HUD stimuli funds (\$1.5 billion) can be used to assist Veterans to overcome this challenge.

The following table illustrates the implementation of the HUD-VASH program, with 10,000 available vouchers.



Mr. KENNEDY. And if you could—

Secretary SHINSEKI. I was not aware of excess vouchers.

Mr. KENNEDY. Okay. If you could also look at what percentage of our V.A. medical centers, what the timeline it is for folks to get help for mental health services and what the shortage is for mental health professionals in all these outpatient clinics and mental health centers.

We had those. There was a big study from—McClatchy did a couple of years ago about how long it took for someone to get served in a V.A. clinic. And in some places, it took X number of days. Other places, it took just a few days. And it would be nice to know kind of how that has gotten evened out, now that we have plused up the accounts.

Secretary SHINSEKI. Sure.

Mr. KENNEDY. Thanks.

HEALTH CARE STANDARDS

Mr. EDWARDS. Thank you, Mr. Kennedy.

Members, I think we are getting close to a series of votes. And I only have two other quick points.

One, I would like to ask Secretary Shinseki, either you or Secretary Warren, whomever is appropriate, to address the question of, as you are trying to develop DOD and V.A. medical records that can communicate with each other and be passed seamlessly back and forth, how does that work in with the country trying to set up some sort of national standard for private profit and nonprofit hospitals?

I assume we won't have V.A. and DOD accepting one standard and the rest of the country going another way, because we need records to be able to transfer from a V.A. hospital or DOD hospital to a private hospital.

And is the development of a national health care reform bill and a standard, does that slow down the DOD-V.A. process in coming up with a medical records, electronic record systems?

Secretary SHINSEKI. This is an important question, Mr. Chairman. The agreement that Secretary Gates and I have made and which the President publicly announced, that there would be one standard, now begins the hard work of exactly what is an electronic record, what is the electronic health piece of it and what is the electronic administrative or personnel piece of it, what does it look like, and make that come together.

There is great interest in doing this quickly. And part of the interest is to be able to come to an agreement on exactly that requirement and be able to share perhaps with HHS, "Here is, you know—those of us who have been at this for a while, here's a good start point for you," so that there would be some synchronization, some linkage between the opportunities that they will have to decide for the rest of the country and the work that V.A. and DOD has already done for a couple of decades.

A lot of hard lessons learned, some disappointing ones, but we have come a long ways here. And so as we create this single, joint, virtual electronic record, I think it is important for us to link in with the secretary at HHS and just offer up a model to consider.

HEALTH CARE INNOVATION

Mr. EDWARDS. Thank you.

And my final point would be this. We don't do earmarks in the V.A., in many ways that is very fortunate. But what happens as a result is that some of us, perhaps because we serve on this subcommittee, have private entities, entrepreneurs come to us and say, "Here's a great idea that can help the V.A. provide better medical care at a less cost to taxpayers."

We don't really have the ability to evaluate whether those make sense. And maybe 9 out of 10 of those proposals wouldn't make any sense, but 1 out of 10 might be the one that could save the V.A. millions of dollars and help save lives and provide better care.

Does the V.A. have a system for evaluating good ideas and separating those from bad ideas, in terms of health care innovation? And, secondly, on that same point, is there a system by which you can fund innovative ideas that might help the whole country without taking that money out of the hide of the O&M budget of the local V.A. hospital or the VISN?

I could see that if I am a VISN director, and I don't want to take money out of my VISN or out of my hospital to fund what could be a national pilot program that could help the entire V.A. health care system.

I haven't found a thorough process. Maybe I heard it at some point the secretary for health has some kind of a discretionary fund, but is there any kind of a formalized process for you?

Mr. KENNEDY. Effective research. We should have it in our CMS, too.

Mr. EDWARDS. Do you have a system of comparative effective research at the V.A.?

Secretary SHINSEKI. Actually, I am interested in what the acting undersecretary for health is going to say to answer this question.

Mr. EDWARDS. Dr. Cross.

Secretary SHINSEKI. But it is—just to eat into this, it is part of the reason why I am hoping that we will get your support in setting up an office for an assistant secretary for acquisition, so that we will have a single place where good ideas can come and be vetted and, you know, avoid being dissipated or being discouraged or frustrated, but where it gets a professional vetting, because right now these things do go on, but they go on in multiple places in the V.A.

Mr. EDWARDS. Right. And is that, Mr. Secretary, where these ideas would be placed in the future, when you create that office?

Secretary SHINSEKI. In the future. If we were able to stand up this office, this is where this kind of innovative thinking, creative thinking would have an opportunity to be aired, evaluated, and then shared.

Mr. EDWARDS. Okay.

Secretary SHINSEKI. Let me let Dr. Cross answer what we do today.

Mr. EDWARDS. Okay.

Dr. CROSS. I am looking forward to hearing what I am going to say, as well. [Laughter]

No, seriously, sir, there is some formal process. And let me—it is a little bit different from what you might expect.

We do a lot of innovation, in terms of pharmaceutical, new drug treatments, new surgical treatments, vaccines, the herpes zoster vaccine, the shingles vaccine, worked with civilian medical schools and the V.A. to make that a reality. And it is now FDA approved and out there and used every day.

We worked with DARPA. And you may have seen the “60 Minutes” TV show recently where they talked about the DARPA arm that the V.A. is working with them on a new prosthetic, far more advanced than anything that we have seen before, an ability to manipulate objects.

So in terms of research, we do a great deal too—you know, but particularly on the health side, it is really pharmaceuticals, new treatments, new devices. You know, sometimes—

Mr. EDWARDS. What office evaluates those under the present system, without the new acquisitions office in place?

Dr. CROSS. What—

Mr. EDWARDS. Is that the undersecretary’s office? Do you have particular staff that do that? Or do you subcontract that out to various parts of the country within the V.A. system? How do you evaluate that?

Dr. CROSS. The kind of things I am talking about go through research protocols.

Mr. EDWARDS. Right.

Dr. CROSS. And our research office handles that.

Mr. EDWARDS. What if it is not a new drug, you know, it is somebody coming in with a system for telephoning veterans to be sure they take their drugs this morning and, if they don’t call back—that is one that came into my office, for example. I have no idea whether it made sense or not.

But, you know, and if the veteran doesn’t call back, then it keeps calling them until they call back and say, “Yes, I took my prescription drug this morning.” I mean, how about that kind of device or other projects that aren’t, you know, the kind that you mentioned?

Dr. CROSS. I think I know that project, by the way. Two ways that that happens. Number one is they go to the local facility, local VISN, and say, “Listen, I’d like to try this out locally. Would you be interested?”

Number two, they come to the central office and talk to some of my staff and say, “Listen, I have got this great idea, this great product. Can I get a briefing?” We do accept those briefings, and we do accept some of these proposals after the staff have looked at them to see if it makes sense.

Mr. EDWARDS. Okay. In the future, will that go through the office of acquisitions? If, in the future, somebody like this calls our offices, who should we refer them to?

Secretary SHINSEKI. That would be my preference, for all of this to come into one location, and then from there to be shared with the experts elsewhere on the staff.

Mr. EDWARDS. Okay.

Secretary SHINSEKI. A discipline process for evaluating the goodness—they are all good. They are well-intended. But where is the fit?

Mr. EDWARDS. Okay. Thank you for that answer.
 Mr. Wamp, do you have any additional questions?
 Mr. Kennedy.

SERVICE DOGS

Mr. KENNEDY. Yes, Mr. Chairman, really cutting-edge piece of high tech, and that is dogs. We talked about, Mr. Chairman and Mr. Secretary, these dogs that help our veterans, particularly, not only the guide dogs for those who are physically impaired, but also those who are suffering from PTSD, that take them out, so they have to go out for a walk, help them calm their nerves when they are feeling an anxiety attack and the like, that they can be trained in the prisons by prisoners.

What is your feeling about us expanding the use of these kinds of animal—use of animals to help out those many, many veterans that you have identified as, having issues, anxiety issues and PTSD issues?

Dr. CROSS. The answer I am going to give you is a little bit mixed, in terms of how we are responding to this. And so I want to be frank that this is how we are approaching it right now. I don't want to paint a picture that is different from reality in any way.

Guide dogs have been part of our program for a long time. Everybody knows that. We will accept it and often support it.

So now we are talking about a different category of dogs called service dogs. Service dogs, we support them in a limited fashion for physically and hearing disabled veterans under a case-by-case basis.

We have worked with an organization—I believe it is called the Assistance Dogs International. And we have an information letter that we drafted to inform the field that only these accredited dogs organizations who do not charge for the dogs or their training should be utilized. V.A. then, in that circumstance, will pay the veterinary bills and any hardware the dog may require while performing the designated tasks.

I don't know how many that we are supporting at this time. I don't think it is a large number, Mr. Kennedy, certainly not compared to guide dogs. But I would be happy to have our staff talk to you about this.

Mr. KENNEDY. That would be great. I would love to get a briefing on that. Thank you.

[The information follows:]

3) Provide Rep. Kennedy's staff a briefing on the dog assistance program for Veterans. (PCS)

Thank you for your inquiry of the Department of Veterans Affairs (VA) regarding the provision of service dogs to our country's Veterans. The Prosthetic and Sensory Aids Service will be happy to provide a briefing at your staffs convenience. Please coordinate this request through VA's Office of Congressional and Legislative Affairs office. Below is a summary of our service dog program.

VA has provided guide dogs specifically for the blind since 1961. In 2001, Public Law 107-135 provided VA the authority to provide service dogs for physically and hearing disabled Veterans. Over the past seven years, VA has studied the effectiveness of service dogs versus assistive devices. These studies focused on a dog's effect to a Veteran's health, function, mobility, and independence. These studies also focused on industry standards for service dogs, how the dogs are trained, and how a Veteran best learns to work with a dog. On January 14, 2008, the Secretary of

Veterans Affairs signed a decision memo approving a plan for the provision of service dogs to our nation's physically and hearing impaired Veterans.

VA is working with an international accrediting body, Assistance Dogs International, to help develop standards for the provision of these dogs. In the interim, individuals are reviewed on a case-by-case basis and may be provided a service dog if they are able to demonstrate that a service dog would effectively perform a task that cannot be achieved through assistive technology or daily living aids. To remain consistent with the existing model of procurement in attaining guide dogs for the blind, VA will acquire service dogs through non-profit agencies who do not charge for their animals, services, or lodging. VA will provide veterinary care and hardware required for the dog to perform its tasks such as a harness or a backpack.

Mr. EDWARDS. Well, with that, let me thank you all for being here.

Secretary Shinseki, we look forward to working with you and each of you, Admiral Dunne, Dr. Cross, Secretary Reed, Secretary Muro, Secretary Warren. Thanks to each of you for your dedication to our veterans.

And we may have finished our formal questioning, but one of our colleagues who has done so much on behalf of veterans, Mr. Buyer, from Indiana, who is the ranking member on the Veterans Affairs Committee, former chairman of the V.A. authorizing committee. And it is good to see Mr. Buyer here. And even saw in the Washington Post, I believe, today about new legislation you have introduced, Mr. Buyer, to help widows of those who have served in combat and given their lives for our country. We are glad to have you here and welcome you to this subcommittee any time you are here.

So thank you for coming and what you do to support our servicemen and women, and particularly the members of the Guard. Thank you. We are honored to have you all here.

With that, we will stand adjourned.

Thank you, Mr. Secretary.

[Questions for the record submitted by Chairman Edwards]

CONSTRUCTION COMPETITION/PRICING

Mr. Secretary, a recent New York Times article highlighted contract saving being experienced in the highway sector of the economy. In part, the article noted:

"Construction companies, hungry for work in the dismal economy, have slashed their prices to try to win the first round of public works projects being paid for by the federal stimulus package.

"Pennsylvania officials said contractors competing for their first round of road and bridge projects had offered bids 15 percent lower than the state had expected. Utah officials said some of their bids were coming in 25 percent lower than expected. And a bid to build a 4.7-mile extension of Interstate 49 from Shreveport, LA, toward the Arkansas state line came in at \$31.1 million, about \$4.7 million less than the Louisiana Department of Transportation and Development had estimated the project would cost.

"Officials in many states see the low bids as a sign that they are in a buyer's market. A few years ago transportation officials in Utah, concerned that there was little competition for their construction work, put together a team to try to entice more companies to bid for the jobs. Now, as the first stimulus projects get under way, they are getting a half-dozen bids for each job—and many are coming in at 25 percent below their estimates."

Question. Is the Department finding similar competition for construction jobs and a similar increase in the number of bidders on contracts? And are bids coming in at lower than your estimates for the work?

Response. VA has been experiencing increased competition by firms competing for major construction contracts in about one-half of the markets where we have awarded major contracts during this fiscal year.

The increased competition has produced favorable pricing which has enabled a contract award of the full design without taking any deductions. In some cases,

where designs had been restrained to accommodate the prior robust economy, we are able to consider restoration of items previously deleted from the design.

These recent experiences, coupled with periodic analysis being done in the markets where we will be planning to procure major construction services, have informed the estimates developed for the FY 2010 budget. For the estimates used in the FY 2010 budget, we have included significantly less escalation than would have been used in the FY 2009 budget, for example.

TRANSFORMATION REVIEW

Question. The budget submission includes funding for several programs that you have identified as part of the Department's transformation process. It is my understanding that the transformation review is still ongoing. It is likely that, as this review moves toward completion, additional issue will arise and changes to Departmental operations will be identified. How do you think this will impact the 2010 budget request?

Response. The comprehensive organizational and management reviews in process will generate additional transformation initiatives. Departmental leadership will apply conclusions from these activities that may result in adjustments to the budget request within the 2010 topline during the next several months. The results of this ongoing management decision-making process—in partnership with Congress—will be a budget that starts VA down a path toward becoming a 21st Century organization.

SUSTAINABILITY AND ENERGY

Question. The fiscal year 2009 budget request and subsequent appropriation included funding within the Construction, Major Projects account for "sustainability and energy" projects. This year there is no budget request for this effort. Can you tell me why there is not a budget request and what that tells us about the Department's energy efficiency program?

Response. VA did not request this line item in FY 2010, as the sustainability and energy efficiency/renewable energy requirements of major projects are now factored directly into the project design and construction costs.

The Department's Energy Program is very robust and continues to grow each year. For example, since 2006 VA has added approximately 90 facility-level energy engineers to serve all VA facilities. VA benchmarks its medical and benefits office facilities quarterly using EPA's EnergyStar Portfolio Manager, and is one of the few organizations doing so via electronic data transfer. Twenty-seven VA medical centers have earned EnergyStar labels since 2002. Five VA facilities have won energy or water management awards since FY 2005.

VA is committed to expanding the use of renewable energy and energy efficient technologies. In FYs 2009 and 2010, VA plans to obligate approximately \$126M for the following types of energy projects:

- Renewably-fueled cogeneration
- Solar photovoltaic
- Wind
- Geothermal/ground source heat pump
- Energy infrastructure improvements
- Facility metering
- Environmental management systems

In addition, the American Recovery and Reinvestment Act of 2009 provided the Department with \$1 billion in the medical facilities account (for non-recurring maintenance projects). Approximately \$400M (40%) of these funds will be dedicated to projects that feature an energy efficiency or renewable energy component.

DEPARTMENTAL ADMINISTRATION

Question. The budget request for Departmental Administration has an increase of over 17% compared to the fiscal year 2009 appropriation, and an increase of about 6% in the number of full-time equivalent personnel. Included in personnel increases are increases of 45% in the Office of Policy and Planning and 31.5% increase in the Office of Congressional Affairs. What would justify such significant funding and personnel increases in administrative offices?

Response. A significant portion of the funding and staffing increases in General Administration are needed to directly support a number of vital transformation initiatives. VA will create a reliable management infrastructure that expands or enhances corporate transparency at VA and places much greater focus on improved

client services and enhanced responsiveness to the needs of Veterans and all VA stakeholders.

Transformation initiatives supported by the 2010 budget are:

- \$8.5 million and 6 FTE to expand the VA-DoD Joint Collaboration Office in the Office of Policy and Planning. This office will provide oversight for the joint governance and strategic planning process, and provide analytical information to support analysis of policy and program issues that affect VA-DoD collaboration efforts, including joint responsibilities in the continuum of care and services from service member to Veteran status.

- \$1.5 million and 9 FTE to establish a Corporate Analysis and Evaluation function that would analyze investment options for the Secretary and provide an analytical basis for making investment decisions on current programs and new initiatives.

- \$645 thousand to fund the new Office of Acquisition, Construction, and Logistics which is responsible for overseeing the resources, services, and projects that comprise VA's capital facilities program, and directing the Department's acquisition and logistics activities (Supply Fund). The necessity of this office is highlighted by the \$1.921 billion in capital funding in our 2010 budget request.

- To implement VA's Paralympic program pursuant to Public Law 110-389, \$5.5 million is budgeted for grants to local providers to help implement the program and for direct subsistence payments to participating Veterans and service members. This program will be administered by the Office of Public and Intergovernmental Affairs.

- \$2 million for Enterprise-wide training and Corporate-level HR programs in the Office of Human Resources and Administration. VA's Corporate Senior Executive Management Office is being established to recruit, develop, and retain a cadre of people-centric and results-oriented senior managers committed to serving Veterans and VA's mission. VA will also move forward on establishing a Human Resource Corporate Consulting Center. The corporate approach will allow VA to move from a transactional based process to a consulting center that provides expertise on training, adult learning, workforce and succession planning, performance measures and evaluation, and VA's business acumen.

- \$2.8 million and 24 FTE for crises management exercises and VA readiness programs in the Office of Security and Preparedness. This funding will allow VA to prepare and validate VA's ability to perform mission essential functions during crises; provide for a Personnel Security and Suitability Office to strengthen background investigations; strengthen VA's police inspections program; provide for a Personal Identity Verification (PIV) program office at Central Office; and strengthen VA's special access program for classified information.

- \$1.7 million and 12 FTE for the Office of Congressional and Legislative Affairs to be able to respond to Congress in a more timely way to the increasing number of requests from Congress and stakeholders.

FEDERAL RECOVERY COORDINATORS

Question. Witnesses at the House Veterans Affairs Committee hearing on April 28th indicated that there was a great need for the assistance of Federal Recovery Coordinators for our seriously injured veterans even after they had transitioned from the DoD health care system to the Veterans Health Administration.

1. Can you tell me if the fiscal year 2010 budget submission includes funds for additional Federal Recovery Coordinators?

Response. The FRCP received over \$4.4 million from Patient Care Services (PCS) for Fiscal Year 2009. The funding from PCS enables FRCP to increase its budget should the need arise. This is the first year that FRCP's budget has been tracked independent of the PCS budget. As such, by the end of FY 09 we will know the total costs of this program, including travel and training. Right now, it would appear that FRCP's current funding of over \$4.4 million is more than sufficient to support its current operations.

Currently, FRCP has 14 Federal Recovery Coordinators. We are in the process of hiring a third FRC to fill a current vacancy in the National Naval Medical Center, Bethesda. This will fill all slots that are currently in place for the program. FRCP is constantly assessing its workload and with a weekly census of its clientele, is able to closely monitor if the program will need more FRCs. The funding permits such hiring should it be deemed necessary.

2. Can you tell me if you plan to provide Federal Recovery Coordinators for all seriously injured veterans?

Response. The program is designed to assist severely wounded, ill or injured recovering service members, Veterans, and their families access the care, services, and benefits provided through the various programs in the Departments of Defense and Veterans Affairs, other federal agencies, states, and private sector. Program eligi-

bility criteria were approved by the Senior Oversight Committee and include those service members or veterans who are:

1. Receiving acute care at military treatment facility;
2. Diagnosed with:
 - a. Spinal Cord Injury,
 - b. Burns,
 - c. Amputation,
 - d. Visual Impairment,
 - e. Traumatic Brain Injury (TBI), and
 - f. Post Traumatic Stress Disorder (PTSD);
3. Considered at risk for psychosocial complication;
4. Self referred based on perceived ability to benefit from a recovery plan; and
5. Command referral based on perceived ability to benefit from a recovery plan.

In addition, the program has a strategy to reach out to those who went through the system prior to the program's inception and who might still benefit from a recovery plan and care coordination.

MEDICAL RESEARCH

Question. Mr. Secretary, I note that the budget request includes a substantial increase of \$70 million this year for medical research, an increase of over 13%. The recent review of the Medical Research account by the VA Office of Inspector General confirmed that the research areas funded by the Department relate strongly to the diseases and injuries most prevalent in our Veterans population.

1. Can you please discuss the Department's plan for the \$70 million increase for Fiscal Year 2010 and how it relates to our Veteran populations? How do you measure the success of VA research?

Response. VA's Office of Research and Development (ORD) funded studies are relevant to our Veteran populations and address research questions related to improved understanding, treating, and preventing diseases and injuries, as well as improving healthcare delivery and services. The additional funding requests are specifically targeted for areas of high importance in which further studies are necessary for specific needs including:

- New research initiatives are planned that are related specifically to the newest Veterans returning from Afghanistan and Iraq (Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF)), and VA requests \$20 million above the current base spending of \$279 million for this component. These initiatives will be directed towards further understanding and treating physical and mental health problems prevalent in OEF/OIF Veterans including National Guard and reserve populations; however, many of these studies will provide results that can be generalized to all Veterans, e.g., if a new therapy is shown effective for PTSD or TBI.

- New initiatives are planned to increase research to improve access to healthcare and to better address rural healthcare needs. This effort will be relevant to all veteran populations who need readily available access to healthcare services wherever they live. This request represents a \$14 million increase above the current base spending of \$24 million.

- Personalized medicine research initiatives represent an additional \$14 million above the current base of \$40 million. These studies will also be relevant to all veteran populations, as results will better inform both the basis for disease and an individual's treatment response to drugs that consider genetic make up. Discoveries from personalized medicine research will transform health care in the very near future, and research in this area will have a direct impact on the health of all Veteran populations.

The remaining \$22 million of the requested increase will cover pay raises and inflationary costs associated with conducting medical research.

VA research success is measured both internally and externally. Internal evaluations include competitive renewals of programs that have been evaluated as successful, research audits, and inspections, e.g., recent OIG finding that VA research is strongly relevant to Veterans' needs. Examples of external evaluations include peer reviewed publications and evaluations by the Office of Management and Budget. An example of success from VA's research program is improved health care options for Veterans. Following ORD supported research on PTSD among women Veterans, VA's Office of Mental Health Services is now supporting a national rollout of training in a therapy called prolonged exposure therapy, which has shown real results in treating women Veterans who suffer from PTSD. Women who received this therapy were more likely to no longer meet PTSD diagnosis criteria and were more likely to achieve total remission.

2. The Department of Defense has recently received significant increases in research funding for TBI, PTSD and prosthetics. What mechanism exists to ensure the two Departments leverage their research dollars to achieve the maximum impact in shared areas of interest?

Response. While there is no formal mechanism for leveraging funding between the Department of Defense (DoD) and VA, both agencies have benefitted immensely from a close collaboration on research efforts in the areas of TBI, PTSD and prosthetics, which is fostered through regular meetings of VA and DoD research leadership and investigators alike. The following are some key examples of these collaborations, which are intended to prevent overlap in research funding and extend, as far as possible, the valuable resources allocated to the respective agencies for research:

- VA ORD staff serve as advisors to the DoD research offices, developing requests for proposals in the area of TBI and PTSD, as well as provide advice for identifying key priority areas for funding announcements. VA has worked closely with DoD Center of Excellence for TBI and Psychological Health (DCOE) and Congressionally Designated Medical Research Programs (CDMRP) on developing research programs.
- VA ORD staff serve as advisors on the Executive Advisory Board for the newly funded DoD Clinical Consortium and is thus informed about new clinical trial proposals and potential areas for collaboration. The Director of the Executive Advisory Board is a VA scientist.
- The Deputy Chief of Research and Development serves on the Board of Directors for the Armed Forces Institute of Regenerative Medicine.
- Key DoD research leaders participate actively in meetings of the VA National Research Advisory Council.
- VA staff have attended the strategic planning meetings for the DCOE, including serving in working groups to develop research targets and goals.
- VA staff regularly participate as reviewers for DoD scientific proposals—as peer review committee members, as secondary level reviewers, and as Integration Panel members. All of these roles serve to integrate the research efforts between the funding agencies.
- VA and DoD have jointly sponsored large integration conferences for TBI and Psychological Health (PH). One recent effort was a conference designed for eight working groups to develop recommendations for common data elements for TBI and PH, so that data definitions and measures are more standardized across studies. The results of this conference will be available during FY2010.

INFORMATION TECHNOLOGY PROCUREMENT

Question. Please provide the Committee with an assessment of the state of procurement at your department.

Response. VA has implemented several significant steps to improve the state of its procurement operations. As of May 1, 2009, VA is midway through a process to implement several major organizational changes, many of which are derived from the results of a comprehensive study conducted by Pricewaterhouse Coopers (PwC). As a result of the study, VA is implementing a plan to improve both the efficiency and effectiveness of the acquisition function within VA. The major tenets of this plan are as follows:

- **Leadership:** In an effort to consolidate one central authority for all VA acquisitions, the Secretary created the Office of Acquisition, Logistics and Construction. In addition, the Secretary has requested legislation to establish an Assistant Secretary who will oversee all Department-wide procurements.
- **Personnel:** While not directly attributed to the study, VA established clearer lines of authority within the VA Central Office buying units. In addition to existing offices in Austin, TX; Hines, IL; Denver, CO; and Frederick, MD, a Technology Acquisition Center (TAC) in Eatontown, NJ was established to focus primarily on managing information technology (IT) contracts.
- **Training and Development:** In August 2008, VA launched the first civilian acquisition academy, whose size and scope is second only to the Defense Acquisition University (DAU). Using OMB's Federal Acquisition Certification (FAC) standards, the Academy will focus on all aspects of acquisition workforce training which include: Contracting Officers, Contracting Officers' Technical Representatives (COTR), and Project and Program Managers (P/PM).

Further, in FY 2010, VA will launch a Competency Assessment Center (CAC) as a precursor to any training and development. Ultimately, a key measure to assess effectiveness is the degree to which an acquisition professional closes a specific competency gap(s). The Office of Personnel Management is working closely with VA to

develop the CAC since the concept revolutionizes the way VA (and government) targets training opportunities and tracks the competency of the workforce.

- **Technology:** VA has enhanced its contract management systems with state-of-the-art technology in two primary areas. The first area is the contract writing system, which systematically guides contracting officers (CO) through the development of all contractual documents. COs are mandated to use this system for all contract actions over \$25,000 and cannot issue a contract unless several key data fields are entered. These changes alone will significantly improve the quality of contracts and ability to track performance.

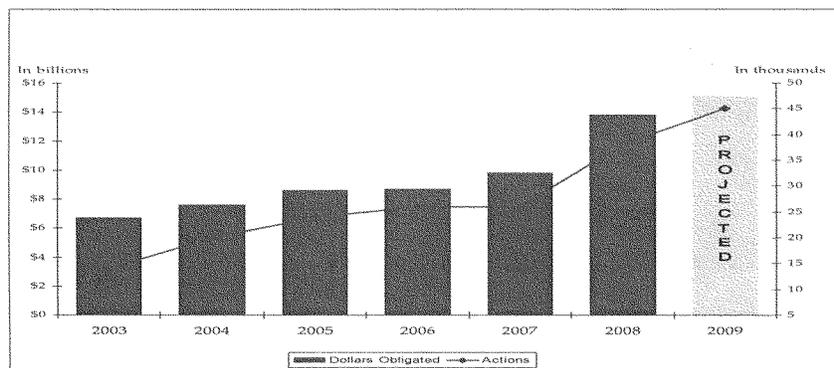
The second change is with reporting capability. By adding business intelligence capability to the system, VA now has the ability to:

- Measure process efficiency (e.g., timeliness),
- Assess compliance with acquisition laws and policies, and
- Predict whether a specific program is behind schedule so corrective action can be taken.

These enhancements are being used successfully to manage and report progress on over 1,300 separate procurement actions under the American Recovery and Reinvestment Act (ARRA) of 2009. In FY 2010, the technology and process changes will be expanded to all procurements managed by VA. In the future, VA will integrate the contract management system with the Department's financial management systems to ensure that proper reconciliation is done between commitments and obligations.

- **Structures and Processes:** As the second largest civilian federal agency, VA employs over 1,300 GS-1102 contracting officials, obligates over \$15 billion annually, and processes nearly five million contract actions.¹ Since 2003, VA has experienced exponential growth (see Table 2) in both contracting actions (98 percent) and obligations (280 percent).

Table 2 Obligations and Contract Actions > \$25,000 (FY 2003-2009) *



Excludes prosthetics contractual actions

Conversely, the total number of GS-1102s has increased at a significantly lower rate.² This growth in volume and obligations without an equivalent increase in the number of contracting officials has put a significant strain on the workforce and on the acquisition system.

Therefore, VA has instituted aggressive strategies to change its internal structures and processes to improve workflow efficiencies and to implement a staffing and workflow plan that improves the quantity and competency of its workforce. The primary goals are to ensure that:

1. VA COs are highly competent and qualified to manage the burgeoning workload.

2. VA is structured in a manner that reduces process inefficiencies and workload redundancies.

Given that the Veterans Health Administration (VHA) manages nearly 80% of all procurements within VA, one task in the PwC study was to recommend an optimum

¹Based on FY 2007 data from the Federal Procurement Data System—Next Generation (FPDS-NG).

²It is noteworthy that continued growth in dollar obligations and transactions is anticipated given the importance of VA's mission to serve America's growing Veteran population.

organizational structure to improve the quality and efficiency of VHA's procurement function. Of the several recommendations provided by PwC, VA adopted the one that realigns VHA's acquisition management function from a largely decentralized structure to a more centralized model. Under this recommendation, VHA's leadership hierarchy will consist of seasoned acquisition professionals.

Headquartered in Washington, D.C. the new structure will have three regional directors with line authority over VHA field activities (e.g., Veterans Integrated Service Networks (VISNs)). This is a significant departure from the former decentralized organizational structure where the VISN procurement officers reported directly to local leadership. Under the new model, the Department's Senior Procurement Executive delegates all authority and has oversight responsibility over VHA's procurement operations.

By creating a contracting-centric organization and reporting structure and requiring that senior VHA leaders be well trained and experienced in the procurement field, the quality of acquisition within VHA should improve significantly.

In addition to the organizational realignment in VHA, VA realigned procurement operations within the VA Central Office (VACO). To help attract talent from those non-VA procurement professionals who may live in the Maryland area and do not want to commute into Washington, VACO's operations are being transitioned to our Center for Acquisition Innovation co-located with the VA Acquisition Academy facility in Frederick, MD. Table 4, submitted in response to question number 3, shows each buying unit, the FTE count, and the major customers.

Eventually, all buying for VACO customers will reside in that facility. In addition, the aforementioned TAC in New Jersey will focus primarily on IT purchases, an area that will experience significant investment and growth over the next several years. The addition of the TAC will help to relieve the significant IT workload which currently resides in Austin, TX and the Cleveland Business Center.

Under the realignment, the National Acquisition Center (NAC) in Hines, IL, will continue to focus on purchases for medical and surgical equipment through delegated federal supply schedule authority granted by the General Services Administration. The NAC supports the needs of VA hospitals as well as the Departments of Defense and Health and Human Services. Further, through a world-class intern program, which hires up to 30 interns annually, VA firmly believes that building a new generation of acquisition professionals is the soundest long-term strategy. This new talent will receive high quality training, development and on-the-job experience. The goal is to teach the interns new and innovative ways of managing procurements. More importantly, they will be nurtured and molded for increasingly complex leadership roles in the future.

The major changes to the structures, processes, measurement systems and information technology represent transformational steps toward improving how goods and services are procured in VA.

Question. I understand that some of the procurement offices (Austin and Cleveland) have stated that they will not handle any new information technology procurements for the remainder of FY 2009 because they do not have the capacity. Is this true?

Response. Historically, program offices have randomly assigned work to various acquisition offices without prior planning and acquisition strategy. A consolidated strategy has been developed to meet the priority information technology procurements for the remainder of FY 2009. The Center for Acquisition Innovation (CAI), in Austin, TX, is slated to execute 111 contract actions for an approximate total of \$355M for the remainder of FY 2009. However, executable requirements packages have not yet been received for some of these actions, jeopardizing the timely award and obligation of funds. CAI Austin, in coordination with interns from the VA Acquisition Academy, will additionally award several simplified acquisitions in support of the Office of Information Technology. CAI Austin does currently have 16 vacancies and recruitment efforts are underway to identify and retain qualified contracting professionals. As requirements continue to emerge, there is a real possibility that we will need to work with GSA to accept contracting requirements to execute on behalf of VA.

Question. For the record, please submit to the Committee a list of all procurement offices, which offices they service, as well as the number of filled positions and vacancies for each.

Response. Profile of VA Workforce

Table 3 shows the distribution of the GS-1102 operational contracting officers/specialists across the Department and the planned number of new full time equivalent (FTE) positions.

TABLE 3—TOTAL NUMBER OF GS-1102S BY FISCAL YEAR (2003–08)*

Category	2003	2004	2005	2006	2007	2008	Total increase between 2003–2008	Total projected for 2009*
Total GS-1102 Workforce	766	786	808	851	909	1167	+401	1407*
% increase from previous fiscal year		2.6	2.8	5.3	6.8	28.4	52.3	17.1*

*Includes 160 new positions at the TAC, 30 additional interns and approximately 50 positions in VHA.

Table 4 provides a breakdown of the total number of contracting officials. Note that VHA represents over 65 percent of the total GS-1102 workforce and approximately 82 percent of total dollars obligated.

TABLE 4—DISTRIBUTION OF THE GS-1102 WORKFORCE (AS OF MAY 1, 2009)

Administration/Office	Number of authorized GS-1102s	On board	Number of vacancies
VACO ¹	407	192	215
VHA ²	871	739	132
CFM ³	17	15	2
VBA ⁴	24	23	1
NCA ⁵	19	16	3
TOTAL GS-1102s	1,338	985	353

¹Includes VACO staff offices, OALC Field elements (i.e., National Acquisition Center, Denver Acquisition and Logistic Center, and the Centers for Acquisition Innovation), VBA, VHA, and most major systems procurements for OIT.

²Includes purchases for energy, local medical center procurements.

³All major construction VA-wide.

⁴Most buying is within the simplified purchasing threshold and orders under IDIQ contracts.

⁵Manages services to support the national cemeteries and non-recurring maintenance.

Question. I understand that an effort is underway to assess and prioritize IT procurements. What is the status of this effort, and what is the way forward to ensuring that crucial IT procurements are handled expeditiously?

Response. As a result of recent meetings between the Office of Acquisition and Logistics (OAL) and the Office of Information Technology (OIT), we have identified 625 OIT requirements for an estimated \$896M for FY 2009 execution. OIT Development has prioritized its requirements and continues to work with the OAL to ensure that all priority one requirements are assigned and executed. Joint acquisition planning and execution efforts are ongoing, and OAL is pursuing additional capacity through assisted acquisitions.

Question. What is your FY 2010 request for the Office of Acquisition, Logistics, and Construction—how many new positions are you requesting? Is this adequate given the continued emphasis on complicated information technology procurements?

Response. The Office of Acquisition, Logistics and Construction's (OALC) FY 2010 budget request is \$50.7 million. Of this amount, \$645 thousand is to support the Office of the Executive Director OALC, and \$50.1 million is to support the Office of Construction and Facilities Management (CFM). The requested budget authority is an increase of \$5,485,000 from FY 2009 and adds 16 new FTE. The additional staff is to support the increased major construction and leasing workload in CFM.

The Office of Acquisition and Logistics (OAL), which has the primary responsibility of supporting the information technology procurements, is funded through a self-sustaining revolving account known as the Supply Fund which is non-appropriated funds. The FY 2010 budget reflects that the Supply Fund will support 662 FTE, an increase of 30 FTE over 2009. The increases are primarily due to the establishment of the Technology Acquisition Center and additional acquisition interns at the VA Acquisition Academy. These resources are adequate to meet our current information technology program and mission needs.

TECHNOLOGY ACQUISITION CENTER

Question. I understand that your Department is working with the Department of Defense to establish a Technology Acquisition Center. Would you please give the Committee a brief overview of this new Center? What do you hope to gain from this activity, and when will it be fully operational? What is its mission—will it handle only IT-related procurements?

Response. VA has recognized for some time the need to increase its contracting officer population and has taken significant steps, both near term and long term,

to accomplish this. In addition to enhancing its recruiting activities to draw from the ever-shrinking pool of trained contracting professionals in the Federal workplace, VA's most significant near term solution to increase quickly its number of seasoned contracting officers is both resourceful and unique.

VA is establishing a Technology Acquisition Center (TAC) near Fort Monmouth, New Jersey. The U.S. Army post, Fort Monmouth, New Jersey, will be closed in 2011 under the Base Realignment and Closure (BRAC) 2005 implementation plan. Fort Monmouth is home to one of the premier Contracting Centers in the Army. This contracting workforce contains an experienced core of contract specialists and other acquisition professionals that are dedicated to the acquisition of IT. VA has moved swiftly to hire the current Army acquisition staff that desire to remain in the area and continue their Federal service. By creating the TAC in Eatontown, NJ, VA will acquire the skills and abilities of 167 acquisition professionals (over 80 of which are contract specialists) in a very short period of time. This initiative is expected to be fully staffed by August 2009 and the TAC will have three distinct functional areas. These areas include contracting; an Acquisition Rapid Response Office, which will assist in the development of acquisition documents; and a Program Management Office, which will assist VA Program Managers in the management of their programs. The staff will support the entire acquisition lifecycle, not just the contracting piece as is traditionally found in procurement organizations.

OFFICE OF INFORMATION AND TECHNOLOGY HIRING FREEZE

Question. Would you please tell the Committee why there is a hiring freeze, when it was instituted, and what impact it is having on the Department?

Response. There has been a hiring freeze within OI&T beginning in early February 2009. The hiring freeze was implemented within OI&T because funding for payroll was insufficient to cover on-board staffing through the end of the fiscal year. As a result, VA requested a reprogramming of \$28 million within the IT Systems appropriation to support payroll requirements. We appreciate the Committee's support of VA's reprogramming request. The Department could not maintain its strong commitment to Veterans to provide high quality and effective IT operational services and development without obtaining the \$28 million reprogramming and lifting the hiring freeze.

Question. For the record, would you please submit to the Committee a list of all offices within OI&T, as well as the number of filled positions and vacancies for each office?

Response. The organizations within OI&T are as follows along with the current staffing on-board as of April 24, 2009, and current critical vacancies associated with each that have not been filled:

- Office of the Assistant Secretary for Information & Technology: 1 staff, 0 vacancy
- Office of Quality, Performance & Oversight: 200 staff; 2 vacancies
- Office of Information Protection & Risk Management: 580 staff; 29 vacancies
- Office of IT Enterprise Strategy, Policy, Plans & Programs: 44 staff; 7 vacancies
- Office of IT Resource Management: 92 staff; 2 vacancies
- Office of Enterprise Development: 879 staff; 53 vacancies
- Office of Operations & Field Development: 4,965 staff; 250 vacancies

Question. I am slightly perturbed at hearing about this hiring freeze, because we tried to help you last year. Last year, our Committee pointed out to VA that OI&T had a staffing requirement to hire 1,990 additional FTEs, most of these in the field providing IT support in the many medical centers. However, in responses back to the Committee, the Department stated that VA only needed "to hire an additional 247 staff in FY08 . . ." and you requested only 94 additional FTE.

Response. The 2010 budget request includes funding to support an additional 800 FTE. In addition, OI&T, as part of VA's transformation to the 21st Century review process, is completing a staffing analysis to determine/validate the staffing needs of OI&T. See Table 1 below.

Question. I understand that your FY 2010 request includes funds to hire 600 more IT people for the field, and another 200 IT for the VA Central Office. Does your budget include enough funds to hire these 800 new people? Is 800 new staff enough?

Response. As shown in our budget submission to Congress, 600 FTE will support Enterprise Operations and Field Development IT support. Other field personnel include field development staff as well as field security and information protection staff. 25 FTE of the 800 FTE is attributable to VA Central Office. Sufficient funding is included in the FY 2010 budget request to fund 800 additional FTE as well as

correct the payroll funding shortages (correcting the base) experienced in FY 2009. In addition, OI&T, as part of VA's transformation to the 21st century review process, is completing a staffing analysis to determine/validate the staffing needs of OI&T.

TABLE 1—OFFICE OF INFORMATION AND TECHNOLOGY
[FY 2009–2010 FTE Distribution]

	FY 2009 BA FTE	FY 2009 FTE reimb.	FY 2009 total	FY 2010 BA FTE	FY 2010 FTE reimb.	FY 2010 total	Total in- crease/de- crease
Enterprise Operations and Field Development (EOFD)	4,747	1,781	4,925	5,347	178	5,525	600
Enterprise Development	801	64	865	912	64	976	111
Information Protection & Risk Management (IPRM)	620	0	620	684	0	684	64
OI&T Corporate Administration	370	0	370	395	0	395	25
Total OI&T FTE	6,538	242	6,780	7,338	242	7,580	800

HEALTHeVET INTEGRATED MASTER PLAN

Question. What is the status of this effort and when does VA expect to have a comprehensive Integrated Master Plan (IMP)?

Response. For over 18 months, the Office of Information and Technology (OI&T) and Veterans Health Administration (VHA) have worked closely to develop a HealtheVet integrated program plan (IPP). In the wake of the issues that arose from the Replacement Scheduling Application (RSA), VA is engaging in a full review of all HealtheVet modules, materials, and plans. The outcome of this evaluation will provide VA sufficient information to establish authoritative completion dates for an Integrated Master Plan (IMP).

Question. Do enhancements and modernization projects allow for more modular services or SOA type approach allowing for best of breed modules which could be internally developed or purchased and then integrated?

Response. VA recognizes the many benefits of implementing Service Oriented Architecture (SOA) as part of enhancements and modernization projects, and moreover, is in the process of incorporating SOA into VA's planning and implementation activities. Implementing a service oriented architecture offers VA significant benefits from both a business and IT perspective. Among the major advantages of using SOA at VA are greater flexibility and efficiency, as well as quicker reactions to changing governance and compliance requirements and business processes.

VA is currently in a strategic and sequential process of moving to a service oriented architecture. The first major instance of VA's use of SOA is within the long-term efforts of the Post-9/11 GI Bill implementation, commonly called the Chapter 33 program. The Chapter 33 program will be the first reference implementation of SOA. VA is currently developing a detailed roadmap and plan for SOA implementation. VA anticipates completion of this roadmap by December 2009.

ADDITIONAL QUESTIONS FROM CHAIRMAN EDWARDS: INFORMATION AND TECHNOLOGY QUESTIONS

Question. What projects are underway that define the VA's approach to moving to a new hardware platform?

Response. OI&T has projects underway on several fronts to replace the legacy hardware platform for the Veterans Health Information Systems and Technology Architecture (VistA). There are three primary components of the solutions which will be addressed separately. These are the application servers, those on which client sessions run, database servers, those which fetch data and return it to the client applications, and the storage platform which holds the patient data. Efforts to modernize these platform components are tightly integrated into the National Data Center Project (NDCP), and the sequencing of these initiatives is coordinated with the migration of VistA systems into the NDCP.

The specifics of these projects to upgrade this hardware platform are as follows:

Application Servers—testing has been completed on commodity x86 server technology running both LINUX and Windows. Production systems running Windows are in place in VISN 23 and being finalized for testing in the data center environment in Region 4. Production systems running LINUX are in limited operation in

the Sacramento Data Center. Regardless of the operating system chosen to run on these platforms the commodity nature of x86 platforms has been validated as providing exceptional stability and performance for this component of the VistA hardware solution.

Database Servers—testing is underway for the migration of this component off of end-of-sale HP Alpha and on to Itanium technology. This strategy will allow OI&T to continue to leverage the OpenVMS operating system which offers the least complicated path for migration. A production instance of VistA at the Cleveland VAMC has been brought online with Itanium and is being evaluated. The results are early but impressive. OI&T has begun to explore alternative platforms for this hardware component to verify the best technology to provide this solution. Current plans are to continue with Itanium while analysis is completed.

Storage—the current storage infrastructure utilized for VistA spans a series of mid-life and end-of-life technologies, based on when the last facility-based technical refresh was executed. These disparities will be addressed as VistA systems are migrated into data centers. The current storage platform in the data center solution is mid-life and has support and capacity for expansion, but is mid-tier and cannot effectively scale to meet future demand. Testing has been completed on an enterprise-class storage platform and funding to begin the implementation of this more technically appropriate solution has been budgeted in FY10.

Question. What is the Plan to modernize VistA, and will this plan help coordinate software development efforts that would enable reuse of existing legacy VistA components deemed valuable to the organization?

Response: HealtheVet is the technological plan to modernize VistA. Joint efforts between the internal Office of Information and Technology (OI&T) and Veterans Health Administration/Office of Health Information (VHA/OHI) have been established to validate and document the scope, business architecture and Service Oriented Architecture (SOA) for the HealtheVet System-of-Systems. These collaborative efforts are assisting with the development of a comprehensive strategic plan that will execute this major IT program, including cost models and respective Integrated Master Plan/Integrated Master Schedule (IMP/IMS) necessary to manage and sustain HealtheVet projects/products. Items in this plan will not only allow the organization to understand the necessary development efforts, but it will also eliminate duplication of functional services, ideally maximizing the resources at VA and of HealtheVet. At this time, we have identified some improvements to VistA Legacy to support the immediate and critical needs, as well as continue to define the future direction of HealtheVet.

Question. Is the VA looking at commercial best practices for implementing clinical systems and integration of disparate systems in the private healthcare sector?

Response. Yes. HealtheVet targets commercial best practices for implementation, integration and evaluation.

Question. What is the incremental technology roadmap, starting in 2009, for sequencing modernization of the hardware and software for IT modernization supporting VHA?

Response. The slides at attachment 1 present a high-level technology roadmap for modernizing the software supporting VHA.

Question. What is the plan for improving VHA's ability to acquire needed services like systems integration and customization for VistA enhancement as well as modernization?

Response. VA's strategy for improving acquisition of systems integration and customization is shifting to address not only the acquisition process itself, but also new approaches to development and program management. VA is working to establish project management methods that center around agile development, frequent testing, and substantial end-user involvement. Several pilot projects are underway that utilize these processes, and initiatives like the HealtheVet governance model and HealtheVet Acquisition Strategy include heavy involvement from both technical and business staff.

VA continues to face acquisition and staffing challenges, both of which impact program timelines. OI&T is working to adopt an Integrated Project Team approach to software development, which features not only technical, engineering, and business involvement, but also representatives of key functions including human resources and acquisitions. This approach engages acquisition staff earlier in the development process, facilitating a more strategic approach to the acquisition process that will help mitigate some of the challenges faced to date. Challenges to IT acquisition remain, however, and VA continues to investigate better and more permanent solutions to these issues.

Question. What VA contract vehicles and VA contracting officers are available to support maintenance and modernization efforts for hardware, software and services?

Response. Available VA contracts: Currently, VA has few “internal” contract vehicles for the procurement of information technology (IT) hardware, software, and services. In accordance with federal acquisition regulations, VA makes maximum use of existing Government-wide Acquisition Contracts (GWACs) and the General Services Administration’s (GSA) Federal Supply Schedules. Recently however, VA has determined that the award of enterprise wide contracts would enhance our ability to leverage our acquisition workforce and provide us the opportunity to establish better terms, conditions, and pricing than are generally available through existing non-VA contracts. VA intends to begin the process of developing these new contracts in fiscal year 2010.

Current VA contracts include:

- a. Ten Global Information Technology Support Services (GITSS) Contracts—ordering contracts for a full array of IT services
- b. Blanket Purchasing Agreement (BPA) awarded under GSA IT Schedule 70 for lease of desktop computers, monitors, maintenance and installation services
- c. Eight BPAs awarded under GSA IT Schedule 70 for Vista Contractor Services to maintain and support Vista legacy systems

In addition to these VA-awarded contracts, VA makes significant use of the following GWACs and GSA contracts/schedules in acquiring IT hardware, software, and services:

- a. GSA Veterans Technology Services (VETS) GWAC, which is a “preferred” source for acquiring IT services per VA policy
- b. NASA Solutions for Enterprise Wide Procurement (SEWP) IV GWAC, which is a mandatory source for acquiring VA hardware, software, maintenance and installation services per VA policy
- c. GSA Federal Supply Schedule 70 for IT equipment, software, and services. This is probably the most widely used IT procurement vehicle throughout the Federal government.

VA contracting Officers: VA’s Office of Acquisition and Logistics (OAL) is the principal contracting activity within VA for the procurement of hardware, software, and information technology (IT) services. Within OAL the main organizations focused on the procurement of IT are the Center for Acquisition Innovation (CAI), Austin, Texas campus; and the newly created Technology Acquisition Center (TAC), located in Eatontown, NJ.

VA has recognized for some time the need to increase its contracting officer population and has taken significant steps, both near term and long term, to accomplish this. In addition to enhancing its recruiting activities to draw from the ever-shrinking pool of trained contracting professionals in the Federal workplace, VA’s most significant near term solution to increase quickly its number of seasoned contracting officers is both resourceful and unique.

The U.S. Army post, Fort Monmouth, New Jersey, will be closed in 2011 under the Base Realignment and Closure (BRAC) 2005 implementation plan. Fort Monmouth is home to one of the premier Contracting Centers in the Army. This contracting workforce contains an experienced core of contract specialists and other acquisition professionals that are dedicated to the acquisition of IT. VA has moved swiftly to hire the current Army acquisition staff that desire to remain in the area and continue their Federal service. By creating the TAC in Eatontown, NJ, VA will acquire the skills and abilities of 167 acquisition professionals (over 80 of which are contract specialists) in a very short period of time. The TAC is expected to be fully staffed by August 2009. The TAC will have three distinct functional areas. These areas include contracting, an Acquisition Rapid Response Office which will assist in the development of acquisition documents and a Program Management Office which will assist VA Program Managers in the management of their programs. The staff will support the entire acquisition lifecycle not just the contracting piece as is traditionally found in procurement organizations.

Through the VA Acquisition Academy (VAAA) in Frederick, MD, VA is training a cadre of acquisition interns for the future. The first class of interns has successfully completed its first year of intensive acquisition training, while VA is in the process of selecting suitable candidates for its second intern class which is slated to start training during the Summer of 2009. The VAAA has made significant progress to ensure that future VA contract specialists/contracting officers have the requisite training and certifications to support critical program execution. In addition to the FAC-C training, the VAAA is developing a project and program management development program that exceeds the minimum FAC-Program/Project Management (FAC-P/PM) requirements. The VA’s FAC-P/PM program will be applied learning based and address all levels of expertise with an expanded set of competencies to ensure the VA’s project and program managers are capable of delivering

the best value to the taxpayer. The VA's FAC-P/PM program is addressing information technology project/program management issues first.

The combined strength of the CAI and TAC contracting activities will exceed 220 acquisition professionals focused on supporting the IT requirements of the Department. In conjunction with VA's continued recruitment and retention initiatives, and the development of its future acquisition workforce through the VAAA, this number is considered adequate.

[Questions for the record submitted by Ranking Member Zach Wamp]

TRANSFORMATION

Question. How will this transformation occur? Will transformation occur in-house using policy directives set by you, or will you be working with this Committee and the authorizing Committee on legislative proposals to transform the VA? What role will Veterans groups have in the process?

Response. The Department of Veterans Affairs (VA) has begun to lay down the groundwork for transforming into a 21st Century organization that is Veteran-centric, results-driven and forward-looking. The approach used to transform VA will employ leadership directives, suggestions from Veterans and their families, Veteran Service Organizations, employees, unions, and work with Congress and its key committees to develop and enact legislative proposals to accelerate and support transformation. Laying the foundation for transformation began during the presidential transition period in listening to the concerns and ideas from Congressional committee staff, Veteran Service Organizations, and VA employees. It continued in February when VA started developing a new vision statement with valuable input from key stakeholders. VA interviewed Senate and House authorizing and appropriating committee staff, conducted focus groups of Veterans and their family members, and surveyed over 16,000 VA employees to learn more about their vision and expectations for a transformed Department.

Numerous ideas have been proposed by employees and other stakeholders. Several of these insights have been inserted into the work of the Transformation Task Force (TTF). The TTF drives the transformation initiatives through the VA governance process using an iterative approach so that each proposal can be discussed, improved, and ultimately approved. The governance process is a transparent method allowing every organization in the Department to participate in the decision making process on transformation initiatives.

Question. Give us an example of something as it is at the VA today, and what it would look like under transformation?

Response. The development and implementation of a joint, virtual, lifetime electronic record, which will ultimately contain administrative and medical information from the day an individual enters military service throughout their military career and after they leave the military. Today, VA relies on reams of paper, which is difficult to locate, housed in various locations, and is not integrated with data owned by the Department of Defense.

This disparate and inefficient approach leads to negative experiences when Veterans interact with VA and the possibility for inaccurate responses and decisions. In the future, regardless of where a Veteran is located his or her complete record would be available for use by the Veteran, VA, and DoD.

Question. Your testimony says that resources are included in the budget for this transformation that will take more than one year to complete. How much is in this budget that is directly tied to the transformation and what does it get us?

Response. The FY10 budget request submitted to Congress includes funding to begin developing VA into a 21st Century organization. This includes \$144 million to continue moving toward the President's goal of reforming the benefits claims process to make VA's claims decisions timely, accurate, and consistent through use of automated systems. It will strengthen service to Veterans by providing them the capability to apply for and manage their benefits on-line. It will also reduce the movement of paper files and further secure Veterans' personal information. As additional transformation initiatives are identified as a result of the organizational and management reviews, more funds within the budget topline will be denoted as part of the VA transformation over the next several months.

Question. Does transformation buy us a new Assistant Secretary for Logistics, Acquisition and Construction? Is this just another layer of bureaucracy?

Response. The FY2010 budget request contains funding for new approaches to meeting emerging needs that will change the way VA does its work. Funding for the new office of the Assistant Secretary for Acquisition, Logistics and Construction is one of these new approaches. Currently, VA contracts for goods and services in

a variety of places, using a variety of methods, which leads to little available enterprise data about the use and purpose of funds. The new office of the Assistant Secretary for Acquisition, Logistics and Construction is designed to minimize added bureaucracy by elevating an existing office that is charged with managing this portfolio for the Department. Establishing the new office of the Assistant Secretary brings the needed discipline to VA's acquisition, logistics and construction processes, harvests efficiencies to spend VA budget dollars more effectively, and improves management results for all organizations in VA who use contracting services.

ADVANCED APPROPRIATIONS FOR VA MEDICAL CARE

Question. When does the administration plan to submit its advance appropriations for medical care proposal to the Congress? What is the current thinking on what the proposal would be?

Response. The VA is currently working to finalize the details in its plan for advanced appropriations. We will work with the Congress to execute the plan this year.

VA INFORMATION TECHNOLOGY RISKS

Question. How do you reconcile the substantial request for IT with the testimony the IG provided to this Committee just a few weeks ago that we should be concerned about VA's ability to effectively identify and manage its IT capital investments, and ensure that annual funding decisions make the best use of available IT resources?

Response. VA will address OIG concerns through the implementation of an IT Multi-Year Programming Process. Our IT Multi-Year Programming Process begins with the Chief Information Officer (CIO) publishing official multi-year Programming Guidance, over his signature, to key business stakeholders and subordinate deputies. The Programming Guidance addresses investment priorities based on the VA Secretary's strategic goals and objectives in the respective out-years.

Once new program or increased investment proposals are submitted to the Office of Information Technology (OI&T), the CIO convenes the Programming and Long-Term Issues Board (PLTIB), comprised of both business stakeholders and OI&T staff members, to deliberate and provide a Program proposal to the IT Leadership Board (ITLB), chaired by the VA Deputy Secretary. Once the ITLB approves the Multi-Year Program, budget year guidance is provided to the Budget and Near-Term Issues Board (BNTIB) to develop the VA Secretary's budget request for IT to the Office and Management and Budget (OMB). The BNTIB is comprised of essentially the same organizations (business stakeholders and OI&T staff members) as the PLTIB.

This process lays out a capital investment planning process that provides a multi-year view, involves all stakeholders in the process, and ensures the oversight of the senior leadership in the Department regarding all long-term IT investment decisions.

Question. If you could pick one, what is the highest priority increase in the VA IT Budget?

Response. Providing post-9/11 GI benefits by August 2009 and supporting this initiative in FY 2010 remains the top IT priority. However, the funding request for Paperless Delivery of Veterans Benefits is the highest priority increase in the FY 2010 request, as the funding increased from \$1.5 million in FY 2009 to \$143.68 million in FY 2010, the largest funding increase for any single initiative in the budget request.

Question. Do you believe that the proposed increase to the VA IT account will "right-size" the IT budget request and that you will not require a reprogramming of funds into IT in fiscal year 10?

Response. At this time, the increase will support VA's OI&T budget requirements for FY 2010. The Secretary has initiated a transformation process to prepare the Department to operate in the 21st Century. This transformation process will take place over the next three months, and may identify a potential reallocation of resources to support new initiatives.

Question. How does this budget request better meet the IT needs of VA?

Response. With the resources requested for FY 2010, VA will strengthen collaboration with the Department of Defense with the goal of improving patient safety and care, and expediting benefit claims processing; automating the educational benefits assistance system to handle the expanded benefits passed in the Post 9-11 Veterans Educational Assistance Act of 2008; continue to develop Financial and Logistics Integrated Technology (FLITE) as the next generation core financial management system; and strengthen our IT workforce as well as our aging and fragile IT infrastructure.

VA IT STAFFING (FTE) QUESTION

Question. How long will it take to hire, train, and fully integrate 800 new FTEs into the VA IT organization?

Response. It will take approximately a year to first hire, and then train and fully integrate 800 new FTEs into the VA OI&T organization.

VA BENEFITS CLAIMS BACKLOG

Question. Mr. Secretary you have been at the helm of the VA for a few months now, and undoubtedly you have heard from various constituencies about the claims backlog at the VA. Part of the issue is there seems to be an inconsistent definition of what a backlogged claim is exactly. We have put funding in this bill over the last two years to hire an additional 3,000 claims processors. What is the current claims rating backlog? Have you been able to establish a common definition?

Response. The Veterans Benefits Administration's entire inventory of disability claims is frequently—and incorrectly—referred to as the “claims backlog.” While there are approximately 400,000 claims in our inventory, the majority of these claims are not “backlogged.” The pending claims inventory is dynamic rather than static. It includes all claims received, whether pending for just a few hours or as long as six months. Completed claims are continuously removed from the inventory while new claims are added. We are averaging over 82,000 new claims added to the inventory each month during FY 2009.

VBA's strategic target for completing disability claims is 125 days. The target allows for necessary time awaiting evidence or expiration of statutory requirements including the Veterans Claims Assistance Act. VA defines “claims backlog” as the number of claims that have been pending longer than the 125-day goal. As of the end of April 2009, 138,415 claims (34% of the inventory) had been pending longer than 125 days and should therefore be considered “backlogged.”

Since 2007, the number of field claims processing employees has increased by more than 3,400 FTE. The increased staffing level is having an impact, and performance improvements are being achieved. The average days to complete claims Fiscal Year To Date (FYTD) 2009 is 164 days, the lowest level since the hiring initiative began in January 2007. In April, we completed over 86,000 claims in an average of 156 days. Our production this fiscal year is 10 percent above the same period in FY 2008. However, while we are completing more claims, the incoming claims volume through April 2009 is up 13 percent over last year.

SPECIALTY MENTAL HEALTH CARE AND RURAL HEALTH OUTREACH AND DELIVERY

Question. Why does the budget request propose to eliminate bill language in the Medical Services account that sets a spending floor of \$3.8 billion for specialty mental health care and \$250 million for a rural health outreach delivery and initiative?

Response. A spending floor of \$3.8 billion for specialty mental health care was not requested by the VA in the FY 2009 budget request, but was inserted by Congress in Public Law 110-329. The VA would prefer not to have a specific spending floor established in law but rather to ensure that the policies established in the Uniform Mental Health Services in VA Medical Centers and Clinics Handbook are extended to every Veteran to whom we provide mental health care. The FY 2010 budget request of \$4.564 billion is our current estimate of the cost of that care.

The bill language of \$250 million for rural health was also not requested by the VA in the FY 2009 budget request but was inserted by Congress in Public Law 110-329. The VA would prefer not to have a specific spending floor established in law but to increase access to rural health services for those Veterans who live in rural and highly rural areas. The FY 2009 funding is available for obligation until September 30, 2010 (two year funds), and the VA anticipates that \$60 million of this amount will be obligated in FY 2009. The balance of \$190 million will be obligated in FY 2010. The VA has requested an additional \$250 million in the FY 2010 budget request, for a total of \$440 million available for rural health initiatives in FY 2010.

RURAL HEALTH OUTREACH AND DELIVERY

Question. Please provide the Committee with the status of the Rural Health Outreach and Delivery program that was funded at \$250 million for FY'09.

Response.

- December 2008: Office of Rural Health (ORH) allocated \$21.75 million to Veterans Integrated Service Networks (VISNs).
- On May 21, 2009, VA announced that it had provided \$215 million in competitive funding to improve services specifically designed for Veterans in rural and high-

ly rural areas. After a careful review, the Office of Rural Health selected 74 programs, many of which were either national in scope or affected multiple states. The press release for the award of these projects is at attachment 2.

Question. How much of the funding has been allocated? How much do you plan to allocate this fiscal year?

Response. VA allocated \$21.75 million in December of 2008 and will allocate the \$215 million by mid-June 2009. We plan to obligate \$60 million of the \$250 million by the end of FY 2009.

Question. For the record, please provide FY '09 funding allocations by state and provide a short summary of Rural Health outreach and delivery initiative projects that have been/will be funded for FY 09.

Response. The \$215 million for the rural health initiatives at attachment 3 was distributed by Veterans Integrated Service Network (VISN) and Program Office. A short summary of the Rural Health outreach and delivery initiative projects is at attachment 4. A state-by-state breakdown is not available at this point.

Question. How do you justify increasing this program by 663 percent in fiscal year 2010 when you only expect to spend about \$60 million out of the \$250 million appropriation in fiscal year 2009?

Response. The Department's budget reflects the obligation of FY 2009 appropriated funds for rural health initiatives over a two-year period. VA appreciates the operational flexibility Congress has provided to ensure the most effective use of these funds. VA is using a two-year execution process to allow for deliberate planning and execution. In FY 2009, we expect to provide \$237 million to the VISNs and Program Office which represents 95 percent of the appropriated amount of \$250 million. The remainder of \$13 million (5 percent) will be provided to the VISNs and Program Office in FY 2010. However, we anticipate the VISNs/Program Office will only obligate \$60 million of the funding they receive in FY 2009 and will obligate the remaining \$190 million in FY 2010.

Question. Does the VA have the capacity to effectively grow this program by such a large amount? Why has it taken so long to launch the FY'09 program?

Response. Yes, ORH has this capacity, as shown by the fact that the office has completed the establishment of a rigorous selection process for rural health initiatives.

The FY 2009 program took more time because the office had to create the process to ensure VISNs and VAMCs, as well as VHA program offices submit projects and programs using very strict established guidelines. ORH also created a very rigorous review to identify the most innovative projects to enhance the health care of rural Veterans. Now that ORH has a proven process for selection, FY 2010 obligation/execution will begin earlier in the fiscal year.

CHATTANOOGA CBOC REPORT

Question. The VA completed a report that said that the VA (TVHS) was going to initiate efforts to re-establish contractual relationship with local hospitals for some, if not most inpatient services in the Chattanooga area. I know that the target date for the issuance of that solicitation was October 1, 2008 but that slipped to April 3, 2009. Can you tell me what the current status is of the solicitation and has the contract been finalized? Please provide the contract deliverables for the record.

Response. The contract has not been finalized; however, the contract proposed statement of work and other initial documents were completed on April 3, 2009. Currently, the solicitation is under development, and once completed will go through the required review process for legal and technical approval prior to being issued for bids. The anticipated release of the solicitation is in August 2009.

POST-9/11 GI BILL IMPLEMENTATION QUESTIONS; SUBMITTED BY RANKING MEMBER WAMP

Question. What are the issues that caused the delay?

Response. During a National Training exercise conducted on March 25, 2009, the Chapter 33 Front End Tool (FET) returned error messages which caused many users to lose access to the system. The errors began when the number of concurrent users exceeded 400. Modifications were made to the server and database the evening of March 25. On March 26 two additional exercises took place. In the first exercise, error messages which caused many users to lose access to the system began when the number for concurrent users reached 500. Further modifications were made to the server and database before the second exercise that afternoon. During the second exercise, the number of concurrent users peaked at around 560. Only isolated error messages were reported.

Question. How is the VA working to resolve those issues or have they been resolved?

Response. The issue has been resolved.

Question. Has the testing of phase 1 development and deployment been completed?

Response. Phase I of the Front End Tool (FET), was successfully deployed on March 9, 2009, to the four Regional Processing Offices (Atlanta, Buffalo, Muskogee, and St. Louis) delivering the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. Phase I of the Front End Tool was completed on April 10. Beta testing was complete on April 17.

Question. What were the results?

Response. The deployment was successful. The performance issue with the FET Phase I was resolved and tests show response times within or below the acceptable range of 5–8 seconds.

Question. Is there a comprehensive staffing plan in place?

Response. Yes, there is an Integrated Project Team in place.

Question. When will the Long Term Solution be put in place for distributing these benefits?

Response. The Long Term Solution is scheduled to be put in place for distributing benefits by November 2010.

Question. How does the budget request better meet the VA's needs in meeting the processing needs under the new GI Bill?

Response. VA recognizes the difficult economic choices our Veterans must make every day and seeks continued improvement in providing quality service and secure access to our Veterans. As such, implementation of Chapter 33 strives to ease the reentry of new Veterans into civilian life by providing timely and accurate decisions on education claims and continue payments at appropriate levels to enhance Veterans' and service members' ability to achieve educational and career goals.

The IT solution for the Chapter 33 program is of critical importance to VA. The budget request will ensure that resources can be consistently and seamlessly applied to the program's initiatives, which is on target to meet the interim solution's August 1, 2009, deadline. With the funding included in the budget request, VA resources and the Chapter 33 IPT will continue to work to ensure that the long-term solution is deployed in FY 2011. Planned accomplishments for FY 2010 include developing and testing the long-term solution.

VA/DoD INTEROPERABILITY PLAN

Question. What are the key interoperability issues facing VA and DoD at this time?

Response. The key interoperability issues facing VA and DoD include working to meet the mandate for full interoperability required in Section 1635 of the National Defense Authorization Act (NDAA). Additionally, VA and DoD are working to build upon the already significant progress achieved toward sharing electronic health information. This work includes enhancing the types of clinical information shared through current data exchanges, such as the Bidirectional Health Information Exchange (BHIE). This work also includes identifying and implementing more robust data standards that will support sharing interoperable information.

For the long term, VA and DoD are working to implement the Virtual Lifetime Electronic Record to improve the integration of health, benefits and personnel data to better support the full continuum of DoD and VA shared operations (e.g., health care, disability adjudication and claims processing, personnel and pay issues). This work will rely in part, on updating existing infrastructure and technology, and identifying and implementing a common services and architecture approach.

Question. How are you working with the DoD to resolve them?

Response. To resolve key interoperability issues, per the mandate contained in the 2008 NDAA, VA and DoD formed the DoD/VA Interagency Program Office (IPO) in 2008. The IPO is operational and providing joint management oversight of health and administrative interoperability activities. The IPO works closely with the execution offices within the departments to identify potential risks involving the coordination, approval and development of information sharing requirements and key interoperability activities, including development and implementation.

In addition to the coordinated working relationships between VA, DoD and the IPO, the departments remain fully aligned with the national efforts led by the Department of Health and Human Services and the National Coordinator for Health Information Technology. VA and DoD partner with both government and private sector resources to identify and/or define information standards that will support

nationwide interoperability of health information. Additionally, the departments continue to provide staff to key working groups within standards development organizations and industry led panels to ensure that VA/DoD accomplishments are fully leveraged in national efforts.

Joint initiatives that are identified and approved are managed at the highest levels of both Departments by the DoD/VA Joint Executive Council and the Joint Strategic Plan (JSP). The JSP contains those milestones and measures by which senior leadership can ensure the Departments continue to make forward progress toward achieving interoperability goals.

Question. Has there been any progress in hiring the Director and Deputy Director at the Integrated Program Office?

Response. Yes, in VA, the formal hiring solicitation for the Deputy Director closed on April 17 and resulted in the identification of several qualified candidates. VA officials are now convening a Senior Executive Panel that will conduct interviews and select a final candidate.

Question. Will the VA and DoD have full interoperability by September 30, 2009 as required by law?

Response. Yes. VA and DoD are on target to meet the September 30, 2009, “full interoperability” target mandated by the FY 2008 National Defense Authorization Act, Section 1635. VA and DoD have already achieved a level of health information interoperability unprecedented by other providers. To define “full interoperability,” VA and DoD formed an interagency board of VA and DoD clinicians to identify the capabilities necessary to support the full continuum of health care between DoD and VA. This board, the Interagency Clinical Informatics Board (ICIB), determined that DoD and VA are already sharing almost all essential health information in viewable electronic format through existing data exchanges (e.g., FHIE, BHIE and CHDR). To achieve “full interoperability”, the ICIB determined that six additional capabilities must be achieved. Of the six capabilities, VA and DoD have achieved the initial capability for two; the other four capabilities are in progress.

- Initial capability completed:
 - Social History—begin sharing the social history data that is currently captured in the DoD HER with the VA—initial capability completed.
 - Separation Physical Exams—Provide initial capability to share DoD electronic health record information that supports the separation physical exam processes with the VA—initial capability completed.
- Remaining capabilities on target:
 - Expansion of Questionnaires/Self-Assessment Tools—provide all Periodic Health Assessment data stored in the DoD electronic record to the VA in such a fashion that questions are associated with the responses—requirements completed.
 - Expansion of Essentris implementation in DoD—DoD expansion of Essentris to at least one additional site in each military medical department—ongoing.
 - Demonstration of initial Trusted Partnership Gateways (Secure Network to Support Health Data Exchange)—Demonstrate the operation of the Partnership Gateways in support of joint DoD-VA health information sharing—migration to two gateways completed.
 - Document Scanning (initial capability)—Demonstrate an initial capability for scanning medical documents of service members into the DoD electronic health record and forwarding those documents electronically to the VA—ongoing.

TUESDAY, MAY 19, 2009.

DEPARTMENT OF DEFENSE

WITNESSES

ROBERT F. HALE, COMPTROLLER

WAYNE ARMY, DEPUTY UNDERSECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the committee to order and want to thank Secretary Army and Secretary Hale for being here. We know how busy you are these days.

I think the subject matter of this hearing is very important to discuss: the Department of Defense fiscal year 2010 budget request for military construction, family housing, BRAC, and other programs under our jurisdiction.

I want to thank you both for your long-time service to our country and our military and our military families.

And, Secretary Army, I don't know if we know how much longer you are going to be in your position, whatever time period it is, you spent a lifetime here, with 40 years of service to our military and our country, and I want to thank you for that.

And through this position and your previous position overseeing installations and the environment for the Navy, you literally have done something many of us don't do in Congress most days or most lifetimes, and that is leave a lasting impact that will improve the quality of life for some great Americans 20, 30, 40 years from now, when we are old men on canes—so if that is not what public service is all about, I don't know what is. I think it is.

So thank you for that. And I wanted to say that today.

At this point, I would like to recognize our ranking member, Mr. Crenshaw.

STATEMENT OF THE RANKING MINORITY MEMBER (PRESIDING)

Mr. CRENSHAW. Thank you, Mr. Chairman.

And thank you both for being here today.

And I will dispense with most of my opening statement, but I wanted to—when I read, Mr. Hale's testimony, the points that you did—the FY10 budget is going to be talking about, one, reaffirming commitment to take care of our all-volunteer force. I think that is great.

Rebalancing programs to institutionalize and enhance capabilities to fight today's wars and defend against scenarios we are likely to face in years ahead.

And, finally, reforming how and what we buy with a fundamental overhaul in the way that DoD makes procurements and acquisitions and in contracting.

And I want to ask you a little later on, you know, exactly what that means and what the impacts are, but the one thing, Mr. Chairman, that I am concerned about and—I think it is probably something you are concerned about, too, that we have all these projects that we are going to consider today, but we don't know how they fit into the so-called FYDP, the future years defense plan.

And as I understand it, this may be the first time that we have had to consider projects that we are going to consider for this year's budget, but we don't know how they are going to fit in long range. So I am going to ask the witnesses—and I think they will probably tell us—how all that fits in, because what we don't want to do is end up—I would hate to see a project today that we don't see as part of a 5-year plan or a future plan.

So we are looking forward to the testimony, looking forward to working with you all. And, again, thank you for your service. And this subcommittee is committed to getting our work done on time and meeting the needs of our military. And thank you for the role you play in that.

Mr. EDWARDS. Thank you, Mr. Crenshaw. And I do look forward to getting into the issues that you raised.

I won't offer a long introduction, but since this is Secretary Hale's first visit to our subcommittee in his present position, let me just mention, by way of background: he served as the Assistant Secretary of the Air Force for Financial Management and Comptroller, 1994 to 2001, led the national security division of the Congressional Budget Office for 12 years, and served for 3 years in the Navy as an active-duty officer, and former executive director of the American Society of Military Comptrollers, graduate of Stanford, and holds an MBA from George Washington.

And in terms of introducing Secretary Arny, this is his third appearance this year before our subcommittee. The only thing I am going to add to what I have said is this: Thank you for continuing your legacy of your family's service to the country, with your two sons serving in the Navy.

Where are they stationed right now?

Mr. ARNY. The oldest is here in town getting ready to go to Warsaw as a naval attache in a year-and-a-half, and the other is in the pipeline to be the commanding officer of—

Mr. EDWARDS. That is great. I have two sons and hope I can be as proud of them someday in their career choices as you have a right to be of your sons.

Both of your testimonies will be submitted for the record, but I would like to recognize each of you for an opening statement for any summary comments you care to make—

STATEMENT OF ROBERT F. HALE

Mr. HALE. Can I start by associating myself with your remarks about Mr. Arny? Wayne has been very helpful for a lot of years, but also in the last few months. And I appreciate his staying around, particularly appreciate him being here today with all the knowledge he has.

I want to start by thanking the committee for all the things you have done on behalf of the men and women in our armed forces. We really do depend on members of Congress to get the resources we need to meet our nation's national security requirements, and it is appreciated.

I am going to provide just a very brief overview of the overall budget with a focus on military construction, and then I will ask Mr. Arny to give you a few more details.

As you know, the President's base budget asks for \$533.8 billion of discretionary budget authority, a \$20.5 billion increase or, 4 percent, which after you adjust for inflation, amounts to a 2.1 percent increase.

This is a reform budget. I have worked with defense budgets for a long time now, several decades, and I know we sometimes use that term loosely or other similar terms, but I believe this budget is one of a handful that really does qualify as a reform budget. If it is enacted, I think it will change the way we do business in the Department of Defense.

The base budget puts into action the three key themes that Mr. Crenshaw mentioned. Let me just add a little meat to them. It does reaffirm our commitment to take care of people, particularly the all-volunteer force, clearly, the highest priority of Secretary Gates and the chairman.

For example, it fully funds personnel costs of a larger force in the base budget, avoiding—or minimizing the kind of more volatile wartime budget. Second, the budget reshapes priorities to focus on the kinds of wars we are fighting today, especially regulation and conventional, but maintains a balance of conventional capability.

We have added personnel to special operations with significant increases in intelligence, surveillance and reconnaissance. And, of course, there is a cost to those initiatives. The budget does complete the program of record and terminates production of the F-22 and C-17 aircraft.

And, third, it reforms what we buy and how we buy. There is a personnel side to that, and we can talk more about this, but increasing the capability of our Acquisition Corps is a key theme in this budget, as well as moving the pendulum back in terms of the focus on the use of contractors; therefore, we have an in-sourcing initiative in this budget.

And there is a hardware side to changing kind of what we buy, looking at troubled programs, and we have—where we felt we had enough information, chosen to terminate a number of them, and do some major restructurings, like the missile defense program and Future Combat Systems.

Turning to military construction, the Department requests \$23 billion for MILCON and family housing. I think this request assists or supports all of the themes, but perhaps particularly taking care of people and the reshaping and modernizing.

Overall, the request represents an 8.4 percent decline in military construction. That sounds ominous, but it really reflects successful achievements in the Base Realignment and Closure account as well as housing privatization. The BRAC request is down by 14.8 percent, and family housing is down 38 percent, as a result of housing

privatization success. If you take out those two categories, there is a 3.1 percent increase in the MILCON, portion.

The Department's base budget meets our key goal for military construction: investing in facilities that support and grow the force. We are close to completing that goal. The force has grown. The Army and Marine Corps have their target end strength, barracks brigade complexes, and quality-of-life projects funded in this request.

The request also includes significant investment in recapitalizing medical facilities and schools, and a substantial investment in what we call a global defense posture, which includes moving 8,000 Marines from Okinawa to Guam.

Before I leave the base budget, let me mention the FYDP issue. We want to provide a FYDP; however, we don't have a plan beyond fiscal year 2010, and this is not without precedent. It happened in 2001 and also in 1993. We need to complete the Quadrennial Defense Review and the fall program budget review in order to develop a 5-year plan. We will submit one next year in its entirety, but for the moment we don't have one. I also wanted to talk about a couple other portions of the budget.

The overseas contingency operations, or OCO—I like to call it Washington's newest acronym—we are asking for \$130 billion for overseas contingency operations. This is part of the budget. It is not a supplemental. We do not plan on submitting a supplemental in fiscal 2010. But if policies or the wartime situation changes, we need to retain the authority to recommend one, if we need it.

The OCO budget includes \$1.4 billion for military construction, all for projects in Afghanistan. Given the limited pre-existing infrastructure over there, we need to do a lot, construct facilities to sustain, protect and house the troops. The request funds operational facilities, runways, parking aprons, and the like.

I also want to express my gratitude to the Congress for the \$7.4 billion we received in the American Recovery and Reinvestment Act, ARRA, easier to call it the stimulus bill; \$4.3 billion for facilities—and modernization, \$2.2 billion for military construction, homeowners assistance program, and some energy investments, as well.

This funding will allow us to improve facilities we wouldn't have been able to do otherwise. And I am happy to report that there are 4,200 projects identified for stimulus funding in DoD in all 50 states, a few territories, and the District of Columbia. All the projects have been identified, and we are moving as quickly as we can to implement them.

Projects will not only stimulate the economy; they will also improve, we think, quality of life and let us catch up on some of the backlogs—or reduce them, I should say—that we wouldn't have otherwise been able to do.

And lastly, Mr. Chairman, I remind the committee that we recently submitted—and now both houses have acted on or the House has acted on in the supplemental request—covering the remaining expenses of the war effort for 2009.

There is \$0.9 billion in MILCON in there for Afghanistan and another \$1.4 billion for a variety of critical construction improvements, such as more warrior in transition complexes.

We stand by to assist members and staff however we can on the supplemental and on the fiscal 2010 request. And to help our troops, we ask that you enact it by Memorial Day or as soon thereafter as you can.

Again, on behalf of the men and women of the department, let me thank all of you for your strong support and thank you for the opportunity to testify. After Mr. Arny's statement, I will be glad to try to answer your questions.

[The prepared statement of Robert F. Hale follows:]

1280

"FY 2010 Military Construction Budget Request"

Statement

of

**The Honorable Robert F. Hale
Under Secretary of Defense (Comptroller)**

before the

**U.S. House of Representatives
Committee on Appropriations
Subcommittee on Military Construction,
Veterans Affairs and Related Agencies**

May 19, 2009

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Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the Military Construction component of the Fiscal Year 2010 budget request for the Department of Defense.

On behalf of the men and women of the Department, I would like to begin by thanking the Committee for your continued support of America's Armed Forces. We depend on you and other Members of the Congress for the resources we need to meet our nation's national security requirements.

To start, I would like to provide a brief overview of our budget request and the amount we are asking for Military Construction. I will then ask Mr. Army to speak in detail about the MilCon portion of the proposed budget.

Base Budget

Mr. Chairman, the President's base budget requests \$533.8 billion in discretionary authority for FY 2010. That is an increase of \$20.5 billion or 4 percent over the enacted level in FY 2009. Taking inflation into account, the real growth in this request is 2.1 percent.

The base budget puts into action the overriding priorities laid down by Secretary Gates for the Department:

- First, it reaffirms our commitment to take care of the all-volunteer force.
- Second, it rebalances the Department's programs in order to institutionalize and enhance our capabilities to fight the wars we are in today and to defend against the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies.
- And third, it reforms how and what we buy, by promoting a fundamental overhaul of our approach to procurement, acquisition, and contracting.

The \$23.0 billion Military Construction and Family Housing portion of our request supports those strategic objectives. This request represents a decline of 8.4 percent compared with the enacted level for FY09.

This decline can be attributed to our achievements on Base Realignment and Closure (BRAC) and housing privatization. Funding for BRAC 2005 declines by 14.8 percent, to \$7.5 billion, as we move toward completing requirements. Family housing construction declines by 38 percent, to \$2.0 billion, reflecting the transition toward housing privatization.

If we factor out those two categories -- BRAC and housing privatization -- we find a pattern of growth in Military Construction. The FY10 request for this portion of Military Construction grows by 3.1 percent compared to FY09 funding, to a level of \$13.5 billion.

The Department's base budget request meets our key goals for Military Construction. We continue to invest in facilities that support Grow the Force, such as barracks, brigade complexes, and quality of life projects. The base budget will provide facilities that keep pace with fielding of new systems and capabilities, as well as necessary training.

The request includes a significant investment in recapitalizing aging medical facilities and schools and constructing Warrior in Transition complexes. It also contains a substantial investment in our Global Defense Posture, including the relocation of 8,000 Marines from Okinawa to Guam and investments at enduring locations in the CENTCOM and AFRICOM areas of responsibility.

FY 2010 Overseas Contingency Operations

As you are undoubtedly aware, the Department's FY 2010 request also includes a separate request for \$130 billion to fund overseas contingency operations (OCO). This represents our best current estimate of war funding requirements, including funding for all forces currently approved by President Obama both for Iraq and Afghanistan. We do not plan on submitting a supplemental request. However, should policies or the wartime situation change significantly, the Department may need to seek supplemental funding.

The \$130 billion for the OCO budget includes \$1.4 billion for Military Construction, all of which is to be spent in Afghanistan. Given the limited pre-existing infrastructure for our troops to occupy in that country, it is necessary to construct facilities to sustain, protect, and house them. Accordingly, this request includes operational facilities, such as runways and parking aprons, as well as associated support facilities, such as utilities, roads, housing, environmental projects, and dining facilities.

American Recovery and Reinvestment Act

I want to express my gratitude for the \$7.4 billion in Defense-related funding that was included in the American Recovery and Reinvestment Act (ARRA). The ARRA includes nearly \$4.3 billion for Facility Infrastructure Investments, \$2.2 billion for military construction, \$0.1 billion for the Energy Conservation Investment Program (ECIP), \$0.3 billion for Research, Development, Test, and Evaluation (RDT&E), and nearly \$0.6 billion for the Homeowners Assistance Program.

This additional funding will allow us to improve the facilities where our military and civilian personnel work and live, to enhance energy efficiency in the recapitalization and construction of facilities, and to generate needed jobs to help stimulate the nation's economy. For example, the construction funds will enable the Department to replace two hospitals and to construct child development centers, Wounded Warrior complexes, and troop housing facilities. I am happy to report that over 4,200 projects will be

executed throughout all 50 States, two territories, and the District of Columbia. Many of those projects are expected to be awarded in the near future.

These projects will not only stimulate the economy; they will also improve the quality of life of our Service members and their families. And, as Secretary Gates has said, the all-volunteer force is America's greatest strategic asset. Caring for them must be our first priority.

FY 2009 Supplemental

Lastly, Mr. Chairman, I would remind the committee that we recently submitted a supplemental request to cover the remaining expenses of the war effort in FY 2009, which includes \$0.9 billion for Military Construction in Afghanistan. This request also includes \$1.4 billion for other critical construction improvements, such as Warrior in Transition complexes.

We stand by to assist Members however we can on that request and on the entire FY 2010 budget request, and we ask that you enact this remaining supplemental by the Memorial Day recess, or as soon thereafter as possible.

Again, on behalf of the men and women of the Department of Defense who are faithfully serving our nation, thank you for your strong support. And thank you for the opportunity to testify here today. After Mr. Army completes his statement, I would welcome your questions.

-END-

Mr. EDWARDS. Mr. Hale, thank you very much.
Secretary Army.

STATEMENT OF WAYNE ARNY

Mr. ARNY. Chairman Edwards—I am honored to appear before you today. I am just going to make some summary comments.

In the last 10 to 20 years, the Department has come a long way in improving the facilities and infrastructure in which our military and civilian workforce and their families work and live. And we could not have progressed as far as we have without the continuing support of Congress and in particular this subcommittee.

Today, we manage over 500,000 facilities worth over \$700 billion located on approximately 29 million acres. In comparison, about 10 years ago, we had 115,000 more facilities, which is in part a testament to our continuing efforts to right-size the Department's infrastructure—to match our operational needs.

The principal program that has allowed us to do that has been the Base Realignment and Closure (BRAC) authority. And using that, over the entire round, we have closed 121 major installations and realigned 79 major ones after five rounds.

In the 2005 round alone, we affected over 800 locations that included 24 major closures, 24 major realignments, and 765 lesser actions. As of the fiscal year 2010 request, BRAC represents a \$35.2 billion investment just over the period 2006 to 2011 and \$4 billion in annual savings after full implementation.

However, it is not enough just to close bases and move functions. At the same time, we have to try to focus on how we conduct business so as to become more efficient caretakers of the taxpayers' resources.

An excellent example of our efforts towards efficiency is joint basing. As part of BRAC 2005, we were required to form 12 new joint bases from 26 separate existing locations so that installation management functions will be provided by one component, not two or three, as it is currently.

The joint basing implementation process is complicated. Almost 50 different areas of responsibilities on these bases have been identified for consolidation, including food services, environmental management, child and youth programs, facility maintenance, and many others, but I can report that we are well on the way to achieving success.

In January 2008, we began issuing a series of joint basing implementation guidance documents and, for the first time, established a set of common definitions and standards for the installation support to be provided at each joint base.

We established a schedule that was divided into 12 planned bases, joint bases, into two implementation phases. Each joint base will develop a detailed implementation plan, including the personnel and financial arrangements for the combined base.

Five joint bases involving 11 installations were placed into phase one with an October 2009 milestone established for full implementation, which includes the transfer of personnel and funds to work the joint base.

The remaining seven joint bases, involving five installations, were placed into phase two with an October 2009 Initial Oper-

ational Capability (IOC). The services have assigned implementations for all five phase one installations. We have reached IOC on those installations and are scheduled—on schedule for reaching Full Operational Capability (FOC).

The remaining seven joint bases will reach IOC this October and meet FOC milestones in October 2010, way ahead of the statutory deadline in December 2011.

And this is just the beginning of where I see the Department going in the application and full funding of common levels of service across all our bases and between all the services.

Switching to housing, a decade ago, we maintained over 300,000 family housing units, two-thirds of which were deemed inadequate by the Military Departments. At the time, most people felt that only—Services could provide housing that our families needed, but with your help and vision, we put housing privatization authorities in place.

The private sector responded by delivering modern, affordable housing and, with appropriate oversight, we ensured the federal government's needs are met. With this year's request, over 98 percent of DoD's housing inventory in the United States will be funded for privatization.

With regard to barracks, it was about 17 years ago that the Military Departments began an ambitious modernization program to increase the privacy and amenities in permanent party bachelor housing funding. Using military construction funding and a traditional government-owned business model, much progress has been made, but there is still a need for almost \$15 billion to complete the permanent party buyout.

Even at the current program end state, a single family—a single member quarters will pale in comparison to family housing, due in part to building designs that do not have the space and amenities of comparable private-sector housing and also due to the challenges in adequately funding facility sustainment.

For these reasons, we are looking to see how we can leverage the success of family housing privatization by tapping into private-sector experience to build, revitalize, operate and maintain our bachelor housing.

We have seen recent innovative concepts where the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its existing family housing privatization efforts at Fort Bragg, Fort Stewart, Fort Drum, and Fort Irwin. A fifth project is planned for Fort Bliss.

In contrast to the Army, the Navy is mainly focused on—focusing its—on company housing privatization efforts to bring shipboard junior enlisted sailors ashore using a special pilot authority.

The first unaccompanied housing project was awarded in December 2006 in San Diego. The second was executed December 2007 in Hampton Roads, Virginia. And a third project is underway in the Jacksonville Mayport area that is under consideration.

Both of the awarded Navy projects—pilot projects have demonstrated that, with the authority to pay junior enlisted members less than full housing allowance, privatization of single junior enlisted housing is less costly on a life cycle basis than a traditional government-owned model.

I view this as just a starting point and ask for the subcommittee's support in the department's continued progress in shifting towards those models.

This year's budget signals another banner year for installations with about \$23 billion in military construction and about \$8 billion in facility sustainment, restoration and modernization. The \$23 billion in military construction program is very robust, especially compared to the \$8 billion to \$9 billion levels we were receiving just about 10 years ago.

Similarly, our sustainment budget this year is also more robust as compared to 10 years ago. In those days, we used a percentage of unsubstantiated maintenance and repair backlog to come up with our budget request, but it didn't work.

Although much remains to be done, we have already made steady headway over the last decade to improve the overall condition of our facilities' inventory by using a programmatic model. The development and use of the facility sustainment model has given us a sound target to measure our sustainment budget, and we have been able to defend for the first time our requirements and increase overall funding in spite of significant competing demands.

Recapitalization is more challenging. We moved away from believing a single recap rate expressed in years applied across a myriad of categories could provide a funding level that was rational or defensible. We witnessed separate initiatives, like what—when I was the Navy secretary, I personally observed the inaccuracy of the recap rate as Hurricane Ivan hit Pensacola, Florida.

The sudden infusion of restoration funds skewed the recap rate for the Navy to a lower number than the targeted 67 years, and yet we all knew that the condition of the rest of the Navy's facilities across the board did not improve.

Since I was dissatisfied with the previous 67-year metric—and others were, as well—I asked my staff to go back to basics and reopen the dialogue on facility condition indices that the Federal Real Property Advisory Group mandated federal agencies including their real property records. These quality ratings, or Q ratings, represent the health of our facilities. And I firmly believe they have been long ignored.

This summer, my staff will be working with the Military Departments and Defense Agencies to set up program guidelines for determining which facilities require priority for funding, reassessing how Q ratings are conducted and their frequency, and, most importantly, re-establishing how the department views and uses master planning at the installation level.

Also, in cooperation with our policy secretary, the Joint Staff, the combatant commands, and the services, we hope to initiate joint installation master plans at each overseas COCOM region, as well.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's management of installation assets. And we are ready to take questions.

[The prepared statement of Wayne Army follows:]

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HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF

MR. WAYNE ARNY

DEPUTY UNDER SECRETARY OF DEFENSE

(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS

AFFAIRS, AND RELATED AGENCIES

OF THE

HOUSE APPROPRIATIONS COMMITTEE

MAY 19, 2009

Introduction. Chairman Edwards, Congressman Wamp, distinguished members of the Subcommittee: I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year (FY) 2010 and to present an update on the status of our nation's military installations.

Overview. Our installations are the platforms from which America's military capability is generated, deployed, and sustained. They play an essential part in addressing two principal objectives of the Department. First, they take care of our military forces, our most important asset. Secondly, they support and enhance our capability to meet the military challenges that we face today, and those that we may face in the coming years. Our installations provide training facilities for new recruits and career service members, maintenance shops and depots to repair and refit their equipment, and quality work and living spaces that warfighters and their families deserve. Our primary focus is to ensure that our military installations are capable of supporting the missions of our forces, today and in the future. To successfully provide this support, we focus our resources on programs and initiatives that will provide the necessary infrastructure in the most effective and efficient manner.

America's military installations, including both their built and natural environments, must be managed in a comprehensive and integrated manner to optimize our investment in the assets needed to accomplish the mission. In the United States and overseas, the Department currently manages over 539,000 facilities, with a plant replacement value exceeding \$700 billion, located on approximately 29 million acres of land. These assets must provide modern and safe work and training areas for our military forces, as well as quality housing.

Before updating you on our FY 2010 Installations and Environment programs, I'd like to talk briefly about the impact on our military infrastructure of two extremely important challenges facing our nation. The first of these is Overseas Contingency Operations (OCO).

Overseas Contingency Operations. Military construction is a key enabler of OCO, directly supporting wartime operations by providing operational and support facilities at key locations. In April, the Department submitted its FY 2009 OCO funding request for \$2.3 billion. This investment will help the Department execute realignment of forces into and within Afghanistan, by enabling strategic and operational flexibility and increasing Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. The FY 2009 request will also facilitate access to child care and improve support facilities for wounded warriors and their families.

The FY 2010 OCO request of \$1.4 billion continues the important objective to increase the U.S. presence in Afghanistan, specifically the Regional Commands South and East. The facilities required to sustain, protect, and house these personnel include utilities, roads, housing, and dining facilities as well as environmental projects. The FY 2010 OCO request will increase the capacity of air lines of communication, broaden logistics and intelligence capabilities, and provide the ability to reposition forces as the situation dictates.

American Recovery and Reinvestment Act (ARRA) of 2009. The other challenge is the downturn in the economy, and in response, the ARRA of February 2009. This effort will have a significant impact on DoD's facilities. The Department is applying the funding to enhance our ability to provide high quality installations and facilities and to improve our energy efficiency.

The ARRA includes approximately \$7.4 billion in Defense-related appropriations. The Military Construction (MilCon) and Operation and Maintenance (O&M) funds provided by the

Act are available for obligation through the end of FY 2013 and FY 2010, respectively. The Department has identified over 4,200 projects in the following categories:

- \$4.2 billion in O&M accounts to improve, repair, and modernize DoD facilities, including energy-related improvements
- \$1.3 billion in MilCon for hospitals
- \$240 million in MilCon for child development centers
- \$100 million in MilCon for warrior transition complexes
- \$535 million for other MilCon projects, such as housing for Service members and their families, energy conservation, and National Guard facilities
- \$300 million to develop energy-efficient technologies
- \$120 million for the Energy Conservation Investment Program (ECIP)
- \$555 million for a temporary expansion of the Homeowner's Assistance Program (HAP) benefits for private home sale losses of DoD military and civilian personnel
- \$15 million for DoD Inspector General oversight and audit of ARRA execution

In addition to providing much needed facility improvements and funding for important energy research programs in support of the national effort to achieve greater energy independence, the ARRA will also contribute to our ongoing efforts to "green" DoD's built infrastructure. In their baseline MilCon programs, the Military Services have taken the lead in ensuring a sustainable future for the Department by directing that new construction meets both the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver Certification standard and the Federal Leadership in High Performance and Sustainable Buildings Memorandum of Understanding. In executing ARRA projects, this type of forward

thinking directly translates to 115 projects and \$2.3 billion in the MilCon and military family housing construction programs designed and built to LEED Silver Certification standards.

DoD is committed to ensuring that ARRA funds are expended responsibly and in a transparent manner that will further job creation, economic recovery, and the overall improvement of our military infrastructure. Over the coming months, we'll be keeping the Congress and the public apprised of our progress in executing these funds.

Facilities Investment. Now I would like present an overview of our Installations and Environment programs beginning with MilCon and related facilities investments. The FY 2010 MilCon and Family Housing Appropriation request totals \$23 billion, which is a decrease of \$1.9 billion from the FY 2009 budget request, but still compares very favorably with historic trends. The decreased funding is primarily in the Base Realignment and Closure (BRAC) and Family Housing programs, which I will discuss in more detail shortly. The budget request will enable the Department to respond rapidly to warfighter requirements, enhance mission readiness, and provide essential services for its personnel and their families. In addition to new construction, this funding will restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the funding is targeted for initiatives to support the realignment and increase in endstrength of forces, projects to improve and update facilities, and projects needed to take care of our people and their families, such as family and bachelor housing, Warrior in Transition housing, and child development centers.

Comparison of Military Construction and Family Housing Requests

(President's Budget \$ in Millions – Budget Authority)

	FY 2009 Request	FY 2010 Request
Military Construction	11,283	12,835
NATO Security Investment Program	241	276

	FY 2009 Request	FY 2010 Request
Base Realignment and Closure IV	393	397
Base Realignment and Closure 2005	9,065	7,480
Family Housing Construction/Improvements	1,457	489
Family Housing Operations & Maintenance	1,741	1,444
Chemical Demilitarization	134	147
Family Housing Improvement Fund	1	3
Energy Conservation Investment Program	80	90
Homeowners Assistance Program	5	23
TOTAL	24,400	23,184

We are continuing ongoing initiatives to reshape and resize our infrastructure, and at the same time, we recognize that there will be localized growth in the facilities footprint to accommodate changes in force structure, end strength, and weapons systems. These efforts include facilities to support Army Modularity, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems such as the Joint Strike Fighter.

While our basing initiatives continue the process of reconfiguring our overall physical plant, and acquiring facilities for future requirements, we cannot lose sight of the importance of maintaining and modernizing our existing facilities. It is imperative that we continue to invest in our existing infrastructure, and plan for the appropriate level of investment in all our facilities going forward.

Facilities sustainment has been and continues to be the most important program to support the overall health of our inventory of facilities. Sustainment funds regularly scheduled maintenance and major repair or replacement of facility components expected periodically throughout the life cycle of a facility. Investing in sustainment prevents deterioration, maintains safety, and preserves performance. As you know, we use the Facilities Sustainment Model

(FSM) to estimate the funding requirements for our facilities. The model uses benchmark costs from public and private sources which are updated on a regular basis. Our goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. The FY 2010 President's Budget provides \$7.8 billion for sustaining the Department's significant inventory, representing 91 percent of the FSM requirement.

The second key element of our facilities investment program is recapitalization, which includes restoration and modernization, and is funded primarily with O&M and MilCon appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities to implement new or higher standards, accommodate new functions, or replace building components that typically last more than 50 years. The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities, and replace them when it is more economical to do so. To that end, we're refining the way we calculate the required investment for recapitalization, and more closely aligning it with the actual condition of each facility. We will keep you apprised of our progress as we develop the new methodology.

Sustainment and Recapitalization Request

(President's Budget in \$ Millions)

	FY	FY
	2009 Request	2010 Request
Sustainment (O&M-like)*	7,482	7,799
Restoration and Modernization (O&M-like plus)*	1,780	2,035
Restoration and Modernization (MilCon)	8,102	6,527
TOTAL SRM	17,364	16,361

**Includes Operation 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)*

**Includes Operation 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)*

Separate and distinct from the BRAC process, we continue to right-size our inventory through the elimination of excess and obsolete facilities. The Military Departments continue to maintain and execute robust disposal and demolition programs to improve the safety and aesthetics of our installations, to ensure that only essential facilities are retained, and to reduce overall operating costs. In FY 2008, the Department eliminated 6 million square feet of unneeded facilities. Another 5.5 million square feet is projected for demolition in FY 2009. The FY 2010 request includes almost \$200 million to eliminate approximately 8 million additional square feet of unneeded infrastructure.

Global Defense Posture. Now I'd like to tell you more about our initiatives to provide the right military facilities in the right location with the right capabilities, beginning with the status of our global restationing efforts. As we continue with planned posture changes to meet our world-wide missions, the Department is improving its ability to contend with post 9/11 security challenges and developing more relevant relationships and forward capabilities for 21st century expeditionary operations. The FY 2010 MilCon request supports the Department's efforts to strengthen our forward military presence, including facilities and infrastructure, and to transform overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible 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 flexible ground force capabilities to support NATO's own transformation goals. The European Command's transformation and recapitalization efforts will require investments in fixed facilities, mobility, prepositioning of equipment, and

interoperability. Future infrastructure requests will enable the elimination of substandard housing and will include projects that support continued transformation efforts.

- Shifting our European posture south and east by transforming the 173rd Airborne Brigade in Italy, and establishing infrastructure support for rotational presence in Romania and Bulgaria. Permanent Forward Operating Sites and other training facilities in Romania and Bulgaria have projected completion dates of 2009 and 2011, respectively. In addition to supporting a full-time training effort, Joint Task Force-East provides the logistical base for United States Air Forces in Europe and Special Operations Command Europe exercises in Eastern Europe and Eurasia.
- Continued progress toward 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, and will shape our strategic posture throughout the Asia-Pacific region. While Japan is shouldering most of the costs associated with the planned posture changes per the Defense Policy Review Initiative (DPRI), U.S. MilCon funds are necessary to complete remaining facility construction and other infrastructure needs on Guam. MilCon funding will provide projects such as utilities and airfield pavement to bed-down Marine aviation at Andersen Air Force Base, wharf improvements, and the relocation of a military working dog facility at Naval Base Guam. Investments are also needed to improve off-base infrastructure, including selected roads and bridges required for throughput of necessary construction materials.
- Continued consolidation and restructuring of forces on the Korean peninsula to strengthen our overall military effectiveness and to prepare for transitioning wartime operational control of Republic of Korea (ROK) forces to the ROK military forces by 2012. This includes relocating U.S. troops out of Seoul, returning most of Yongsan Army Garrison to the ROK,

and consolidating remaining troops into two hubs south of Seoul. This effort positions U.S. forces to better conduct combat operations should deterrence fail on the Korean peninsula, and makes the U.S. presence less intrusive on the Korean people. We anticipate the ROK to continue funding much of the facilities and infrastructure construction for this transition in accordance with the amended Land Partnership Plan and Yongsan Relocation Plan. However, MilCon funding is needed at Camp Humphreys to support U.S. Army forces relocating from camps north of the Han River.

- Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other overseas contingency operation areas.
- Enhancing contingency access through an array of sites in Africa that serve as focal points for combined training, capacity building, and broadened relationships with host nations and other partners. MilCon funding is needed at Camp Lemonier, the Department's enduring Forward Operating Site in Djibouti, to support such requirements and improve infrastructure needs within the U.S. Africa Command.

The Department continues to maintain and strengthen host-nation partnerships supporting these posture changes. The FY 2010 global defense posture projects ensure strengthening of forward capabilities for OCO and other expeditionary non-traditional missions, commitment to alliance goals and collective defense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

Base Realignment and Closure (BRAC) 2005. In addition to our global posture realignments, we continue to execute BRAC 2005, the largest round 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 the Congress. The 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 required that the Department begin implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date. The Department continues to monitor BRAC implementation to ensure we are meeting our legal obligation.

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 war fighting capability and efficiency. Focusing on operational capacity required that we appropriately assess the increased military capabilities we are achieving through these recommendations.

We accomplished that requirement and, through BRAC, are significantly enhancing each capability. Two locations, Fort Bliss, Texas, and Naval Air Station (NAS) Brunswick, Maine, highlight what we are achieving. Fort Bliss is the largest operational Army BRAC movement. Approximately 15,000 Soldiers and their family members will move to Fort Bliss and the surrounding communities, and construction of BRAC operational facilities is moving ahead as planned in preparation for the arrival of the 1st Armor Division at Fort Bliss. In September 2008, Soldiers of the 1st Brigade, 1st Armored Division took occupancy of the first Brigade

Combat Team (BCT) Complex. Soldiers of the 4th Brigade, 1st Armored Division are now in temporary facilities and eagerly await completion of the second BCT complex scheduled for September 2009. The Army has programmed the construction of several quality of life facilities to support this growth including dental/health clinics, a hospital, a child development center, a commissary, a physical fitness center, and youth centers.

The closure of NAS Brunswick will reduce operating costs while allowing the single-siting of the East Coast Maritime Patrol (VP) community at NAS Jacksonville, Florida. NAS Jacksonville and NAS Brunswick are collaborating to ensure seamless relocation of five aircraft squadrons along with the realignment of the maintenance functions and various mission support groups. In preparation for the arrival of the first Brunswick aircraft, a new type II hangar construction project is on track for completion this month. It will be the home for the first returning Brunswick VP squadron which is currently deployed. The hangar, the Navy's largest, will provide maintenance spaces for all five Brunswick squadrons and will also be able to support the future transition to the P-8 Poseidon multimission maritime aircraft.

A key component of this BRAC round was rationalizing medical infrastructure. This rationalization was needed to address the transformation in healthcare that has occurred since these facilities were constructed, and to adapt our facilities to the continuing changes in warrior care. At one end of the scale, BRAC enabled the Department to close seven small and inefficient inpatient operations, converting them to ambulatory surgery centers. BRAC also enabled DoD to realign medical operations from McChord Air Force Base, Washington, to Fort Lewis, Washington, and to transform the Medical Center at Keesler Air Force Base, Mississippi, into a community hospital. On the larger end of the scale, BRAC enabled DoD to realign two of its major military medical markets: San Antonio, Texas, and the National Capital Region

(NCR). The strategic realignments in San Antonio of Brooke Army Medical Center and Wilford Hall medical center, and in the NCR of Walter Reed Army Medical Center and the National Naval Medical Center at Bethesda, Maryland, address critical needs to realign and consolidate key clinical and clinical research capabilities, undertake serious facility modernization requirements, as well as better matching facility locations and capabilities, achieving medical advances, and adapting to changing needs of wounded warriors.

For the NCR, the FY 2010 costs (including the \$263 million included in the FY 2009 supplemental request) are \$2.4 billion. As is the case with San Antonio, costs rose due to construction inflation, wounded warrior lessons learned, and unforeseen costs as the construction process has unfolded.

Unique to the NCR is the effort to enhance and accelerate construction at Bethesda and Fort Belvoir, Virginia, as a result of lessons learned and the Department's commitment to implement the recommendations of the Independent Review Group (IRG) on Rehabilitative Care and Administrative Processes at Walter Reed Army Medical Center and National Naval Medical Center Bethesda. The IRG's April 2007 report recommended a variety of measures to improve medical care and that DoD accelerate BRAC projects in the NCR. In order to implement the report's recommendations and incorporate other war-related lessons learned, the Department committed to create Warrior Transition Unit facilities at the Bethesda Campus to enhance wounded warrior care, especially the outpatient convalescent phase. The Department also committed to enhancing inpatient facilities at both Fort Belvoir and Bethesda. These enhancements, together with a commitment to accelerate construction to ensure that the new facilities will be operational as soon as possible, required the investment of an additional \$679 million. The FY 2008 supplemental appropriated \$416 million.

The BRAC 2005 Commission Report also calls for the transfer of installation management functions from 14 designated installations to 12 other installations to create 12 Joint Bases. Joint basing calls for installations that share a common boundary or are in close proximity to consolidate installation management functions and the delivery of installation support functions while considering best business practices and ensuring warfighting capabilities are preserved or enhanced. The 12 Joint Bases will be established in two phases, with Full Operational Capability (FOC) for Phase I bases in October 2009 and Phase II bases in October 2010. At FOC, total obligation authority and real property will transfer from supported Component(s) to the supporting Component.

The Department is using this opportunity to create the conditions for more consistent and effective delivery of installation support through Common Output Level Standards (COLS), which establish joint definitions, standards, and performance metrics for each identified installation support function that will be consolidated at each Joint Base.

In its entirety, the BRAC program is substantial. As of the FY 2010 President's Budget it represents a \$35.4 billion requirement over 2006-2011 and \$4 billion in annual savings after full implementation (after FY 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at \$21.1 billion (in constant FY 2005 dollars) with annual recurring savings of \$4.4 billion. The COBRA model used in the analysis estimated costs based on standard factors to array the relative merit of options – it was never intended to be budget quality nor used for implementation planning. When compared to our current requirement, there is a \$14.3 billion or 68 percent increase in COBRA-estimated costs. The increase was fully funded in the President's FY 2010 budget request, and results primarily from inflation, changes in MilCon, environmental restoration and program

management costs not included in COBRA, additional O&M to support fact-of-life cost increases, and construction for additional facilities to enhance capabilities and/or address deficiencies. The savings decrease is primarily a result of revised personnel eliminations.

Almost 70 percent of the BRAC 2005 program supports MilCon requirements compared to 33 percent experienced in the previous rounds. In the BRAC 2005 round, DoD has now made decisions to:

- Use new construction vs. renovated space (existing space diverted to other needs)
- Accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations, or building additional facilities
- Accept inflation factors exceeding previous planning factors (delayed implementation compounds the inflation increase).

Assisting Communities. As we execute BRAC 2005, we continue to abide by the DoD policy that when implementing DoD actions that seriously affect the economy of a community, every practical consideration shall be given to minimizing the local impact. To that end, DoD provides economic adjustment assistance through its Office of Economic Adjustment (OEA) to help communities help themselves, using the combined resources of Federal, State, and local governments and private sector to support local initiatives.

OEA, through the Defense Economic Adjustment Program (DEAP), continues to work with States, territories, and more than 147 communities across the country impacted by the Department's continuing closure, downsizing, and mission-growth actions.

Over two dozen locations are looking at unprecedented increases in military, civilian, and contractor personnel as a result of BRAC 2005, Global Defense Posture Realignment, Army Modularity, and Grow-the-Force activity. For most locations, OEA is providing overall planning

support for personnel, procurement, and construction activity to prepare local adjustment strategies, including growth management plans, to support local mission growth. The challenge for many of these locations is to respond to myriad hard (road, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) infrastructure issues that directly bear on the quality of life for our warfighters, their families, and the homeowners, businesses, and workers in the surrounding communities.

A primary concern, particularly at this time of economic uncertainty, is how to apply scarce Federal, State, and local public resources with those of the private sector to carry out adjustments in local facilities and public services, workforce training programs, and local economic development activities. Needs for public investment, such as road improvements, water and sewer infrastructure, and school construction have emerged and OEA is working with each affected State and region to document these needs and bring them to the attention of other Federal Agencies for their consideration and assistance. To date, OEA has found over 50 critical projects that are ready to move forward, but need a total of \$1.7 billion in Federal or other support. Communities also identified over 300 other mission-growth-related projects in various planning phases, at a total cost of \$7 billion that had incomplete funding strategies. While OEA is presently bringing these needs to the attention of the U.S. Departments of Transportation, Commerce, Education, and Agriculture as the cognizant agencies where assistance might be made available, they are also seeking to update the information to account for current economic strains and those other growth efforts that may have information available.

OEA, on behalf of DoD, has recognized Local Redevelopment Authorities (LRAs) for 116 locations to: provide leadership and speak on behalf of the impacted area with one voice; identify the impacts of closure across local businesses, workers, and communities; plan

redevelopment and other economic development activities to lessen these impacts; and direct implementation of the redevelopment plan to respond to these actions. Approximately 96 redevelopment plans have been completed to date. When completed, redevelopment plans are submitted as part of a statutorily-mandated homeless assistance application to the U.S. Department of Housing and Urban Development (HUD), who, in turn, must review each application for compliance with statute prior to Military Department property disposal and the redevelopment effort going forward.

The redevelopment plan is also significant at the Federal level because: 1) the Military Departments dispose of buildings and property in accordance with a record of decision or other decision document and, in preparing this decision document, give substantial deference to the LRA's redevelopment plan; and 2) other Federal agencies are to afford priority consideration to requests for Federal assistance that are part of the plan under Executive Order 12788, as amended, "Defense Economic Adjustment Programs."

As with the growth-impacted communities, OEA is presently working with affected closure and downsizing communities to identify specific needs for "public" investment and expects to have a working estimate of those needs by this summer. In the past, these needs have included demolition, road alignments, infrastructure development, etc. With disposal for these locations yet to occur, communities will need some additional support from the U.S. Departments of Commerce (Economic Development Administration (EDA)), Labor ((Employment Training Administration (ETA)), and Agriculture (Rural Development Administration) through FY 2014.

The ability to support State and local economic adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce

development, and general economic development is beyond the Department's capacities. Accordingly, the Department relies upon the Economic Adjustment Committee (EAC), through DEAP, as directed by Executive Order 12788. The EAC is comprised of 22 Federal Departments and Executive agencies, and among its functions is to: coordinate interagency and intergovernmental adjustment assistance; serve as a clearinghouse for the exchange of information between Federal, State, and local officials involved in the resolution of economic adjustment concerns resulting from DoD actions; and, afford priority consideration to requests from Defense-affected communities for Federal assistance that are part of a comprehensive base redevelopment or growth management plan.

In response to previous BRAC activity, approximately \$1.9 billion in Federal assistance was provided to assist affected States, communities, workers, and businesses. EDA, ETA, the Federal Aviation Administration, and OEA were the source of this funding. The response to date for BRAC 2005 has consisted of approximately \$212 million, primarily from OEA and the Department of Labor. The BRAC support has concentrated on worker assistance, community economic adjustment planning for growth and downsizing, and coordinating public benefit property conveyances for downsizing communities.

The EAC is chaired by the Secretary of Defense, and the Secretaries of Commerce and Labor are co Vice-Chairs. If affected States and communities are to benefit from these Federal resources, it will be important for the cognizant Federal programs to adequately source their staff and program budgets to respond. To date, we have not had much response to assist either growth- or downsizing-impacted areas. Moreover, the current Federal response to the national economic crisis has placed even greater stress on the cognizant agencies, with the effect of further subordinating needed attention for Defense-impacted communities. Accordingly, the

intergovernmental coordination of adjustment assistance under the EAC will continue to be reviewed to further improve overall responsiveness to the needs of these States and communities.

The Department has used the full range of transfer and conveyance authorities to dispose of real property made available in prior BRAC rounds (1988, 1991, 1993, and 1995). Property disposal is complete at 205 of 250 prior BRAC locations where property became available for disposal, and local redevelopment efforts in turn have resulted in the creation of over 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

Improving The Quality of Housing. Just as the Department works to maintain the fabric of communities affected by BRAC, we also work to maintain the communities of our military installations. At the same time that our military installations must support the operational needs of warfighters, they must also provide for the quality of life of our Service members and their families. Access to quality, affordable housing is a key factor affecting service member recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DoD has made great strides in increasing service members' housing choices. Privatization allows for rapid demolition, replacement, or renovation of inadequate units and the sale of units no longer needed. Privatization also 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 10 to 1, with \$2.5 billion in Federal investments generating \$25 billion in housing development at privatized installations. The FY 2010 President's Budget request includes \$2.0 billion for Family Housing, a decrease of \$1.2 billion below the FY 2009 enacted amount, for continued efforts toward

reduction of inadequate units, operation and maintenance of government-owned housing, and the privatization of over 2,400 family housing units. Over 600 of these units support the Grow-the-Force initiative.

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 service members 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 fifty years. With privatization deal structures and an income stream in place, full revitalization will be completed within a five to ten-year initial development period.

Military family housing requirements are changing at multiple installations due to BRAC, Global Posture, Joint Basing, and Grow-the-Force. While some installations may find they have a surplus of housing, others may experience a deficit. No matter where military family housing is needed, our Service members and their families need access to safe, desirable, and affordable housing. The Military Services continue to evaluate installation housing requirements, and the opportunities to meet additional housing needs through privatization continue to expand.

The FY 2010 budget request also includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a MilCon cost of \$52 million for the Army to construct 138 family housing units in Baumholder, Germany.

As it has increased the quality of family housing, privatization is also helping the Military Services provide quality housing for our unaccompanied Service members. To date, the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas. In contrast to the Army, the Navy is mainly focusing its unaccompanied housing privatization efforts to bring shipboard junior enlisted sailors ashore using a special pilot authority (10 USC 2881a). The first unaccompanied housing privatization pilot project was awarded in December 2006 at San Diego, the second was executed in December 2007 at Hampton Roads, Virginia, and a third project is under consideration at Jacksonville-Mayport, Florida. Both of the awarded Navy pilot projects have demonstrated that, with partial Basic Allowance for Housing authority, privatization of single, junior enlisted personnel housing is less costly on a lifecycle basis than the traditional Government-owned model. The pilot projects have also demonstrated that through privatization, single members can enjoy a quality living environment more equitable with housing for their married counterparts and commensurate with the sacrifices they are asked to make.

Energy Management. Just as we take responsibility for caring for our human resources, the Department also takes responsibility to wisely manage its energy resources. By aggressively implementing energy conservation measures, we are avoiding costs while improving utility system reliability and safety. The Department developed comprehensive policy guidance incorporating the provisions of the Energy Security and Independence Act of 2007. This 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 arise.

The Department's efforts to conserve energy are paying off. DoD is the largest single energy consumer in the Nation and consumed \$3.95 billion in facility energy in FY 2008. DoD facility energy consumption intensity has decreased nearly 11 percent since 2003. Our program includes energy efficient construction designs, aggregating bargaining power among regions and the Services to achieve more effective buying power, and investments in cost-effective renewable energy sources.

DoD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. In 2005, DoD set a goal to reach 25 percent renewable energy procured or produced by FY 2025 and Congress placed this goal in the National Defense Authorization Act 2007. Even though the increasing cost of Renewable Energy Certificates drove down the percentage of renewable energy consumption in FY 2008, I am pleased to report that the Department remains ahead of the curve, achieving 9.8 percent renewable energy procured and produced for FY 2008.

Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are lifecycle cost effective. Still, the Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from \$5 million in FY 2003 to \$86 million out of the \$120 million provided for ECIP in the ARRA funding for 2009. Plans call for ECIP funding to increase \$10 million per year, from \$90 million in FY 2010 up to \$120 million in FY 2013, and renewable energy projects will continue to be a high priority.

The Department began tracking water consumption in FY 2002. While the Energy Policy Act of 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a requirement of 2 percent water reduction per year. By FY 2007, DoD reduced total water consumption by 27 percent or 43.8 million gallons per year. While we continue to strive to exceed requirements, our prior achievements have set the baseline low, so continuing the trend will be a challenge. Even with the reduced baseline, DoD achieved a 2.9 percent reduction in water intensity in FY 2008.

Environmental Management. In addition to our commitment to managing our energy requirements, we also recognize our natural infrastructure as a priority. The Department sustains the environment on our installations, not only to preserve these lands for our future generations, but also to maintain current and future readiness. The Department practices integrated planning to preserve the land, water, and airspace needed for military readiness while maximizing critical environmental protection. We maintain a high level of environmental quality in defense activities by integrating sustainable practices into our operations, acquisition of materials, and weapon systems. We protect and conserve natural and cultural resources and restore sites to productive reuse on more than 29 million acres. We strive to protect and to sustain the environment while strengthening our operational capacity, reducing our operational costs, and enhancing the well being of our soldiers, civilians, families and communities.

Comparison of Environmental Programs Requests

(President's Budget \$ in Millions – Budget Authority)

	FY 2009 Request	FY 2010 Request
Environmental Restoration	1,506	1,475
Environmental Compliance	1,660	1,618
Environmental Conservation	330	323
Pollution Prevention	163	103

Environmental Technology	212	225
Base Realignment and Closure (BRAC)	455	554
TOTAL	4,327	4,298

Over the past 10 years, the Department has invested nearly \$42 billion in our environmental programs. In FY 2008, we obligated \$4.3 billion and in FY 2009 we are executing another \$4.5 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The FY 2010 budget request of \$4.3 billion will enable us to continue to demonstrate leadership in protecting and preserving the environment on our installations.

In FY 2008, the Military Services invested \$353 million in conservation programs to protect natural and cultural resources located on and near our installations. Our cultural resources include archeological sites, historic buildings, relics of prior civilizations, artifacts, and other national historic treasures.

In 2008, the Department inventoried 480,706 acres and found 6,118 new archaeological sites. The Department has surveyed a total of 8,082,925 acres and has found 112,774 archaeological sites. The Department treated 2,602 of the sites to include stabilization, rehabilitation, monitoring, and protection in 2008. In 2009, the DoD will continue to sustain and manage its archeological and historic cultural resources. Some of the current activities include preserving the fabric, systems, historic character, and function of the DoD-built environment; maintaining readiness while protecting our heritage by incorporating cultural resources into installation planning; and consulting in good faith with internal and external stakeholders.

The Department is also protecting its older properties, not only for historical interest, but for continued active use to support today's operational requirements. Over 32 percent of DoD's 344,000 buildings are over 50 years old, and by 2025, more than 67 percent of the Department's

buildings will exceed 50 years of age. Buildings that have passed the 50 year benchmark present a challenge to the Department, but also offer the potential for cost-savings and resource conservation. By using historic buildings and properties, instead of building new structures, the Department reduces its environmental footprint while retaining the properties' historic features. DoD's Cultural Resources Program ensures balance between responsible stewardship of this significant legacy with meeting the demands of defending our nation.

Our installations also steward some of the finest examples of rare native vegetative communities, such as old-growth forests, tall grass prairies, and vernal pool wetlands. As of April 28, 2008, the U.S. Fish and Wildlife Service (USFWS) listed 1,317 species as either threatened or endangered within the United States, nearly 350 of which inhabit DoD lands. DoD has a greater density of listed species than any other Federal agency: some 40 threatened or endangered species are found only on DoD installations. The Department prepares and implements Integrated Natural Resource Management Plans (INRMPs) for each installation with significant natural resources, that include land management and other actions to protect these endangered species. These plans, developed in coordination with the USFWS and State fish and wildlife agencies, have helped the Department avoid critical habitat designations at 35 installations because the plans provide protection equal to or greater than what would be obtained if critical habitat had been designated for these endangered species. When coupled with our conservation efforts to protect species at risk and common species and their habitats before they become rare, INRMPs have provided increased flexibility in how DoD conducts its mission activities.

The Department is executing \$344 million in FY 2009 conservation efforts, of which \$215 million is planned for recurring continuous conservation management activities, such as

preserving habitat for at risk species and habitat vulnerable to global climate change. Additionally, \$129 million is planned for non-recurring one-time projects such as installation of exclusion devices to protect endangered of at-risk species habitats, development of automated acoustic technologies for monitoring migratory birds, and shoreline protection projects. Fiscal year 2009 Cultural Resource projects include identifying design efficiencies and LEED equivalence standards for historic buildings, and producing historic context studies for Cold War sites in the Pacific and rural industrial sites on DoD lands in the Southeast.

The Department is requesting \$323 million for FY 2010 conservation efforts, which includes \$209 million in recurring funds for continuous conservation management activities and \$114 million in non-recurring funds for one-time conservation projects associated with threatened and endangered species, wetland protection, or other natural, cultural, or historical resources.

Since 1984, the Department has obligated \$40 billion in the Defense Environmental Restoration Program (DERP), including an FY 2009 appropriation of \$1.5 billion. Through DERP, the Department has restored 74 percent of those areas on installations or Formerly Used Defense Site (FUDS) that have been impacted by past defense activities, in cooperation with State agencies and the U.S. Environmental Protection Agency. DERP consists of two categories of sites; 1) Installation Restoration Program (IRP) sites which contain hazardous substances, pollutants, and contaminants, and 2) Military Munitions Response Program (MMRP) sites which contain unexploded ordnance and discarded military munitions. The Department applies a risk-based prioritization process to determine the order of cleanup for both IRP and MMRP sites. By the end of 2008, the Department had completed cleanup on 82 percent of IRP sites on active installations, 69 percent of IRP sites on FUDS, and 74 percent of IRP sites on installations closed

or realigned in the first four rounds of BRAC and BRAC 2005. In FY 2009, we are executing approximately \$1.5 billion at active and FUDS locations and another \$525 million at BRAC bases for environmental restoration efforts. These expenditures should enable us to complete cleanup at an additional 619 sites at active and FUDS locations and 154 sites at BRAC bases.

For the MMRP, DoD has completed cleanup of military munitions at 33 percent of sites at active installations, over 58 percent of BRAC installation sites, and 34 percent of FUDS. By cleaning up our sites on a "worst first" basis, we have significantly reduced the potential risk associated with many of the sites in our inventory. As we continue to make cleanup progress, we are emphasizing optimization of performance. Optimization efforts include considering green remediation technologies, reducing the number of cleanups involving long-term management, and achieving site close out in a timely manner. These efforts will reduce our long-term liability and ensure the expeditious return of these properties to productive reuse. Our FY 2010 budget request of \$1.5 billion will help implement these improvements while continuing to make progress to complete our cleanups and close out the properties.

The FY 2010 budget request of \$103 million for pollution prevention will enable DoD to continue to meet our solid waste diversion and recycling goals while reducing our operating costs. Striking a balance between mission requirements and environmental quality, the Department employs long-term solutions to eliminate hazardous material use in operations and weapon systems acquisition, promote the use of alternative fuels, and implement innovative pollution prevention technologies to reduce pollution to our air, water, and land. In 2008, the Department invested \$162 million in pollution prevention programs, including recurring requirements such as solid waste diversion and recycling, hazardous material reduction, and green procurement. In FY 2008 the Department diverted 3.9 million tons or 63 percent of our

solid waste from landfills, avoiding approximately \$260 million in landfill costs. Additionally, the Department has reduced hazardous waste disposal by 37 percent from calendar year 1996 to 2007. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 24 tons from 2006 to 2007. To further reduce waste and resource consumption, in 2008 the Department updated its Green Procurement Program (GPP) strategy, which encourages Military Services to purchase environmentally preferable products and services. Through the GPP, the DoD has become a leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction requiring DoD contracting officers to use a contract provision giving preference to bio-based products. In FY 2009, we are executing \$165 million for pollution prevention, with another \$103 million planned for FY 2010. These levels of investment will enable DoD to continue to meet our diversion and recycling goals while reducing our operating costs.

In FY 2008, the Department obligated \$1.54 billion for environmental compliance activities, including an \$83 million MilCon investment in new construction projects to build drinking water facilities, wastewater treatment facilities and above ground fuel storage tanks that comply with Safe Drinking Water and Clean Water Act requirements. Clean water and clean air are essential to the health and well being of our communities and ecosystems. DoD management practices reduce discharged pollutants, leverage water conservation opportunities, and protect watersheds. Our drinking water program has consistently provided over 3,550,000 men, women, and children living and working on our installations with safe drinking water. The Department also manages over 1,600 water pollution control permits for our wastewater and storm water treatment systems, which achieved an overall 95 percent rate of compliance in 2008. Our FY 2009 appropriation included another \$1.67 billion to upgrade treatment facilities and

meet new and expanding permit requirements. Our FY 2010 budget request of \$1.6 billion will enable the Department to continue to sustain our air, water, and land resources to maintain operational readiness and enhance the health and welfare of surrounding communities, and the natural environment.

Emerging Contaminants. Our experiences with mission and environmental consequences associated with perchlorate, ozone-depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a program to make earlier, better-informed, risk management decisions regarding these emerging contaminants (ECs). 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 the mission.

We have established a three-tiered process to (1) look “over-the-horizon” and identify chemicals and materials with evolving science and regulatory interest; (2) assess the risks to human health, the environment, and DoD’s mission; and (3) develop appropriate risk management options for DoD program managers. Twenty-one EC impact assessments have been completed for chemicals that include explosives, fuel constituents, corrosion preventatives, fire-fighting 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 lifecycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and

equipment. A significant recent example of a risk management action is a new DoD policy to minimize the use of hexavalent chromium, a known carcinogen, throughout DoD.

Because of the many national policy issues related to ECs, we continue to work with a number of Federal and State regulatory agencies, industry, academia, and professional organizations. In particular, we formed an EC working group with the Environmental Protection Agency (EPA) and the Environmental Council of States (ECOS) to address and discuss EC issues. Four important work products, including procedures for dealing with new ECs, have been completed and endorsed by all parties and are publically available on the ECOS, EPA, and DoD websites.

We are also working in partnership with a new Industry-University Cooperative Research Center, initiated by the National Science Foundation, to focus on emerging contaminant research. Some of this effort will be geared to helping Federal agencies and industry use safer chemicals and materials for improved long-term sustainability.

Sustaining the Warfighter. All of our efforts with regard to both our built and natural infrastructure are because, simply put, our Nation's warfighters need the best training and equipment available. This means sustaining our vital training and test range and installation infrastructure. Incompatible land use in the vicinity of DoD installations and ranges continues to challenge training and testing sustainability. Particular challenges from incompatible land use include noise complaints from new neighbors, concerns about smoke and dust, diminished usable airspace due to new structures or growing 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 has demonstrated that effective training of U.S. troops has a direct impact on their success on the battlefield. Reliable access to operational ranges and supporting installations

is needed to sustain that training. In 2002, Congress provided statutory authority to use O&M funds to create buffers around our ranges and installations. Using this authority, DoD established the Readiness and Environmental Protection Initiative (REPI), and has worked with willing partners to cost-share compatible land use solutions that benefit military readiness and preserve natural habitat. In FY 2005, REPI leveraged \$12.5 million of O&M Congressional funding to secure \$55 million worth of buffer land and easements, encompassing 13,939 acres at seven installations. In FY 2006, with \$37 million of O&M funding, REPI secured over \$93 million worth of buffer land and easements, encompassing 33,521 acres.

Overall in FY 2007, REPI initiated 27 projects in 17 States; in FY 2008, REPI funded 36 projects in 19 States. Already, \$23.2 million from FY 2007 and FY 2008 funding has secured \$74 million of buffer land, encompassing 28,378 acres. For FY 2009 REPI identified an additional 39 projects in 21 States for funding. Congress appropriated \$56 million for REPI in FY 2009. Such REPI and partner funding has resulted in projects providing clear benefit to the military mission, such as protecting the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; keeping training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffering live-fire training ranges at Fort Carson, Colorado.

After several years of implementing REPI projects, 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, as in the case of the installations noted above, have proven effective in relieving military training and testing activities from encroachment pressures and in strengthening joint readiness.

According to RAND, REPI also helped improve the natural environment and the quality of life in communities where the projects were located. The environmental benefits of REPI projects have included helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and safeguarding water quality and supply. REPI also was shown to improve local economies and the reputation of installations with surrounding communities; for example, the project near NAS Fallon in Nevada has helped preserve productive local agricultural land and the continued viability of local farms.

Many of the challenges facing DoD are also of mutual concern to other Federal agencies and State governments. These issues can and do cross administrative boundaries, demanding cooperative action at the regional level. The Department is partnering regionally with State governments and Federal agencies to identify and address such shared concerns. These partnerships are proving essential to sustaining our ranges and installations, as well as to furthering our partners' goals and missions. For example, DoD continues to work with State governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability – or SERPPAS. The States of Alabama, Florida, Georgia, North Carolina, and South Carolina are engaged with the military and other Federal agencies in this important regional 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. A similar effort is now getting underway in the southwestern U.S., a region of critical military training and testing importance that is facing myriad growth and environmental challenges.

DoD continues to work closely with other Federal agencies to sustain military readiness. One major thrust is to ensure that wind farm projects and energy transmission corridors are

compatible with military readiness activities. The Department also coordinates with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are compatible with new security measures. The Department's sustainability program continues to reach out to non-Federal partners, working regularly with State, county, and local governments, Tribal, and non-governmental organizations on issues of mutual concern to seek win-win solutions. Meanwhile, overseas, DoD continues to develop mission sustainment procedures with host nations. The Department looks forward to further building upon all of these efforts to ensure that warfighters' current and future training and testing opportunities remain unrivaled.

Additionally, DoD's Office of Economic Adjustment (OEA) has managed the Joint Land Use Study (JLUS) program since 1985. JLUS is a cooperative land use planning effort between affected local governments and military installations that seeks to anticipate, identify, and prevent growth conflicts by helping State and local governments better understand and incorporate technical data developed under Service Air Installation Compatible Use Zone, Range Air Installation Compatible Use Zone, Operational Noise Management Program, Encroachment Action Plan, and Encroachment Control Plan studies into local planning programs. When a Service believes an installation may be experiencing incompatible development problems, or that there is likelihood for incompatible development that could adversely affect the military mission, the Service may nominate the installations for a JLUS to OEA. All the Services takes advantage of the JLUS program, finding it an effective tool for bringing communities and the military together to mutually address development issues and needs.

Safety and Health Risk Management. A significant responsibility associated with Installations and Environment is the management of the Department's safety and health programs. Over the last year, the Department experienced some improvement in its safety and health performance, but we have a way to go.

In 2005, the Department published policy (DoD Directive 4715.1E) that required implementation of management systems for safety and health (similar to environmental management systems described by the International Standards Organization (ISO) 14000 series of standards) emphasizing the integration of safety and health into day-to-day operations. By "operationalizing" safety and health, we make safety a part of every process and operation.

We are encouraging commanders to meet and exceed tough performance-based criteria for a managed safety and health system and proving it by achieving "Star" recognition in the Occupational Safety and Health Administration's Voluntary Protection Program (VPP). Installations holding VPP Star Status undergo an independent review of their programs and must be among the best, having injury and illness rates at or below the national average. So far, the Department has 22 Star Sites to date; we anticipate more than 36 Star Sites by the end of FY 2009 and we further expect that number to increase every year. Recently, the Pentagon began its journey toward Star recognition.

Operationalizing safety applies to every aspect of the Department's missions. In preparing for basing changes on Guam, we, through the Department of Defense Explosives Safety Board, developed a comprehensive Military Munitions Annex to the Guam Joint Military Master Plan. This effort sought to fully harmonize the receipt, storage, maintenance, transportation, and use of military munitions by the Department of Defense and Department of Homeland Security organizations on Guam. Explosives safety risks on Guam have been

identified and strategic recommendations will result in risks from military munitions being eliminated or mitigated. Furthermore, operationalizing safety improves the entire operation, by improving munitions support to execution of war plans and contingencies and optimizing munitions processes. We are continuing this effort by integrating explosives safety into all facets of operational planning.

In the area of Strategic Human Capital Management, my organization, along with the entire Department, is focused on human capital planning emphasizing improved competency-based workforce planning. In establishing "Functional Community Managers" for: Safety and Health, Explosives Safety, Fire and Emergency Services, and Expeditionary Environment Safety and Occupational Health (ESOH), we will implement a comprehensive strategy to ensure a strong safety and health workforce that is able to meet the challenges of today and the future. Our Functional Community Managers, bringing first hand knowledge of competencies needed, work in partnership with the Department's Human Resource experts to ensure the Department is positioned to acquire and retain the talent it needs to meet current and future mission requirements.

The ability to send our people home from work healthy and safe is of paramount concern. The number of civilian injuries is one measure of our success in managing safety and health. For our civilian employees, we reduced the lost time injury rate over the last five years by 13 percent. We continue to seek improvements to prevent all mishaps and the resulting injuries and losses. Operating motor vehicles continues to be the most significant mishap threat to our military members. We have reduced the number of military fatalities for all privately-owned motor vehicles on public highways from 308 in FY 2002 to 260 in FY 2008 – a 16 percent reduction. However, for motorcycles, we are part of a national trend in increasing motorcycle

fatalities. Nationally, motorcycle fatalities increased by 58 percent from 2002 to 2007. DoD fatalities increased from 71 to 124 for FY 2002 to FY 2008 – a 75 percent increase. We are continuing to develop programs and initiatives to address this negative trend.

Operating military vehicles in Iraq and Afghanistan is also a significant risk, with 24 motor vehicle fatalities in FY 2008 – a reduction from a peak of 59 motor vehicle fatalities in FY 2005. Our military members have met the combined threats from Improvised Explosive Devices and poor roadways with increased training and experience in operating tactical vehicles, and by improved survivability of crashes from increased seat belt use, gunner's harnesses, and rollover training.

In early 2009, Installations and Environment published policy that defines "all-hazards" emergency management for DoD installations worldwide. DoD installations now have consistent guidance to improve their compatibility with their civilian counterparts and a management structure focused on preparing for and responding to emergencies regardless of the hazard. Our ability to seamlessly interact with civilian responders will make us much more effective in times of disaster. We are continuing to work with other offices in DoD to eliminate unnecessary redundancy and confusion at the time of an emergency and provide holistic emergency response on and around our installations.

Integrating Business Management. Accomplishing the diverse missions of the Installations and Environment community requires integration across organizational boundaries. We have made great progress with our initiatives to improve the efficiency of the Department's business processes. We are working to develop and implement common data standards across the Military Departments and Defense Agencies, modernize business systems, and enable audit-ready processes. In the Installations and Environment community, we have three key business

transformation efforts: real property accountability, environmental liabilities, and hazardous materials information management.

The Department manages almost 60 percent of the Federal government's buildings and structures – over 539,000 assets worldwide. Each Military Department has a separate system to manage their share of this property. Several years ago we conducted research and hired a top ranked information technology firm to help us develop our business system modernization strategy. We determined, based upon the firm's recommendation and the Military Service leadership's concurrence, that building a single system would not be the optimal solution. Instead, we decided to develop DoD-wide standards and upgrade or replace the existing systems so that they can be interoperable across DoD. To achieve this goal, we developed common data standards and reengineered business processes. As of September 30, 2009, all of DoD's primary real property systems will be interoperable, ensuring that accurate, timely, and reliable real property information is available for more transparent management decision making.

In addition to the data and business process standards initiatives, we are also working to modernize our systems. Many of the existing, government-built legacy systems use outdated technology and do not apply current industry best practices. Led by my organization, the Military Services are in the process of acquiring new commercial off-the-shelf systems or upgrading their current systems to comply with the standards. To further integrate real property information for Department-level analysis, my office is building the real property data hub that will provide real-time accessibility to data.

Uniquely identifying each of our real property assets is fundamental to real property accountability. Our Real Property Unique Identifier Registry is at full operational capability. These unique identifiers allow us to establish linkages within our systems between facilities,

equipment and people. The registry includes address information on all DoD installations and sites and we are working with other DoD functional communities to ensure that physical location information used across DoD comes from one authoritative source – the Registry.

The ability to share data with the communities that surround our installations is a key component in our ongoing efforts to sustain military readiness. My organization is working with stakeholders across the Federal government on aligning geospatial data standards so that data sharing can take place between the local and Federal communities. We have recently integrated geospatial data requirements into the Department's Business Enterprise Architecture, which will further expand interoperability opportunities in DoD.

On the environmental management side, my office has been leading efforts to standardize and streamline the complex processes required to accurately value and report environmental liabilities. We are developing a blueprint for implementation of the reengineered business processes in the Department's enterprise resource planning systems.

To minimize future needs for environmental cleanup and to ensure safety of our personnel, ready access to complete and accurate hazardous material information is critical. We are working to improve availability of timely, accurate, consistent, and complete product hazard data for use across the Department.

In summary, our business transformation efforts are helping the Department efficiently share information and best practices across organizational boundaries. As the Services modernize their systems and achieve interoperability, the Department will gain access to secure, reliable information crucial for effective management of assets, and ultimately reducing costs and improving performance across all of DoD.

Conclusion. In closing, Mr. Chairman, I sincerely thank you for this opportunity to update you on our work in Installations and Environment on behalf of the Department of Defense. To meet the ever changing warfighting landscape, our military must be flexible and responsive and our installations must adapt, reconfigure, and be managed to maximize that flexibility and responsiveness. I appreciate your continued support and I look forward to working with you to provide the quality installations that our military forces need and deserve.

FYDP

Mr. EDWARDS. Thank you. Thank you, Secretary Army. Thank you for all your work leading to so many of the improvements that you referenced in your opening comments.

Secretary Hale, let me begin by asking you, do we not have a FYDP because the administration wants to propose a reformed defense budget and, therefore, it didn't want to basically put into place the FYDP? Obviously, there is a FYDP within the system that the administration could have projected in this budget proposal.

Is it you are afraid of locking in—was the administration—

Mr. HALE. No.

Mr. EDWARDS [continuing]. Not wanting to lock in to the status quo and that is why it didn't put forth a FYDP?

Mr. HALE. No. I mean, the problem is, we feel we need to go through the quadrennial review and the program budget review in the fall in order to develop a FYDP. We don't have a plan beyond fiscal 2010 that is worked out. Obviously, we have extrapolations off last year that we are using as a base, but none of them accord to either fiscal guidance or the out-year policies of the secretary. So they don't represent current administration policy.

You know, there is a time element to this, to be candid with you. It takes 6 to 9 months to do this typically. We had about 3. You have a choice. Either don't do a very good job, to be honest, or an in-depth job, and this secretary clearly wanted to make changes. And that meant, I think, we needed to focus on fiscal 2010.

As I mentioned, the same thing happened in 1993 and 2001, where there was not a current FYDP submitted. I understand it is a problem. If I had it, I would be glad to give it to you. It is not that we are trying to withhold it. We don't have it.

Mr. EDWARDS. Does the law not require it, 10 U.S.C. Code 221?

Mr. HALE. It does, and I like to obey laws. But I just don't have a plan. I mean, I suppose if we were pressed hard enough, we would say, go back to 2009. You have that one. It is just that it doesn't reflect current policy or fiscal guidance. That is the best we have.

Mr. EDWARDS. We are going to have to work closely with the administration then. Because it makes it difficult when you have a request for, you know, \$800 million for an NSA project, we don't know what the end cost is or what future requests are coming in. It does create some problems.

Mr. HALE. We can certainly try to work with you on a project-by-project basis. I mean, I think MILCON is an area where it is particularly helpful to have a FYDP for a variety of reasons. If I had one, I would give it to you.

Mr. EDWARDS. As well, there are certain areas that changes are going to be made. There are other enduring installations where you know what you are going to do, regardless of what the Quadrennial Defense Review—

Mr. HALE. I think we can work with you on a case-by-case basis and try to provide information.

Mr. EDWARDS. All right. All right.

BASE REALIGNMENT AND CLOSURE

Let me ask you about BRAC, Secretary Army. The original proposal was \$21.1 billion. The proposal you mentioned today, the budget number is at \$35 billion-plus. Why did we go from \$21 billion to \$35 billion?

Mr. ARNY. Yes, sir.

Mr. EDWARDS. By the way, as you are looking at those numbers, I saw in the testimony—the written testimony that it said the model used for projecting the original costs for BRAC wasn't intended to be a budget-accurate model. I don't recall ever being told that in the process.

Maybe we ought to put a huge asterisk on BRAC—going to say, “Here is our budget projection. This is the cost we will use to determine a cost-benefit analysis, but this isn't”—we know there always has to be fine-tuning. We live in the real world, and we respect that, but to go from \$21 billion to \$35 billion is—

Mr. ARNY. Let me explain—

Mr. EDWARDS [continuing]. A huge increment.

Mr. ARNY. A lot of that—it does not have to do with the Cost of Base Realignment Actions (COBRA) model. Now, the COBRA model is not budget level in that a particular bill—what it is designed to do is compare apples to apples in a short period of time. So when the folks studying BRAC say, “Okay, I am going to build an admin building,” so the model gives them, you know, an admin building, and they can say, “Okay, if I go to this base, I need this kind of admin building. If I go to another, I need another one.” They can compare apples to apples.

Now, because when you look at adjusting COBRA for the model output for inflation, of the \$14.3 billion, that was \$1.3 billion. So we had a problem in that COBRA locked us into, I think, 2003. So by the time we got—when we are working the 2006 budget, those numbers were 3 years old. So we had regular inflation to account for.

Also, the building that we “designed” with the COBRA model doesn't have the refinements of location that, when the engineers go out to actually design the building, we will get cost increases because of that.

But let me hit the big number. Of the \$14.3 billion, \$10 billion of the number—so almost—probably 70 percent of it—was for the construction of additional facilities that were not included in the initial BRAC we had.

We had the forces coming back from Europe, which were not included in BRAC, plus, for instance, at Bethesda, we added almost \$1 billion to Bethesda for wounded warrior and items like that that were not part of the original BRAC model.

So I can give you the specifics. We had program management costs that are not included in BRAC. It was like \$600 million. And another thing we do not include is environmental, because we never include environmental in making a decision of whether or not to keep a base open or to close it for a couple of reasons.

One is, we have the responsibility of cleaning it up no matter. Secondly, we don't want people to—you know, you could envision

where they might try to pollute a base in order to have to get it—to keep it off the BRAC closure list. So we just take that out.

And there was—I think the environment was—environmental restoration was almost \$500 million. And we had extraordinary construction industry inflation, if you recall, during that time, especially at some of the Navy locations down in the southeast that amounted to another \$1 billion.

But, again, \$10 billion out of the \$14.3 billion was because we added construction for other capabilities to the BRAC bill that were not part of the BRAC decisions.

Mr. EDWARDS. Well, it makes me wonder if we underestimated the facilities that were needed. And I want to go on. We are going to try to stick as close to the 5-minute rule as we can.

But one of the things I might ask you in the second round or third round of questions would be, what lessons learned do we take? Maybe we will be digesting BRAC 2005 for the next decade.

And there may not be another round in the next decade. Who knows? But if there is, it seems a lot like this is fresh in our mind. We can come up with all the rationales, but we ought to bill those changes into future BRAC models so that—I mean, if you are going to do a—if BRAC is based on a cost-benefit analysis and your costs are off by nearly 100 percent, then, you know, that would change even some of the decisions you would make.

So I would welcome your ideas, having gone through this process, or your suggestions for the future.

Mr. CRENSHAW.

Mr. CRENSHAW. Thank you, Mr. Chairman.

Let me just go back with the FYDP. My concern is that we end up having projects in the President's request that, by the time you finish the FYDP, they are not part of the FYDP anymore. So I guess the question is, are you fairly certain that all the projects that are in the request this year will still be in that—plan?

Mr. HALE. Well, first, it is my understanding that, for projects that are in 2010, the budget documents will give you the full out-year costs of them. And if they don't, then we will supply those.

Are you thinking of phase-funded projects, Mr. Crenshaw?

Mr. CRENSHAW. No, just in general. I mean, as long—well, there will be—the future requirements will be part of the—

Mr. HALE. If we started something—and especially if it is phase-funded, that, I think—plans for the out-years. And, yes, I would anticipate we will finish it. I mean, we are not going to stop in the middle.

The problem is—and I know you used the FYDP, and it is good that you used the FYDP to look for the changes you might make—not that we advocate those changes—but if you are considering them, I understand that is a problem. And the only thing I—

Mr. CRENSHAW. Well, how do you decide what the requests are this year?

Mr. HALE. For 2010? Well, we went through a full review on fiscal 2010 in all parts of the budget. And if you would like, I can go through that process, but it certainly included military construction.

So what you have in fiscal 2010 is worked out. It is consistent with the administration's priorities. It is consistent with the budget

guidelines. So that is done, and we hope you accept it. But it is 2011 and beyond that are the problem.

Mr. CRENSHAW. But if you looked at the 2009 FYDP, are there projects in your request that were not part—

Mr. HALE. I am sure there are. I mean, there are always lots of puts and takes.

Mr. CRENSHAW. So I would assume there are not some things that were in—

Mr. HALE. Yes, I am sure. I am sure. I mean, it—unfortunately, the 2009 FYDP is—I just can't sit here and say it is consistent with the administration's policy, not necessarily.

Mr. CRENSHAW. I understand. Everything is going to—

Mr. HALE. On the other hand, there are some projects in there I am sure that we will go forward with, too.

Mr. CRENSHAW. But you are going to overhaul—

Mr. HALE. We will make changes.

Mr. ARNY. But, also, Congressman, there were—and I don't know the specifics, but I will venture a wild guess that there were projects in the 2010 column of the 2009 FYDP that those of us who were putting the budget together before the administration came in, changed when it went to 2010, as well.

So I am convinced we probably did not accept the 2010 column when we moved it from the 2009 FYDP to the 2010 FYDP.

Mr. CRENSHAW. Could we just, for the record, have those—the projects that were in the FY09 FYDP that aren't included in the FY10 budget and then that are included that were not in?

Mr. HALE. What I can give you is the 2009 FYDP.

Mr. CRENSHAW. No, just for the record.

Mr. HALE. Well, but if what you had in mind—I mean, there were some notional plans done at the end of the last administration. And those are just that, notional. And I think those are pre-decisional, in our view. So that information I wouldn't want to supply.

We can give you the 2009 FYDP. We will give you the out-year costs of anything that is in the 2010 budget. If it is phase-funded, we owe you, I think, a description of how the phases would be carried out, because, after all, we are asking you to approve the first phase.

Beyond that, the only thing I can suggest is if you have particular projects, come to us and we will try to give you our best sense.

Mr. CRENSHAW. The only thing I am trying to get at is if there is going to be an overhaul of what we have bought and how we buy it and how that affects the MILCON projects. Can you give us an example of this?

WORKFORCE

Mr. HALE. I actually was thinking about that last night when I wrote this. And I don't—it is not MILCON that we are primarily looking at in terms of process.

It is more the Acquisition Corps. And there is a people side of it, as I mentioned. We need to rebuild or reinvigorate our Acquisition Corps. We are going to add about 20,000 government civilians over the next 5 years to the Acquisition Corps, so I am adding

about 9,000, adding to its size, the rest replacing contractors. And we are also looking at an in-sourcing initiative.

Although contractors are and will always remain important to the Department, we think the pendulum swung too far in terms of their use. So we are for contractor support services moving back from the level of about 39 percent today to more like 26 percent.

I am not aware of any significant MILCON process changes—
Mr. CRENSHAW. I got you.

Mr. HALE [continuing]. That are being considered.

Mr. CRENSHAW. Great.

Well, thank you. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Farr.

SUPPORT TO ALLIES

Mr. FARR. Well, thank you very much, Mr. Chairman.

Congratulations—filling some incredible shoes in the history of that job.

Wayne Army, thank you for coming back and being here today.

I just wanted to make a comment that we have one of the projects at the Defense Language Institute that is on that FYDP. It has fallen off, but in discussions with your staff, there is perhaps a way of getting it back on.

I want to shift to something else. I have been consistent in all my hearings here with all of the combatant commanders on several programs that I am interested in, and a lot of them are based at the Naval Postgraduate School in Monterey, California.

We have this incredibly equipped military force that can go anywhere at any time and do anything that it needs to do, but has a very difficult time winning the hearts and minds.

One of the programs that we do have in this country that is very impressive is the International Military Education Training program, where we bring foreign officers over. For example, the king of Jordan had a semester at the Naval Postgraduate School.

That program, I didn't know until this year, is not funded through DoD, yet it only benefits the Department of Defense, NATO, and our allies around the world. It is educating foreign military officers.

It is funded under State Department, which is a very under-funded budget.

And according to the people who administer IMET, a lot of poorer countries are not able to participate. If you are a wealthier country, you pay full scale to come. If you are a poorer country, we subsidize it. Unfortunately, there are just fewer and fewer foreign military officers because of lack of financial resources, not because of lack of interest in the program.

And I wondered if there was any way DoD budget could provide additional resources to IMET, if there has been any thought about transferring some DoD money over to the State Department?

Mr. HALE. Well, I can answer the question broadly. I can't go to the specifics; I will need to take that one for the record.

[The information follows:]

The International Military Education and Training (IMET) Program is one of the State Department's foreign assistance programs. Specifically, it is a security assist-

ance program authorized by the Foreign Assistance Act of 1961, as amended, and funded through Department of State's annual Foreign Operations Appropriation. Like other security assistance programs, IMET is funded by the Department of State (DoS) and executed by DoD.

Without specific authority, DoD cannot transfer money to DoS for the IMET program. Such authority currently does not exist. DoD's ability to transfer funds to other agencies for non-DoD missions is very limited.

However, DoD can use its own limited authorities and appropriations to conduct specific training and education for foreign military personnel in certain areas such as training and education provided under the Combating Terrorism Fellowship Program (CTFP).

As Secretary Gates has said on many occasions, the United States should provide more resources to the State Department for programs like IMET. IMET is very important at multiple levels throughout DoD. Your effort to increase funding within the IMET account is the best way to accomplish this objective.

It is imperative that we make every attempt to tie DoD programs, such as CTFP, to DoD's mission, which is narrower than that of DoS under the IMET program.

I recommend you support the Department of State in securing additional resources for IMET and to support funding for DoD programs that support capacity-building required to maintain Combatant Commander missions and other DoD objectives.

But the Secretary of Defense, Secretary Gates, has been emphatic in saying that he believes there needs to be more funding on the state side. He is thinking not so much IMET, but more broadly in terms of support to our allies who are working with us in our various wartime activities.

And he went so far—I believe he made a call—he is proud of saying this, so I don't think he would mind repeating it during the budget resolution, asking that the budget be protected. I think he was at least partially successful.

On IMET, I need to take that one for the record. I am not aware—

Mr. FARR. I am not even sure why it is in the State Department. It seems like it ought to be a DoD function. But, anyway, it is—

Mr. HALE. Well, I think we execute it, obviously, or do the training. It must be on a reimbursable basis. Is that—

Mr. FARR. It is a highly successful program, and it is suffering, and we shouldn't let it suffer in this time of international friendship building.

The other thing that I wanted to talk to you about was a program to train civilians. We have a lot of civilian capabilities in the military reservists.

And General Petraeus talked about using those Reserves and Guardsmen who have specific skills—skills that would help in Iraq and Afghanistan.

Is there any program being developed in DoD to use the Guard and Reserve force, first of all, and secondly, how you would coordinate them with the civilians that the State Department and other federal agencies are putting together as part of a whole of government stabilization and reconstruction effort?

Mr. HALE. The answer there is yes, and in particular with regard to Afghanistan. We are actively looking at using some Reserve personnel and perhaps some of our own civilians to—we call it the civilian surge—to provide assistance in Afghanistan and everything from agricultural support to financial support.

I am trying to figure out the numbers and working with the State Department on kind of who pays what—

Mr. FARR. So you are coordinating that? There is going to be some transfer? You have a soldier going in there because of the security issues, but the win-win can be the soldier and that civilian surge.

Right behind that soldier is somebody coming out of the State Department—USAID or other appropriate federal agencies—who could assume those responsibilities. Is there beginning to be a coordination of those—

Mr. HALE. We think that is starting to happen. I mean, I notice a great deal more—certainly, there is a lot more of what we call soft-power funding now that really didn't exist when I was in the building the last time. And consequently, I think we are starting to work more closely with the State Department.

We have a ways to go, to be candid, in terms of full coordination. And some of that debate is being played out with regard to the Pakistan counterinsurgency fund right now in the Congress.

Mr. FARR. But what I—

Mr. HALE. We are committed to doing it better. And I think we are moving in that direction.

Mr. FARR. I would really appreciate it if you would look into this and see if additional resources are needed for this transfer to civilian agencies. The manpower DoD is providing—the military reservists who are carrying out the civilian surge—need to transition to civilians being coordinated by the State Department.

Mr. HALE. Right. Just if I can add one more point that may be relevant here. On the military side, my understanding is—and we will use this authority—that we can pay reserves to provide civilian skills. We can pay those out of the DoD budget.

There are civilian employees. I think, unless we got specific authorization, we would probably need to be reimbursed by the State Department.

But we are working with them. I am meeting later this week, actually, with some of my counterparts at the State Department just to try to, frankly, get to know them better and to try to build up our capability to work with them financially. And, of course, our policy organization works a lot with the State Department.

Mr. FARR. But we need some interoperability.

Mr. HALE. I hear you. We have a ways to go. I mean, your point is well taken.

Mr. EDWARDS. Thank you, Mr. Farr.

Judge Carter.

Mr. CARTER. Thank you, Mr. Chairman.

Gentlemen, thank you for being here. Thank you for what you do for our country.

HOMEOWNERS ASSISTANCE PROGRAM

Mr. Arny, the DoD guidance for Homeowners' Assistance Program, HAP, to permanent change of station, PCS, or BRAC-related military home sales require soldiers to have purchased their home prior to July the 1st, 2006. When I asked about this issue during the March 12th family troop housing hearing, the response I received was that the stimulus request was put together in a short amount of time and that issues like this could be resolved in the rulemaking process.

However, it appears as though this criteria has survived and is now part of the guidance portion of the DoD HAP Web site. This is of great concern for numerous soldiers at Fort Hood who have to sell their homes to move to Fort Carson with the 4th Infantry Division. I am sure the problem will also detrimentally impact other BRAC-affected installations and numerous soldiers, sailors and airmen throughout the DoD who have to PCS.

Can you explain the rationale for using the date? And how many BRAC- and PCS-affected soldiers do you anticipate this criteria may exclude from HAP assistance?

Mr. ARNY. The date that we were given was statutory, so we had no control over that, although I believe it was kind of the peak of the market, but I am not sure. I would have to get back to you on why they chose that date, but it was the date——

[The information follows:]

July 1, 2006 is the cut-off date identified in the statute. The Standard & Poor's (S&P)/Case-Shiller and the Federal Housing Finance Agency (FHFA) Home Price Indices indicated a sustained, rapid, and steep decline from peak home price levels in early 2006. People who bought homes before this date were buying during a rising or stable market and could not reasonably have known how or when home prices would decline. Conversely, individuals who bought homes starting in July 2006 knew (or should have known) that the national home market was in a broad and steep decline.

Mr. EDWARDS. And if I could clarify—language DoD gave the Congress in putting together the bill, so Congress——

Mr. CARTER. Was it?

Mr. EDWARDS [continuing]. Wrote in the date and statute that—suggestion——

Mr. CARTER. From DoD?

Mr. ARNY. I will check on it, because there is, if I recall, in the many briefings we have had on this, there was a logic to that.

What we tried to do in allocating the funding for that is to prioritize the recipients. Priority one was wounded warriors and surviving spouses of military personnel killed in action. Second was BRAC.

Now, the HAP program has been around for a while. It was used in prior BRAC rounds, was my experience with it. But in those rounds, in order to qualify for HAP, you had to prove that the downturn in the market was caused by the BRAC decision.

In this round, because, first of all, the markets were down all over, so you—the lawyers would not attest that a particular downturn was due to just BRAC—it may have been due to the general market—so there was confusion there.

Secondly, in prior rounds, most of our closures were due to a base being closed. I mean, most of the market impact was due to a base being totally closed. This was the first round where we had a number of movements from a base that stayed open to another base that was already open. So this, I think, helps bring some equity within the BRAC range.

Then, third priority was people on Permanent Change of Station (PCS) orders. Now, you will notice in the HAP regulations for PCS orders only, I think the deadline was December? December 31st is the deadline for the move. So the system is not perfect. There will be some haves and have-nots. But we tried to catch people who were affected in those three areas.

You have to be in a market using a general standard that is acceptable across—you have to be in a market that dropped by 10 percent over that period of time. And surprisingly, some markets did not. And your own home has to have gone down by 10 percent before you qualify.

Now, we do not make up 100 percent. We make up 90 percent of the loss, and that loss goes from the price you bought it to the price you sold it—other aspects of that.

Because we retain money to—in the pot to make sure we cover all the wounded warriors and their surviving spouses and also BRAC—we will get the PCS orders first.

I will also say that this is—we have no numbers to go on. These are just pure estimates from the Corps of Engineers who does the HAP program for the department. They are the executive agency.

So a lot of this is guesswork in terms of—calculated guesswork. I was given—here are the numbers. We think there will be 540—again, pure estimates—in wounded warriors and surviving spouses, 3,000 for BRAC, and 4,500 for PCS.

Now, what we have also said is we are going to continue meeting on a monthly basis and taking a look at the corps' data as they begin to execute the program to see if we are meeting trends or exceeding trends. And we will come back to you to let you know which way it is going. We are trying to do our best—the program. And, again, I will come back to you on the 2006 date.

Mr. CARTER. Well, I think I understand your analysis of it, but I am going to start with that date of July the 1st, 2006. How can you make an estimate of a market's decline or increase, where the peak is, in this so-called recession we are in right now, it just hit Texas about 2 weeks ago, okay?

So, if you are going to set a deadline based upon what happened on the East Coast, Florida, and the West Coast, then that day would have been so askew to have anything to do with Texas, because it would have been about 8 to 10 months off.

We are just now starting to feel the effects of this economic decline that we are seeing in the country right now. Someone should do a market analysis on a regional basis, to make a determination of a drop-dead date, because there is no way you can compare the West Coast real estate market with anybody else's real estate market in the United States.

It is just so skewed on the West Coast. Florida is close to the same position. The real estate market in Florida goes through the ceiling and sometimes it goes through the floor. It went through the floor a long time before we had any reduction in cost in central Texas, where Fort Hood is located, which is what I care about.

Secondly, you are talking about these soldiers who are standing up in harm's way on our behalf, you are talking about their credit rating. You are talking about what it does to their next possibility of buying private housing at the next stop.

With the analysis we made with our presentation to BRAC, there is a substantial difference between the housing market at Fort Hood, Texas, than Fort Carson. It is like a 20 percent or 30 percent difference in the market.

So those who qualify in Texas with decent enough credit to qualify, they are looking at a 30 percent increase to even attempt to

qualify in Colorado. Then if they fall after the drop-dead date, they have credit issues.

I just wonder how we are protecting those soldiers and how they cannot be worrying about themselves and their families while they are standing over kicking in doors in foreign country.

Mr. ARNY. Well, as to your—as to the problem with going from one area to another, there is a higher—I faced that as a junior officer. We all wrestle with that.

But in terms of your credit rating, what we have tried to do as fairly as we could is provide some relief, because—and it was surprising to me—if a soldier goes bankrupt, declares bankruptcy, then he is in danger of losing his clearance, which I find amazing.

I am working to try and get that changed. I mean, it is a legal proceeding. You go into it. You should not lose your—as a matter of fact, I would think if you are that close to bankruptcy, you need to use those legal procedures in order to protect yourself and your family, that should not be a detriment to you and—in your clearance and stuff.

So we are trying to prevent that from happening and also trying to change those rules.

Let me ask the Corps of Engineers to come over, and we will come over with them, to give you a specific briefing on how we got that. We know it is not perfect, and we are going to have to refine it as we go along, but we thought it was at least a good start at trying to protect some of the soldiers and sailors—

Mr. CARTER. Because it looks like to me that maybe you could work out some kind of recapture of the department's money if you more liberalize this program, because ultimately, I am talking to realtors who are telling me that we have thousands of soldiers that are going to be affected by this at Fort Hood because of that date and that the real boom of the market in Texas came after that date.

Our soldiers were closing and getting into those houses after that date. They can't do anything with it. It would seem to me, those houses are going to be stagnant on the market for a while, but it is not going to be forever.

When that market comes back and those houses are resold, maybe the department could figure out a way that would capture some of the money that they used to protect the soldier, as he made that move. It is not his fault that they made a decision to move him to Colorado. That decision certainly wasn't his.

I think it is a crime to create a class of people to whom we would be automatically saying, "Congratulations, you are in the Army. You get to go bankrupt."

When we fight a war, we recruit soldiers, but we retain families.

Mr. ARNY. Well, we will look at the Fort Hood situation, because—

Mr. CARTER. I am not just talking about Fort Hood. I just happen to live there and am dealing with that. I know our market very well.

I am sure that market isn't the same in Florida, because they have real issues in the Florida market. You can buy condos now for about \$125,000 that sold close to \$1 million a while back.

There is a lot going on in the world, and we need to start thinking about how we are going to really care about what happens to our soldiers and our military.

Mr. ARNY. I was reminded that date is statutory, so we will take a look at the effect.

Mr. CARTER. As the chairman points out, that statutory—provided by the Department of Defense.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Judge Carter.

Mr. Bishop.

SCHOOL CONSTRUCTION FUNDING

Mr. BISHOP. Thank you very much, Mr. Chairman. And let me welcome you gentlemen to the committee.

Mr. Arny, once again, I am still concerned about BRAC and the impact that it has on our communities living at Fort Sill, Fort Bliss, Fort Bragg, Fort Lewis, and, of course, Fort Benning that I represent, among the many that will be impacted upwards, in terms of BRAC and the influx of personnel and dependent children for schools.

Mr. Arny, when you were here before, I think it was after I had left the room. You were asked about DoD and the authority to pay for community improvements such as schools. You did not believe that DoD had any authority to do that.

You were going to verify that. Have you found that to be the case?

Mr. ARNY. We do not have the authority.

Mr. BISHOP. I respectfully disagree with you. I believe the law is found at 10 U.S.C. 2391(b)(2) for community impact assistance. And the funds do flow through the Office of Economic Adjustment to communities, as long as DoD gives the money to OEA.

The authority is there. In fact, it has been done in, with respect to Kings Bay in the fiscal year 1991.

That bill contained \$10.3 million for construction of off-base schools at the Kings Bay submarine base. It resulted in approximately \$60 million of construction. There was extensive testimony by then-Representative Lindsay Thomas before the Armed Services Committee justifying that.

In your BRAC account for the 2005 closure, you reduced your request from 2009 of \$9 billion to \$7.5 billion, roughly. We are very, very concerned about the impact on communities affected by this influx.

I don't know how you reconcile the lack of authority with that particular code section and the precedent.

Mr. ARNY. Well, sir, because I did check on the Kings Bay, and that was done strictly through special legislation that was in addition to 10 U.S.C. 2931, 2931's grant authority, which we use quite frequently for planning money for communities all over the country, but we are not allowed to build schools.

Mr. BISHOP. Sir, it says the Secretary of Defense may make grants, conclude cooperative agreements, and supplement funds under federal programs administered by agencies other than the Department of Defense in order to assist state and local govern-

ments in planning community adjustments and economic diversification.

Mr. ARNY. I agree with you on that. And—

Mr. BISHOP. Not just planning money.

Mr. ARNY. Grants for—and most of that was economic planning and—to the adjustment, but not to build schools. Kings Bay was specifically—if it is put in legislation, we will build it. But Kings Bay was specifically put in legislation that we did not request.

Mr. BISHOP. Are suggesting that we simply need to get the authorizing legislation?

Mr. ARNY. Yes, sir.

Mr. BISHOP. I am—

Mr. ARNY. I understand. And I have gone through this a number of times with my folks. And the Kings Bay one was the only one we found where we built the school outside of the DoDEA system. And that was on—strictly done by legislation outside of our normal process.

Mr. BISHOP. We will revisit that, sir, because there are a number of communities across the country that are impacted—that are very concerned—who have come to us and said, “This is something that the Department of Defense has visited upon us. We are not complaining, but we need help.” The Office of Economic Adjustment was set up to provide that help.

Mr. ARNY. Yes, sir, it was. And they work for me. But they are set up to—and they provide tons of grants to communities for planning—bases that are closed, but bases that are realigned. And that—like I say, their money is quite extensive.

Mr. BISHOP. But (b)(2) says community impact assistance or special impact assistance is not otherwise available, meaning they can't pay. It says it is not just for planning.

Mr. ARNY. I believe it is historically what we have done is mostly planning and getting ready for the—

Mr. BISHOP. But it is not that you didn't have the authority. Rather, you interpreted planning in that limited way so that you didn't have to do it based on your interpretation, not that it couldn't have been—

Mr. ARNY. We have—in a number of situations of which I am familiar, we have provided land for schools. We have allowed community schools to build on our bases. But we have never built those schools, unless they were in the DoDEA system, both in the United States and obviously overseas.

Mr. BISHOP. Except in the case of Kings Bay.

Mr. ARNY. Which we had special legislation.

Mr. EDWARDS. Any additional questions?

Mr. BISHOP. No, sir. We will probably need to revisit that and work with the authorizers to make sure that we can collectively—with the appropriate subcommittees and authorizing committees—get the necessary legislation. This is a big problem not just for our area, but for a number of areas across the country.

Mr. EDWARDS. In fact, I might follow up, Mr. Hale, and say that since this is your first time before our subcommittee in your position, this is an issue that has come up repeatedly.

And, obviously, communities that are upsizing are thrilled, but I saw in years past when I represented Hood before Congressman

Carter started representing it, that you had literally the local communities that have a low income tax base, and they were at the state mandated maximum for the local property taxes.

So even if they were willing to double their local taxes, they couldn't raise their taxes one dime. And a lot of the impact aid, particularly part A, if it is on post, starts reimbursing at a significant amount once the students start the school there, there is just not the help there for these communities to build the schools.

And it seems to me that the Pentagon's approach is then, you know what? That is the community's responsibility. But the problem is that people who pay the price are the service men and women, many of whom are on their third tour of duty in Iraq and Afghanistan, when they move to a base that has been BRAC increased.

And if I were such a parent and all of a sudden my third-grade kid were put in a classroom with 45 students or put in some make-shift classroom, it would certainly impact my morale. And somehow we have to just stop kicking this can down the road and take action. We would like to do it with the administration's help and ideas.

What would be a rational approach? You know, you could perhaps even maybe forward-fund impact aid, which comes through to primary education, and perhaps the school districts have to repay that over time. But they need the upfront help on the construction costs.

I think Congress may just take the initiative and move ahead on this. But if I could just say, if we could get cooperation from the administration, we would like to do this in a rational, reasonable way. We don't want the Pentagon building every new school at every military installation, but there are certain circumstances.

When you have Bliss going from—well, more than doubling or tripling in size, you have Benning increasing in size, it seems to me we could put parameters around it, and that is where we would welcome your help. Without that help, we may just do what Congress does, take the initiative, do the best we can.

But I think we could do a better job—

Mr. BISHOP. Mr. Chairman?

Mr. EDWARDS [continuing]. So if people could work with us on that, we would welcome that.

Yes, Mr. Bishop.

Mr. BISHOP. Mr. Chairman, the particular law that was cited does have some parameters in terms of the number of personnel that are added to extend the size of the bases, which provides some degree of definition regarding how much of an impact there has to be in order for the Office of Economic Adjustment to step in, in these circumstances.

As the chairman correctly suggests, if we were to work closely and cooperatively with the department, I am sure that we could formulate some workable criteria by which we could do that.

Mr. EDWARDS. If you will take that responsibility, grab any other members that have a direct interest in it, let's see if we can work cooperatively with the administration and get some help there. But either way, let's try to move forward.

Mr. HALE. I understand your point. I mean, I would ask for parameters. There are limits on what we can spend, so if we spend it here, we are going to have to do something—something somewhere else.

Mr. EDWARDS. Right. Well, we look forward to working with you.

We don't want to keep putting this off, because the BRAC bases are about, you know, about to explode.

LESSONS LEARNED FROM BRAC

So, Secretary Army, let me just take a minute-and-a-half or so in the time I have remaining on my second round of questions, go back to BRAC and lessons learned. What lessons could we apply, in terms of the factors that caused this to go from \$21 billion to \$35 billion on the BRAC estimates?

How can we apply those lessons to any future BRAC rounds? We need a 20 percent, you know, fudge factor to say, historically, the real costs have been 20 percent more than the COBRA model. I could see us a few years from now just going back to the COBRA model and making the same mistakes again.

Mr. ARNY. One point I missed in my earlier discussion is that the decisions were based on the military value, not on the cost particularly. Cost was secondary to the military value of the particular base.

Mr. EDWARDS. Was cost ignored or cost a factor?

Mr. ARNY. No, cost was not ignored. It was a factor, and it is compared, because you do look at—you know, will you save something by going from X to Y? I won't name the particular bases, but a friend of mine who ended up being significant in the BRAC called about a particular base and said their military value is higher than another base over here. And I said, "But the problem with Base A is it is not in the middle of the Pacific Ocean."

So it is location. It is the military—it is the—

Mr. EDWARDS. Sure.

Mr. ARNY [continuing]. Military value for the services. And, again, I go back to, of the \$14 billion increase from the \$21 billion—I mean, to the \$34 billion or whatever, \$35.4 billion, is \$10 billion of that was cost that we added to it that you should take out of your comparison, because they were things that not—

Mr. EDWARDS. What, were they training facilities needed that weren't in BRAC? Or were they administrative offices, those—

Mr. ARNY. No, they were—if we had done—if we had taken the \$10 billion out, it would have—and built that—what the \$10 billion was for, a huge portion of that was for forces coming from overseas, which are not part of your BRAC discussion.

BRAC is only in the 50 states and the territories of the United States. So we—

Mr. EDWARDS. But you are saying the overseas movement, that all those costs are included in the \$35 billion figure?

Mr. ARNY. Yes. Yes, sir, that we did during this—for this part of this round. We may move other things outside of that, but—and I could probably give you—I know we have plenty of data. I could show you which of those moves were.

Mr. EDWARDS. In fact, could you send us the list of what specific facilities add up to the \$10 billion?

Mr. ARNY. Yes, sir.
[The information follows:]

The FY 2010 President's Budget request will reflect an investment of \$35.2B over the FY06–11 implementation period (\$34.2B for appropriation within the BRAC Account, \$0.8B funded by the Army and National Geospatial-Intelligence Agency from outside the Account, and \$0.3B for the FY09 supplemental request). This is a \$14.1B (67%) increase over the original \$21.1B estimate which supported BRAC 2005 decision making.

While the dynamics causing the \$14.1B delta overlap and are, therefore, not discrete, they can be characterized/estimated as follows:

Adjusting the "COBRA" model output for inflation	\$1.3B
Additional inflation from slower implementation of this round compared to the faster profiles of the previous rounds assumed in COBRA	0.5B
Extraordinary construction industry inflation since 2005	1.0B
Environmental restoration not included in COBRA	0.4B
Program Management Costs not included in COBRA	0.6B
Additional O&M to support fact of life cost increases	0.2B
Construction for additional facilities to enhance capabilities and/or address deficiencies—BRAC as a recapitalization engine	10.1B
Total	14.1B

A breakdown of the \$10.1 B where BRAC is used as a recapitalization engine by improving facility configuration, equipment and capabilities is as follows:

- The Army increased its implementation investment by about \$4.0B, about half to recapitalize infrastructure to support larger Army units, training ranges, and Quality of Life with the remainder for furnishings and information technology. Adjusting that amount to correct for double counting the factors above yields an actual increase of about \$2.9B.

- When the Army submitted its FY10 Budget Estimate Submittal, it reflected the need for an additional \$800M in FY10 MilCon construction. Reasons for this cost growth include: an increase in unit costs (42 percent); and increase in construction scope (21 percent); additional requirements (14 percent); and, other increases associated with land acquisition and the shifting of MilCon projects between fiscal years. They subsequently added an additional \$53M in new MilCon requirements for Fort Lee.

- The Navy and the Air Force added approximately \$0.8B and \$0.4B, respectively, to support facility scope increases and operations and maintenance activities (such as funding information technology improvements, and equipment purchases).

- Defense Agencies experienced similar facility and support cost increases:

- WHS added about \$0.8B for scope and additional facilities for relocating OSD organizations to Fort Belvoir (parking, remote delivery facility).

- National Geospatial-Intelligence Agency added approximately \$0.7B for specialized equipment and facility outfitting costs.

- DLA added approximately \$0.5B for information technology improvements, additional storage facilities, and disposal of excess inventory.

- TMA increased its funding by \$2.4B for larger, specialized medical facilities and their outfitting costs in the NCR and the San Antonio medical complex.

- Scope increases to enhance and accelerate the schedule for the Walter Reed initiative add \$0.7B, primarily for construction/renovation at Bethesda and Fort Belvoir.

Mr. EDWARDS. In fact, if you had the information on just the full cost overrun, how much was inflation. You know, I am not here to beat up anybody. BRAC is an imperfect process. And you are right: Military strategy drives it. But I don't think we can ignore the cost factors, and you are not suggesting we should.

But, for example, it is close to home to me. You have Fort Hood that is an underutilized installation. And if we knew what the full—and the BRAC commission knew what some of the full costs were of making some of these changes, who knows? It might have saved taxpayers a few billion dollars by fully utilizing the present installation rather than expanding some others.

And could I ask, why are they now considered BRAC-related and funded through BRAC as opposed to regular MILCON, the overseas budget items?

Mr. ARNY. What my counsel says is that the BRAC round prepared—because we knew they were coming, and so we prepared for it, but they weren't actually part of the BRAC decisions. So we knew the forces were coming in, so that we were to prepare the bases. And let me get you a more specific—

Mr. EDWARDS. I am not here to beat up on anybody for what happened in the past. A lot of good things have happened from BRAC. But I think we need to—as the military often does, lessons learned and apply that.

Mr. ARNY. And I do believe that one of the lessons learned is we have to—we have to go into it understanding that the COBRA model is going to be 2 or 3 or 4 years late in terms of inflation and those factors, and just because of when you freeze the model to make your decision and when you actually have to start building buildings.

We have another factor of—I think it was \$500 million, in that we made assumptions in the planning that we would do construction early. But in order to fit it in properly, the construction moved a couple years later. So there is another \$500 million just because you delayed. It wasn't money you didn't—you know, you had to spend more because inflation had caught up with you.

And I will give you those factors. But I really do think that the \$10 billion represented decisions that were made that were not in those continental states and territory issues where you are bringing forces in.

You know that the base—that the BRAC commission—or the BRAC in the building is looking at, are we going to have room at these particular facilities to bring them? But those facilities were not included as part of the U.S.—

Mr. EDWARDS. So you are saying we had, in effect, \$4 billion—

Mr. ARNY. Yes.

Mr. EDWARDS [continuing]. Cost run in BRAC rather than \$14 billion or \$15 billion?

Mr. ARNY. And of the \$4.3 billion, \$1.3 billion was adjusting the model for inflation from the time we froze it until the time we did it.

Mr. EDWARDS. I think OMB dictated a ridiculous inflation factor that didn't pass the laugh test. Does OMB still determine inflation factors for military construction?

Mr. HALE. Yes, they do. Unfortunately, we have solved that problem, though, Mr. Chairman, with the recession, I am afraid.

Mr. EDWARDS. Yes.

Mr. HALE. At least temporarily, but, yes, I mean, we generally follow OMB's inflation factors. What is extraordinary—

Mr. EDWARDS [continuing]. Of the time when oil prices were \$4 a gallon, and that drove everything else up, and it didn't even pass any—

Mr. ARNY. What we have done is worked with them to get them to allow us to do more parametric planning before we put our stuff in the budget and accept that inflation.

And, again, part of the problem during BRAC was, we hadn't done a lot of parametric. We were doing stuff on the fly. And so they said, look, you can only use—unless you have hard data, you can only use a flat inflation rate. And that hurt us in some—

Mr. EDWARDS. If I could ask, if time permits and resources permit, if before you leave your present position, if you could do a summary, to give us a sense of your lessons learned so that we can benefit from the next BRAC round, if there is one. Thank you.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

And, Mr. Arny, you would probably be disappointed if I didn't ask you a question about Naval Station Mayport, which is in my district.

AFRICOM

But before I do that, just a quick question about AFRICOM. In fiscal year 2008, we put \$20 million—they were going to fix up some of the facilities at Stuttgart. And that was going to be headquarters for AFRICOM.

And I have heard rumblings that was going to be moved to Africa. Can either one of you all give us what your plans for the future are? Because I don't know if that money has been spent or if we are going to need some more money for a new headquarters, but give us your idea of where we are headed.

Mr. HALE. Well, let me comment on it. I think there is no question that they would like to move their command to the theater of operation. I mean, there are political issues there that need to be resolved, and I don't think they have been, so I—maybe, Wayne, you can discuss the funding at Stuttgart.

Mr. ARNY. I can get you a specific funding number, but that number was used to convert buildings so they could move into the space. And now the building is going—and we will look at it in the QDR—on where is the ultimate location to have AFRICOM?

I agree with Mr. Hale. Everybody would love to have it in Africa, but since this is—you are taking your dependents and stuff, there are very few places that you could do that kind of command. And if you have CENTCOM in southern Florida managing the war half-way around the world, there are a number of places you could put the command and still be effective. So that money is pretty well—if there is a change, there will be additional—

Mr. HALE. And it won't be next year. It will be a longer time-frame. Because I am told there is \$100 million we have spent in Stuttgart, including \$25 million in fiscal 2009 provides temporary facilities that will take care of them until some more permanent arrangement is made.

MAYPORT NAVAL AIR STATION

Mr. CRENSHAW. Right. Well, I was hoping I wouldn't ask any more questions about Mayport because, I think as you all know, the Navy conducted a 2.5-year study, looked at the environmental impact, strategic impact, concluded that, in pretty strong language, 115-page, that we ought to have another nuclear carrier homeport on the East Coast that can handle a nuclear carrier, Mayport should be the place.

The CNO submitted his report. The Secretary of Navy signed a Record of Decision—Secretary Gates wrote a letter saying we have three homeports on the West Coast for nuclear carriers. It certainly makes sense to do it on the East Coast.

And then, about a month ago, I got a call from the new Deputy Secretary of Defense, who said we are going to put that decision under the QDR. And I said, “Well, you are not reversing the decision?” He says, no, we are just going to put it under the QDR. I said, “Well, wasn’t there already a record of decision?” He said, yes, but we view that as a recommendation.

So I thought it was over and I was never going to have to ask you a question about it, but so it is still a question. And I was disappointed to learn that, but that is the way it is.

Is the QDR going to be the firm and final decision to that question of whether we need a second nuclear homeport?

Mr. HALE. I think we will make a decision. I mean, we need to decide one way or another and move ahead.

The secretary has said that he stands by his letter, but the fact that the price seems to be increasing substantially led us to believe that we should look at this again.

There is \$46.3 million, if I recall correctly, of dredging money in the fiscal 2010 budget, so carriers will be able to get in and out. The question is, do we build a repair facility that will allow it to be a true homeport? That could be quite expensive. Hence, part of the reason that we would like to look at it again. But, yes, I expect we will make a decision.

Mr. CRENSHAW. Where does it fit? I know the QDRs are generally pretty—they are a general report. And I am a little concerned that it maybe—that it is not going to fit—

Mr. HALE. Well—

Mr. CRENSHAW. Here is the big question: If that decision doesn’t come out, when you are ready for the FY 2011 budget, and let’s assume that they reaffirmed what they decided all along, then you have lost a year-and-a-half, because there is some planning and design money that is on hold right now.

So, A, where does it fit? And, B, will we know something—because as I understand it, the key to—you have a preliminary answer in general sometime late summer, early fall, that if you said, yes, that was the right decision, if you made that decision, you would only lose about 6 months, in terms of the plan design. If you wait until February and submit the 2011 budget, you would lose a year-and-a-half.

So, A, where does it fit? And, B, do you think we will know something in time to keep on track?

Mr. HALE. I would anticipate—I mean, the QDR, we hope it will provide recommendations by July to feed into the fall program and budget review. But I think the final decision, as most final decisions, are made in that fall program budget review.

So I think we probably won’t have a final decision on Mayport until the fiscal 2011 budget. And we may lose some time, I understand, but that would be my expectation. But I think, by 2011, we need to make a decision one way or the other—

Mr. CRENSHAW [continuing]. Was—is it \$46 million or—I think that the estimate was \$48 million for the dredging and some—obvi-

ously, there are some other costs. And there is, \$46 million in this year's request—

Mr. HALE. \$46.3 million, you are right.

Mr. CRENSHAW. Is that a better estimate than \$48 million? Any particular reason why it is not what was in the EIS?

Mr. HALE. I need help.

Mr. CRENSHAW. Probably just—maybe a better—estimate.

Mr. HALE. We will get that one for the record. I am not sure. I mean, I assume it is based on the corps' estimate. I hope so. That was the intent.

[The information follows:]

The original estimate of \$48 million for dredging was modified due to a pricing adjustment by the Department, and was subsequently requested at \$46.3 million in FY 2010.

Mr. CRENSHAW. There is also money in the request, as I understand it, to upgrade one of the wharfs, not the one that would be the maintenance wharf, but the other wharf.

And in just—again, for the record, I think right now a nuclear carrier could spend the night at Mayport.

Mr. HALE. I am told they can only get out at high tide. That sounds like not a very good arrangement, so—

Mr. CRENSHAW. It was just—one was just there to pick up some folks to go to Norfolk, but I don't think the question on the EIS was whether or not you can park one overnight. I think it was a question of whether you ought not put all your eggs in one basket, that you ought to have—

Mr. HALE. I understand. I mean, this is a first step that would at least give us some emergency berthing for them if something bad happened at Norfolk. And that was the intent of the dredging and allow you to get in and out with confidence.

But I think you can expect a decision with the 2011 budget.

Mr. CRENSHAW. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Farr.

CENTER FOR STABILIZATION AND RECONSTRUCTION STUDIES

Mr. FARR. Thank you, Mr. Chairman. I appreciate getting back to some of these issues that are on the cost of these programs and how they can be better programs.

The fiscal year 2009 National Defense Authorization Act specifically named the Center for Stabilization and Reconstruction Studies (CSRS) at the Naval Postgraduate School as one of two existing public institutions that will provide training for the newly established active response corps, the standby response corps, and the civilian response corps, the whole government of field components of the State Department's Office of Coordinator for Reconstruction and Stabilization.

And since DoD policy recognizes the need for the stabilization, reconstruction, education and training and CSRS is the only classroom that brings together all the actors who are in the field together, the military, the civilian agency partners, the foreign military, the NGOs, and the I.O.s, can you help me get this POM'd? Because it has had to survive on an earmark.

Mr. HALE. Well, you know, help in the sense of get it introduced? Yes. Help in the sense of, say, "Absolutely you have to do this"? I think that is not the right solution for the comptroller. I mean, it needs to compete with others. And I don't know enough about this one specifically to know why it has not made it.

But I don't want to sit across the table from you and tell you I am going to go and say, "You absolutely have to fund this." I think that wouldn't be appropriate to my job.

Mr. FARR. Well, can you tell me how that process works, to work with it? You know, the combatant commanders come in here—

Mr. HALE. Sure. I mean, there are a number of inputs into—normally we do a bottom-up process with the services making proposals. And I could speak in more detail from the Air Force, since I was there for many years. That one comes up through their commands. There are a series of review processes.

Mr. FARR. Is this something Admiral Roughead has to do? Or it is a—

Mr. HALE. Well, he can certainly play a role.

Mr. FARR [continuing]. School within a school that has all—

Mr. HALE. Again, he can certainly play a role. But I would hope he would say, if he were sitting here, the same thing, that he would want to hear what other priorities there are.

Mr. FARR. Well, as you have heard, everybody loves it and talks about it, but then it comes back to having to get an earmark.

Well, we will have some further discussions about it.

Mr. HALE. Okay.

Mr. FARR. Also, I don't know if you are aware, but the House of Representatives has created—I guess it is a relatively new committee. It is called the House Democracy Assistance Commission. It is not a standing committee of the House, but its role is to work with our counterparts in other countries, those countries' congress members, so to speak.

We also have learned that the Center for Civil-Military Relations at the Naval Postgraduate School has a highly relevant expertise and connections with all the countries that HDAC is assisting. What I want to know is how we can bridge the gap between your shop and specifically the Center for Civil Military Relations and HDAC, because you have developed a lot of education and research.

Members of Congress are working with the legislatures in Mongolia, East Timor, Indonesia, which is a big IMET program now, and Colombia, Haiti, Liberia, and others.

So with each of these countries, the Civil-Mil Center already has relationships. So I am trying to see how we might get a better bang for the buck.

Mr. HALE. If I understand you right, you are looking to use an existing program and have this committee have access to it or—

Mr. FARR. Yes, I think CCMR can be very helpful to the work of HDAC but CCMR needs to get reimbursed.

Mr. HALE. Okay. Well, have them get a hold of my legislative folks, Blaine Aaron and Pam Bain, and we will figure out how we can get you in touch with the right people. I mean, there is no reason we shouldn't try to be helpful.

Mr. FARR. I am not chairman of the committee, but—

Mr. EDWARDS. You are pretty close.

Mr. FARR [continuing]. But David Price is. And he is, I know, keen on that.

Mr. HALE. Glad to try to be helpful.

DEFENSE LANGUAGE INSTITUTE

Mr. FARR. Another question the Army is funding this private company called the Rosetta Stone, which is a Web-based foreign language program.

Several years ago, the Army briefed that DLI, the Defense Language Institute, which is your training center for foreign languages, and develops the teaching material and the evaluation materials—would provide oversight for the Rosetta Stone to make sure Rosetta Stone meets the military needs.

And we were just told by the Commandant running the school that the DLI does not have oversight over the Rosetta Stone. There is a lot of money being spent for this contract for Rosetta Stone. And I don't know how beneficial it is.

Because DLI is really good at developing the quality and the effectiveness of language training, I am just interested in ensuring that Rosetta Stone is supporting the mission requirements and maybe requiring DLI at least to have some role in it.

Mr. HALE. I am going to need to take that one for the record. I am not familiar with it, but I understand your point. Let's see if we can find out who has oversight on this issue.

[The information follows:]

Two organizations within the Army provide oversight of the Rosetta Stone[®] program. The Program Executive Office Enterprise Information Systems (PEO-EIS) is responsible for the delivery of commercially-developed online training programs for our Soldiers. The Army's Director of Training, also the Army's Senior Language Authority (Brigadier General Richard C. Longo), is responsible to ensure online language training provides the necessary content to meet the needs of the Army. The Senior Language Authority (SLA) is advised by his staff (including seasoned foreign language professionals) and the Army Language and Culture Enterprise (ALCE). The purpose of the ALCE is to provide advice to the Army SLA on all matters pertaining to foreign language and cultural training. The Defense Language Institute, Foreign Language Center is a principal member of the ALCE.

Rosetta Stone[®] is a commercial-off-the-shelf (COTS) training program available to all Active, Reserve and National Guard Soldiers, and Army Civilians and has the potential for well over one million users. Employing the COTS software required neither R&D resource expenditure nor delay in the immediate execution/deployment of foreign language training online. The intent of this online language program in e-Learning is to provide foreign language familiarization instruction to the non-linguist. The latest cumulative statistics (April 2009) show 219,904 unique registered users, 208 average daily new registrations, and a total of 1,095,419 hours logged training online. During the month of March 2009, over 3,500 users studied the "war zone" languages of Arabic, Pashto, and Farsi. Additionally, hard discs with multiple user site licenses are shipped to requesting units for use in theater where no Internet access is available. Rosetta Stone[®] developed a military Arabic module for inclusion in the Army program that is not available to commercial customers.

By offering Rosetta Stone[®] on Army e-Learning, Soldiers have a tool at their disposal for enhancing their operational skills as well as a tool for self-development. Courses offered through e-Learning are tracked by the Army Training Requirements and Resources System (ATRRS). Upon successful completion of Rosetta Stone[®] modules Soldiers earn points toward promotion to the ranks of Sergeant and Staff Sergeant. A total of 31 language courses are available including English. The English module has experienced over 36,000 users and 65,281 hours. This is a valuable tool for Soldiers who speak English as a second language to improve their skills.

As an aside, the contract for online foreign language training is currently out for proposals. Throughout the contract process we will continue to provide online language instruction to the non-linguist. The future vendor will be selected based upon a fair and open competition process.

OVERSEAS HEALTH CARE

Mr. FARR. And do we have any reports—would your office have any reports on the health care for civilian contractors in Iraq and Afghanistan? The Washington Post came out saying that the cost is more than \$1 million a month for private contractors providing health care to our military.

Mr. HALE. I am going to need to check that one, too. I am sorry. You are asking me questions I just don't know. And that is probably our personnel and readiness folks.

[The information follows:]

The military provides emergency healthcare for all US personnel—soldier, sailors, airmen, marines, civilian employees and government contractor employees—at theater medical treatment facilities. While some legacy contracts still permit “free” healthcare to contractor employees, all contracts are being standardized to comply with the policy that allows for the provision of, and seeking reimbursement for, emergency healthcare. The provision of healthcare in theater is a military Service specific responsibility, funded with Overseas Contingency Operations funding, and as such requires the Services to develop billing process, protocols, data systems, info systems, etc. that do not currently exist. The Comptroller and Assistant Secretary of Defense (Health Affairs), the stateside medical billing experts, are assisting the Services in developing the process to ensure that prospective and retrospective billing can occur. The implementation of this new process and the enforcement of contracting terms that comply with the policy will ensure that the Department is fully reimbursed for the provision of these medical services. Since DoD policy does not permit provision of primary care services, several large contractors have established primary care clinics in theater, and may have tried to pass on the costs to the DoD. To date, any costs to establish these clinics would be imbedded in the overall contracts and not easily identifiable. The contracting officers are aware of this practice and continue to look for any indication that these costs are being passed thru to the DoD.

Mr. FARR. Well, part of it was that the DoD had failed to collect payment for over the last 2 years from military contractors for the emergency and primary health care. I guess we are providing—they have their own—

Mr. HALE. Right, we provide it there.

Mr. FARR [continuing]. They have it in their own contracts, in their own health care programs, but we are providing for them—

Mr. HALE. That part I should be able to check out. I mean, that is an accounts receivable. And I know we have had problems collecting, not necessarily just from those contractors—

Mr. FARR. But you are trying to collect from them?

Mr. HALE. Yes, I mean, we track our accounts receivable regularly. You may not think of that, but we do. We have a number of people who owe us money.

Mr. FARR [continuing]. Didn't know whether you had any—indicate whether any effort had been made to collect that.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Sam.

INCREMENTAL FUNDING

Secretary Hale, let me ask you about incremental funding versus phased funding. Tell me what the administration's new policy is and how that differs from the past and why you are putting—

Mr. HALE. Well, I don't think it is a new policy. I mean, first off, I support full funding in almost all cases. I think it is the right way for both the Department of Defense and Congress, in that it insists

on transparency and accountability. It forces us to face the full costs.

You know, there are probably rare circumstances, but I think they should be rare, where we have pursued incremental funding and, maybe even rarer, phased funding, although I think, particularly in the phased funding, we have to worry about whether we are affecting the efficiency of the operation and we are building four air conditioners rather than one because we are doing it in a phase is something we want to avoid.

But, in general, I believe we should fully fund military construction projects, in the Department of Defense budget. I would like to see the Congress do it, too.

Mr. EDWARDS. We might need some more discussions on that, because—well, for various reasons. But in terms of the phased funding, you said you would like to avoid phased funding whenever possible, but I think for the new health care facility down at Lackland, you know, you have four distinct phases. And I asked some of the people involved, does that literally affect the architecture of the building itself?

And yes. I mean, you literally have to—four—as they are proposing, four separate buildings now. And in San Antonio, where land is relatively cheap, maybe in abundance, maybe that is not all the problem, although I don't know. In a theoretical case, someone is going from primary care over to inpatient, I am not sure I want to walk out in 103-degree heat in San Antonio if I am a wounded warrior, military service man or woman, or their families.

Have you had a chance to look at the phased funding and maybe use that as an example of, does this really make sense? And I am not a building contractor. I was in commercial real estate for a little bit back in the 1980s, but not enough to learn the economics of contracting.

But I had to think that, you know, if I were to use an analogy, contracting out to get somebody to fill the foundation for my new home, and then, when that is finished, getting somebody to build the walls, and then somebody else to build the roof would be far more expensive than being able to make that commitment up front and taking advantage of economies of scale.

And it seems to be just the opposite of the—what the administration has proposed and Congress is looking at on V.A. funding. We want, you know, the economic advantages of knowing what is going to be funded and not.

Any thoughts? I know it is not perfect no matter which alternative you pursue, but do you have some—

Mr. HALE. Well, let me answer in general, and then I am going to ask if you talk about Lackland, because I don't know the details. I said, I believe we should fully fund these projects up front. There may be rare circumstances where something is so large that it would cause such spikes in the budget as to be a problem, but I would like to avoid incremental funding and I think, in general, phase-funding.

So let me ask you, Wayne, if you would comment on Lackland.

Mr. ARNY. Well, Lackland was a case where it was originally—again, I agree with Mr. Hale. If we could fund the whole thing right up front, it would be the best way to do it.

But we were told not to do an incremental funding, so in order to make it fit in the—within the budget constraints we had, and given that we could do complete phases—and you won't have to walk outside; there will be walkways between them—it was designed as four phases.

Mr. EDWARDS. OMB, I guess, has adopted this policy of no incremental funding, perhaps in rare cases. Instead of having incremental funding, where you could have some economies of scale, going to phase-funding? I don't understand that rationale there.

Mr. ARNY. We are stuck between a rock and a hard place.

Mr. EDWARDS. Sure. I understand.

Mr. ARNY. Again, we would not have phased funded this—funded Lackland. Part of it is to avoid our phases, keep the phases small enough that, when it comes to the Hill, they don't get chopped and used for something else.

Ideally, the total of this would get \$72 million—call it \$450 million—\$467 million. We would rather just—fund that in one year, and let it spend out.

And, frankly, as I have mentioned to you before, prior to coming into the MILCON world, I just assumed no one did incremental funding. In the 1980s, we tried to incrementally fund the carrier, and we were kicked out of the Senate.

And so when I found that we were doing incremental funding, I was a little surprised, but I will say—and I have tried to convince OMB—that it does work in the MILCON world. They want to stick with no incremental funding.

So in this particular case, with a building in which you can—thank you—we pay like a 5-percent premium, but we can phase this building, because we have the land available to stretch out. They will be connected. No one will be walking outside.

I think where you are really going to see it hurt us is when we send over, probably in 2011—we have a big nuclear pier up in Congressman Dicks' district that is probably going to be \$600 million, \$700 million, \$800 million.

And I have talked to the Navy. And something like that—I said, "Why can't you phase it? Give me 100 feet every year or whatever." They said, "No, I can't. That is not the way we build piers. We set all the pilings in. And at the end of a phase, it is not complete and usable."

Mr. EDWARDS. Right.

Mr. ARNY. Whereas, with the hospital at Lackland, each phase will be complete and usable.

Mr. EDWARDS. Okay. We might need to talk to OMB. You know, I will give you an example of where the philosophy of no incremental has hurt. We are so badly undercapitalized, in terms of hospital modernization, in DoD. And the reason was, Secretary England said, nobody ever presented to me in any of these supplementals since the Iraq war began a need to do a hospital at their base, so I concluded we just didn't need any new DoD hospitals.

The reason is that commander would have been laughed out of the room or kicked out of the room for offering a \$500 million, \$1 billion project in one year in a supplemental. Consequently, we have service men and women being taken care of in hospitals that

are so damn old that they can't even put MRI machines at Fort Knox. They have to go out in 95-degree heat in the summer and over to a trailer, their wounded soldier out there.

So I don't know. I guess we need to sit down with OMB. And is this an OMB policy basically?

Mr. ARNY. Yes, sir.

Mr. HALE. Yes.

Mr. ARNY. Again, we could adapt to no incremental funding, because we said no incremental funding, and we know, because as you well know, we put an \$800 million project into the budget, when it comes over to Congress, Congress has said—all four committees have said—subcommittees have said, "It is our prerogative to incrementally fund."

And so the danger we face is we know that, you know, out of an \$800 million project, \$650 million is going to go someplace else, and then next year we are going to have to cough up that money again.

Mr. EDWARDS. Right.

Mr. ARNY. We will go either way.

INADEQUATE HOUSING

Mr. EDWARDS. Well, we will follow up on that.

And one last thing if I could ask your shop to do, I want to support the new administration. I also want to hold them accountable. Could your folks put together as accurate as you possibly can the number of actual troops living, their families or singles, living in housing that doesn't meet the respective service's standards?

[The information follows:]

FAMILY HOUSING

- Privatized Housing -- At the beginning of the Military Housing Privatization Initiative, approximately 140,402 family housing units that were determined (at the time of conveyance) to be inadequate were conveyed to the private sector. As of February 2009, approximately 46,548 of those units remain to be renovated or replaced. It is expected that all remaining privatized inadequate units will be revitalized by the end of fiscal year 2016 at no additional cost to the government.
- Government-Owned – Foreign. The Air Force has 1,676 inadequate units overseas and the Army has 681 inadequate family housing units (homes and apartments) at one enduring site in Baumholder, Germany. The Navy and the Marine Corps have no inadequate units at foreign locations. The cost to eliminate these inadequate family houses overseas is \$805 million.
- Government-owned family housing – Domestic. The Army has 4,399 surplus inadequate family housing units which will not be revitalized. The Navy has no units in its inventory that are in inadequate condition, and the Marine Corps has two units. The Air Force has 5,000 units included in its six remaining privatization projects which eliminate inadequate housing. Since 2007, an additional 4,159 Air Force units have been identified as inadequate, bringing the Air Force total to 9,159 units. Assuming the Air Force privatizes all of its inadequate units, leveraging appropriations by a factor of three to one, the cost to eliminate these inadequate units would be \$389 million.
- Housing Deficit – Domestic. With changing housing requirements due to BRAC and Grow-the-Force, the Army has identified a housing requirement of 4,300 units and the Navy and Marine Corps have identified a requirement of 5,000 units. The Air Force does not have an unmet requirement. Assuming that requirements are validated and that privatization is utilized to leverage appropriations, the total cost to address this requirement in the U.S. would be \$930 million.

BARRACKS

As indicated in greater detail in the table below, the estimated cost for eliminating inadequate unaccompanied housing for active component, permanent party, training, and mobilization barracks (including Military Construction and Operations and Maintenance costs) is \$25 billion.

Total Investment Needed in FY 2010 and beyond to Bring Active Component UPH up to Standard (\$millions)										
	Army		Navy		USMC		Air Force		Totals	
	MILCON ²	O&M	MIL- CON	O&M	MIL- CON	O&M	MIL- CON	O&M	MIL- CON	O&M
Perm Party - Current Service plan to eliminate deficit ¹ and modernize	5,500	2,300	1,000	1,400	1,100	500	1,600	400	9,200	4,600
Perm Party - Extra needed to provide a private room for every member	300	0	500	0	N/A ³	N/A ³	N/A ³	N/A ³	800	0
Training & Mobilization	6,500	2,100	300	400	400	100	500	100	7,700	2,700
Totals	12,300	4,400	1,800	1,800	1,500	600	2,100	500	17,700	7,300
GRAND TOTAL									25,000	

1 - Deficit due to Grow the Force, Global Repositioning, BRAC, and Force Modernization

2 - Army perm party UPH amount includes supporting facilities in a barracks complex including dining facilities, company operations facilities, and battalion headquarters

3 - USMC require E3's and below to share a room; and since 1996, the AF has required all Airmen in permanent party dorms to have their own room.

We kind of get numbers all over the place. If you could get me a hard number. I am not interested in whether the process is in place to build them a new home 15 years from now or 5 years from now. It seems to me that should be the metric we ought to look at each year. Are they living in housing?

For example, in your testimony, when you said, 95 percent with this year's budget will be housing—and I assume you were talking about family housing—

Mr. ARNY. Yes.

Mr. EDWARDS [continuing]. Will be funded for modernization. I don't know how that applies to, say, Chaffee Village at Fort Hood, which I visited recently. And, I mean, I went into these houses and they were not anything I would want my family living in, much less a family sacrificing as much as our soldiers.

And if it weren't for the base commander taking that issue up and pushing it and renegotiating with—the plan was to modernize—to build those new homes in the year 2032.

So I come to this committee and I hear, you know, we are 98 percent funded for modernization, I go out in the real world, and I see—

Mr. ARNY. Let me check—I asked on the Chaffee housing, because I asked about that. And, in fact, we may not—it may not be required after a certain period of time.

And I know in San Diego, the Navy faced a problem where we—we can't do this all in—we can't do all the modernization in a week. And the Marine Corps especially was in bad shape, but the Navy out in San Diego had some bad housing, real housing that actually got some bad press.

And I had been out there right before. And it wasn't the best housing, but the private-sector partner had gone through and had cleaned it up, put new appliances, done carpeting, done painting, and what was missed in the article was the families that chose to go into Cabreo knew ahead of time that, if you choose to go into Cabreo—which doesn't meet our standards, but we are trying to do the best we can—you have first choice as we build the new buildings.

So we are trying to make sure everybody is accommodated as we make the shift. I mean, Congressman Farr is seeing what we have done with the housing out in Monterey. So it is not all there yet, but we are getting there.

Mr. EDWARDS. I think we have made tremendous progress in family housing, and, clearly, barracks is an area we are farther behind. It seems like every service has a different number, every witness has a different number. Some of the numbers assume, well, based on the present process, there is funding available—

Mr. ARNY. That is exactly why I changed. The money is in place. I know how you feel about that. I don't want to say that everybody is living in a perfect house. They are not, and we are moving there. But we have the money to privatize 98 percent of our housing in the United States. So some of it is not going to get privatized because it is in really oddball locations, but there is not much left that is not going to be privatized.

Mr. EDWARDS. Chaffee Village has been scheduled for 2032. And that—they had some money for fixing it up a little bit, but you talk

about, you know, a waste of money. Fixing up those houses, in my opinion, was truly a waste.

Part of the reason I want the metric is we ought to be able to tell the taxpayers all the improvements we have made and how many fewer. But it seems like we need to have one clear definition.

To the service man or woman and their family, the only thing that matters is, am I living in a decent house or not? The process doesn't matter. The plans might matter in the future, but today it is, am I living in decent housing or not?

Do we have the ability to provide those numbers? "Are you today living in decent housing or not?"

Mr. ARNY. We can tell if it is inadequate or adequate by the service's standards.

Mr. EDWARDS. Even though I disagree with the service's standards, at least so we have a metric, and each year we can clearly compare apples to apples and oranges to oranges.

Mr. ARNY. Yes, sir—

Mr. EDWARDS. Okay, thank you.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

JOINT CARGO AIRCRAFT

Let me ask you all about this joint cargo aircraft program I think between the Army and the Air Force. They were going to buy 16 of those new aircraft, and then the request this year, I think, in the budget is for 8. And I was told that they are going to transfer, I guess, the control from the Army to the Air Force. I don't know if that has been done or not. And then there was going to be an assessment of the overall program.

And I guess the question is, what is the assessment going to involve? Are they going to conclude—is that going to be part of the QDR? Will they conclude we ought to buy the original 16 or we are not going to buy—we are only going to buy 8?

I mean, what is going to be involved in that assessment? What is the reason for the assessment? And when will that kind of be finalized?

Mr. HALE. Well, first, we won't change the fiscal 2010 budget. The issue is the overall objective.

First, I think this is a good news story. We had the chief of staff of the Army actually go to the chief of staff of the Air Force and say, "This is an issue, and I think you can do better, or at least I would like you to take over," because, frankly, we have underutilized C-130s in the United States Air Force today.

And if I remember the figure right, the C-130s can land at about 99 percent of the runways that can be used by the C-27, the JCA aircraft. So the Air Force is going to be able to achieve some commonalities that will benefit the taxpayers.

With that in mind, we lowered the overall inventory objective for the JCA from 78 to 38. That decision may get revisited in the QDR, that is the overall inventory objective. And I realize there are some important basing decisions here. I am mindful of that issue.

But from the taxpayer standpoint, I think what we are doing is getting better utilization of the overall assets that the Air Force or

the DoD has available. And that, in my mind, and I think in Secretary Gates' mind, is a good news story.

Mr. CRENSHAW. One of the—I know we had General Casey before us. And we were kind of ramping up in Afghanistan. I can't remember the exact figure, but I think he said we are spending about \$8 million a month leasing kind of airplanes that are like the joint cargo. And that is a lot of money.

And so I guess you have the National Guard. If C-130s can do all that, I don't know why they are not doing it right now. But maybe I think I would just be interested in hearing what the rationale—it is kind of like the aircraft carrier, when you say, "Well, we may have changed our mind."

Nobody said you changed your mind. You just said, "We are just going to further review it." And then people say, "Well, maybe the cost has gone up." I don't know of anybody that said the cost has gone up. I have heard it from you, but the Navy did a study. They went through the cost—I mean, have they changed their minds, said, "No, it is going to cost more than"—when I hear you say—I hadn't heard—I think I heard—

Mr. HALE. That is in Mayport now, right?

Mr. CRENSHAW. In terms of change in—the Joint Cargo Aircraft (JCA). You say, "Well, we are going to build 16. No, we only need 8, because C-130s do it." But we are leasing planes that do what the (JCA) is going to do.

It just confuses me a little bit to hear you say—maybe explain to me—where did the change in costs come from, whether it is—we will say the (JCA), and also the nuclear carrier in Mayport. Where did the change occur in terms of the cost?

Mr. HALE. I mean, my understanding on Mayport is that our latest cost estimates are significantly higher. And—

[The information follows:]

I would like to retract my statement, "I mean, my understanding on Mayport is that our latest cost estimates are significantly higher." I misspoke. Our cost estimates for Mayport are not significantly higher.

The FY 2010 President's Budget request for the Joint Cargo Aircraft program reduced the total number of JCA from 78 to 38 and transferred the direct support airlift mission supporting Army's Time-Sensitive/Mission-Critical (TS/MC) air delivery to the Air Force. These changes maximize the robust capabilities of our existing C-130 fleet and ensure that the Department meets all intra-theater airlift requirements. Adjusting roles and missions and assigning the Air Force greater responsibility for delivering Army time-sensitive, mission-critical cargo will free up Army assets such as CH-47 helicopters and crews that are critically needed for tasks that only rotary aircraft can perform. The FY 2010 President's Budget acknowledges that changes in the way the Air Force and Army operate will yield efficiencies that reduce the requirement for combined Army-Air Force intra-theater airlift compared to how we execute today. The budget reflects improved effectiveness, increased joint synergy and minimized duplication of effort between the Services to maximize the utilization of the Department's intra-theater airlift assets.

Mr. CRENSHAW. But did you—tell me about those costs. Did you do a new study?

Mr. HALE. I am not sure. I will need to—anybody—do you know the Mayport situation in terms of the—

Mr. CRENSHAW. I would love—if you could supply those new cost estimates to the committee—

Mr. HALE. Sure.

Mr. CRENSHAW [continuing]. Show the new costs?

Mr. HALE. We will be glad to.

Mr. CRENSHAW. Because I think they considered the costs, and they said, "Look, you know, it is expensive, but we are talking about national security."

Mr. HALE. Right.

Mr. CRENSHAW. And to make sure that we keep our carrier fleet safe, we think it is a good idea—

Mr. HALE. Let me also run down the leasing in Afghanistan. You may be thinking of the—we are leasing some commercial aircraft to provide communications capability. And I am not sure that is something the Sherpas could do, but I need to check—

Mr. CRENSHAW. Yes, I just remember him talking about that we are doing more in Afghanistan.

But I think we are all trying to save taxpayers' dollars. And if there is a demand—for any kind of cargo craft, whether it is a National Guard—I know in Florida they do a great job. They bring in supplies, hurricanes, things like that. And they feel like there is a need for that. But I don't know if that is built into the requirements document for that kind of aircraft.

But that would be great, if you could, just to help us get a better idea of what all these costs are.

Mr. ARNY. Also, sir, in answer to your earlier question, we did—for 2010, we do a repair to wharf Charlie at \$29.7 million.

Mr. CRENSHAW. And that—I think that is the Charlie wharf where, a carrier just was there to come in—so that thing—I know that is in the budget for that repair. And I think the maintenance wharf is—and the controlled industrial still—those are the big items that, I don't think their costs—I am not aware of any new study that said the costs had gone up, but if there is one, we would love to see it.

Thank you.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Farr.

Mr. FARR. Yes, just a couple questions. Thank you very much.

Mr. Arny, in our discussion on how much money could be used for cleaning up closed BRAC bases, I think you indicated that the department was maxed out and the capacity out there was being fully utilized.

We received a letter—Chairman Edwards received a letter on May 12th laying out what the capacity was by the National Association of Ordnance and Explosive Waste contracts. I think what you indicated is that the amount is about—approximately \$500 million that is allocated, but the capacity for clean-up within the industry is currently about \$1.5 billion, about three times as much as we are putting out.

It is just that if we are looking at the future and thinking that we are meeting capacity, we are not. And, you know, a lot of it is from—where the little bases are interested in getting them cleaned up.

The other thing I wanted to revisit with you is the Treasure Island, because you said something that struck me last time that I thought was very interesting, that they couldn't qualify for an EDC because there weren't enough permanent jobs being created. How many permanent jobs does one need to create to get an EDC?

Mr. ARNY. I believe—I don't know the numbers of that.

Mr. FARR. Is there a threshold?

Mr. ARNY. Under the rule—we will work with you on this. But under the rules, they had to have permanent jobs and a last—because they initially were looking at a no-cost EDC.

Mr. FARR. Yes.

Mr. ARNY. So let me get back to the record.

[The information follows:]

In determining whether to grant an Economic Development Conveyance (EDC), the Secretary concerned is to determine whether the EDC is needed for purposes of job generation, including the extent of short- and long-term job generation. There is not a threshold or a minimum job creation requirement for an EDC due to the considerable variability of our surplus properties and local markets impacting redevelopment activity. Rather, the Secretary concerned has discretion and flexibility to structure an EDC that can be tailored to local needs to assist local job creation/recovery activities and base redevelopment. This is done in close collaboration with the Local Redevelopment Authority (LRA). Specifically, as set forth in the governing regulation (32 CFR 174), the Secretary concerned will consider the following factors, as appropriate, in evaluating the application and the terms and conditions of the proposed transfer:

(1) Adverse economic impact of closure or realignment on the region and potential for economic recovery through an EDC.

(2) Extent of short- and long-term job generation.

(3) Consistency with the entire redevelopment plan.

(4) Financial feasibility of the development, including market analysis and need and extent of proposed infrastructure and other investments.

(5) Extent of state and local investment, level of risk incurred, and the LRA's ability to implement the plan.

(6) Current local and regional real estate market conditions.

(7) Incorporation of other Federal agency interests and concerns, and applicability of, and conflicts with, other Federal surplus property disposal authorities.

(8) Relationship to the overall Military Department disposal plan for the installation.

(9) Economic benefit to the Federal Government, including protection and maintenance cost savings and anticipated consideration from the transfer.

(10) Compliance with applicable Federal, state, interstate, and local laws and regulations.

Mr. FARR. I have an—they say that they can get—they are going to have 2,629 permanent jobs. Those are not—in addition to whatever the construction jobs, which are huge.

And I think you indicated maybe it was when we were walking back to the office that there wasn't any firm appraisal on Treasure Island.

Mr. ARNY. There is a firm Navy appraisal, yes, sir.

Mr. FARR. There is a GSA-confirmed appraisal.

Mr. ARNY. Right.

Mr. FARR. We are—\$250 million?

Mr. ARNY. Yes, sir.

Mr. FARR. Which I think the city has offered to pay. This is what I understand. It is not in my district, but it is up the street a little bit. But they—

Mr. ARNY. I don't believe so, but let me get back to you on the details of that.

[The information follows:]

The City of San Francisco has not offered to pay the appraised Fair Market Value of \$250M for Naval Station Treasure Island. The Navy has offered payment terms at below market interest rates for the appraised Fair Market Value to be paid starting in the later years of development and paid over a period of two to three years. The City's compensation offers have been centered on profit participation models where the Navy is compensated after the developer realizes an 18–25% profit. The City has offered to take over the remaining limited environmental work, estimated

at \$19.3M, as part of the compensation under profit participation models. Nevertheless, the Navy believes that the models of profit participation offered by the City would likely result in little or no return for the Federal Taxpayer.

Mr. FARR. We want to try to get this thing moving.

Mr. ARNY. Yes, sir.

Mr. FARR. That is it. Thank you.

BRAC SAVINGS

Mr. EDWARDS. My last question will just be for the record. Secretary Army, you mentioned that there are \$4 billion in annual BRAC savings. I haven't looked at those numbers in quite a while. My general recollection is that we know the costs of BRAC are very hard, building buildings, moving people. The savings sometime are a little bit soft, in terms of efficiencies.

But someone came up with that \$4 billion number. Could you please ask your office to send over to our subcommittee the list of how that \$4 billion figure is derived? If we are saving that much in the real world, we need to brag about it. If we are not, we need to know that.

And, Mr. Crenshaw, do you have any additional questions?

GUARD AND RESERVE FUNDING

Mr. CRENSHAW. Just real quick. The Guard and Reserve I noticed last year was like \$1.5 billion. This year it is down to \$1 billion. That is \$500 million less, 30 percent reduction. And they are still pretty active.

A, what is the reason for that? B, is there anything this subcommittee can do, you know, to kind of help in that regard? Is it—

Mr. HALE. I think if you go back and look at the trimble, we actually submitted for the Guard last year—we have increased that amount. The Congress typically does add money for the Guard, which is your prerogative. And so we submitted, I think, a little less than a billion in 2009. You made it \$1.5 billion.

We have increased our submission, because we feel it is the right amount for the Guard. I understand that we propose, you dispose.

Mr. CRENSHAW. Got you. I think we ought to—I didn't realize that we had bumped it pretty good, but I think that is something we ought to think about, because—I think they are still very, very involved. Unless there is some kind of reduction in their operation, they are going to need that kind of support.

Mr. EDWARDS. You bet. You know, and I think traditionally over the years administrations, Republican and Democrats alike, tended to underfund Guard and Reserve MILCON knowing Congress would add to it. The problem is, with the budget situation being what it is, it is more and more difficult for us to, you know, routinely add \$1 billion, \$1.5 billion—

Mr. HALE. I do—at least say for the record, we don't think we underfunded. I understand.

Mr. EDWARDS. I understand.

Mr. FARR. Are any of those—interoperable, Guard, Reserve and active duty? So can you go train on a National Guard base? Does it meet your standards?

Mr. ARNY. I think it depends. I mean, I had to leave my own plane in Savannah International. And there were a huge—it is a C-130 Guard operation, and there were a huge number of F-15s and F-16s that were doing exercises out of there. And right down the road, there is the Hunter Army Airfield. So they are training.

Mr. FARR. Well, I am sure the Air Guard is, because they are constantly flying, but it seems to me that those bases in my district—I have a Reserve base, I have a Guard base, I have an active duty base. And I don't know that they are even—

Mr. ARNY. I know, when I was on active duty, we would go from base to base and get training. And sometimes you would have to pre-position equipment, like our F-4s couldn't use Air Force F-4 starters, but we would train at other people's bases. It depends on the facilities and what you are looking for. You don't necessarily go to your own base.

Mr. FARR. No, but I think it is a MILCON responsibility—maybe there is some report language we can look at to see whether these bases are interoperable rather than just expanding them, getting them to be used more efficiently.

Mr. ARNY. We did an entire air wing operation—

Mr. EDWARDS. Makes sense.

Mr. ARNY [continuing]. Out of Naval Station Mayport. I mean, we have the entire airway, because the ship sank at the pier, but that is another story. [Laughter.]

Mr. EDWARDS. Any other additional questions? If not, let me finish as we began.

Thank you both for being here and for what you are doing for our country. Secretary Arny, we wish you Godspeed and all the best to you. And let your sons know we appreciate their service to the country, as well. Thank you for the legacy you leave through your many years of public service.

And, Secretary Hale, we look forward to working dollars and cents with you in the years ahead.

Mr. HALE. Thank you.

Mr. EDWARDS. Thank you.

We stand adjourned.

[Questions for the record submitted by Chairman Edwards:]

INFLATION

Question. For the record, what is the construction price inflation factor built into your FY 2010 budget request, and how does this compare to the rates used by the private sector and other Federal agencies?

Answer. The construction price inflation factor built into the FY 2010 budget request is 1.5 percent for FY 2010. The annual inflation rates used by other federal agencies (as reported to DoD) range from 2.6 percent to 9.0 percent. Engineering News-Record (a common industry source for cost indices) predicted an increase of 1.8 percent for its Building Cost Index for calendar year 2008 (published in December 2007), and a decrease of 0.5 percent for calendar year 2009 (published in December 2008).

MISSILE DEFENSE

Question. Congress approved \$151 million in FY 2009 to begin construction of the bases that constitute the Ballistic Missile Defense "third site" in Europe. By last year's estimates, about \$690 million was required to complete construction. I understand that you are not requesting additional funds for this initiative in FY 2010, as the 2009 funds have not spent due to a lack of parliamentary approval from the host nations. What is your intention going forward on this project?

Answer. The Department is currently conducting the Ballistic Missile Defense Review (BMDR) which will, among other things, review the rationale and requirements for the third site and explore alternatives that may exist. No final decisions have been made. The FY 2010 budget preserves the Administration's flexibility to arrive at a future decision on missile defense in Europe. Remaining FY 2009 funding will be sufficient for the Missile Defense Agency (MDA) to begin work on the sites in the Czech Republic and Poland, should the Administration make the decision to do so.

Initial review results will be available later this year and a final report will be submitted to Congress in January 2010.

OVERSEAS CONTINGENCY OPERATIONS REQUEST

Question. The FY10 request includes \$1.4 billion in additional MILCON projects for what is now called Overseas Contingency Operations, or OCO. Nearly all of this money is specifically for Afghanistan. However, there is also \$192 million for 11 MILCON projects in Afghanistan included in the regular part of the budget. How do you determine which Afghanistan projects are included in the main base budget, and which are included to the OCO?

Answer. The construction projects in the FY 2010 base budget support peace time mission requirements at locations where we expect to have a presence after the contingency operations, such as Bagram in Afghanistan and Camp Arifjan in Kuwait. The Afghanistan construction projects in the FY 2010 OCO request are synchronized to the troop announcements made by the President and reflect requirements driven by wartime urgency. Although some of these requirements are at enduring locations (Bagram and Kandahar), these projects are in direct support of troop announcements/movements or require acceleration in support of troop increases/movements. For example, the housing at Bagram in support of the enduring requirements for the base population is funded in the base budget. However, the troop housing to support the force increase is funded in the OCO request.

BRAC

Question. During the hearing, you suggested that the overseas-to-U.S. realignments encompassed in the Global Defense Posture Review should not be included in a comparison between the original COBRA estimates for BRAC and the current estimates. Yet the Department incorporated these realignments and their costs into the BRAC program primarily through Recommendation #10, Operational Army (IGPBS) and Recommendation #4 for Fort Bragg. Could you please clarify what you meant by this statement?

Answer. Yes, to the extent the costs associated with these recommendations result from stateside relocation activities, they have been incorporated into the BRAC program. The costs associated with closing overseas units and transportation of forces to U.S. soil have not been charged to the BRAC account, but rather have been more appropriately absorbed by the operational accounts.

WEDNESDAY, MAY 20, 2009.

FISCAL YEAR 2010 AIR FORCE MILITARY CONSTRUCTION, FAMILY HOUSING AND BASE REALIGNMENT AND CLOSURE PROGRAMS

WITNESSES

GENERAL NORTON A. SCHWARTZ, CHIEF OF STAFF, USAF

MAJOR GENERAL DEL EULBERG, THE AIR FORCE CIVIL ENGINEER, USAF

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order.

General Schwartz, General Eulberg, thank you both for being here.

And, General Eulberg, I see in my notes that you are retiring this summer after 36 years?

General EULBERG. Sir, 35 in uniform.

Mr. EDWARDS. Thirty-five, 35 years of military service. And I want to thank, on behalf of all of us in Congress, you and your family for your service to our country over those years. You made a real difference, and we salute you for that service. And thank you for being here today.

General EULBERG. Thank you, sir.

Mr. EDWARDS. I would like to just make a few very brief opening comments, and then I am going to turn to Zach Wamp, our ranking member, for any opening comments he would care to make. And then we will proceed with the testimony.

We are here today to receive testimony in the Air Force's fiscal year 2010 budget request for military construction, family housing, and BRAC.

Over 1 year ago, the prior chief of staff of the Air Force told this subcommittee that the Air Force had chosen to accept what he called "manageable risk" in facilities and infrastructure funding.

Although the active Air Force military construction request of \$1.145 billion represents an increase over both the fiscal year 2009 request and the fiscal year 2009 enacted level, it is still more than \$200 million short of what last year's FYDP projected for 2010. It, therefore, would appear to me that the Air Force is still accepting some degree of risk in facilities to meet other priorities.

I also am concerned that the Guard and Reserve MILCON budgets are not keeping pace with the possible needs out there.

The Air Force certainly has many challenges and budget issues to balance, so my goal today is to hope to better understand the Air Force's views in relation to MILCON and family housing in the context of all the other pressing needs that you have.

Before I introduce our witnesses, I would like to turn to Mr. Wamp, our ranking member, for any comments.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman. Let me thank you for your extraordinary leadership.

I welcome the chief today and certainly commend General Eulberg for his outstanding career.

I want to thank Mr. Crenshaw, in his absence, for subbing for me yesterday and for your understanding, Mr. Chairman. I happened to have my 24th wedding anniversary Monday night, and as many of those as I have missed over the last 15 years, I got one in.

Mr. EDWARDS. You should not miss any of those for any committee hearing.

Mr. WAMP. It was very worthwhile, and I am grateful for the opportunity. I just want to say briefly—I don't want to repeat anything the Chairman just said, looking at the reduced funding levels I too am concerned about the level of risk the Air Force is taking on.

I want to thank the Air Force for all that they do and continue to do for our national capability. And I want to especially thank you for allowing one of your finest, Major Juan Alvarez, over my right shoulder, to actually help staff me this year.

He has served the Air Force and his country extremely well and certainly gives me a full and new, even better appreciation of the United States Air Force and the quality of the men and women that serve our country through the United States Air Force.

So thanks for your presence today. I look forward to a good hearing.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

General Schwartz, since this is your first time before our subcommittee in your position, let me just read into the record a very brief introduction.

General Schwartz, Chief of Staff of the United States Air Force, became Chief of Staff in August of 2008. He has served for 36 years—that is where I got the 36 years, Major General Eulberg—36 years of service since graduating from the Air Force Academy in 1973.

And thank you, General Schwartz, for those years of service and leadership.

He previously has served as commander, U.S. Transportation Command, director of the Joint Staff, commander of the 11th Air Force, Deputy Commander-in-Chief of Special Operations Command, Commander of the 16th Special Operations Wing.

And he is a command pilot with more than 4,400 hours in C-130s, MH-53s, and MH-60s. It is a little bit different from the 1,100 hours I have in a single-engine Cessna 210. General Schwartz also served in Operations Desert Shield and Desert Storm.

I want to, again, welcome both of you to the committee. We will accept for the record your complete statements, but I would like to

recognize you now, General Schwartz, for any opening comments you care to make.

STATEMENT OF GENERAL NORTON A. SCHWARTZ

General SCHWARTZ. Thank you, Mr. Chairman and Congressman Wamp.

Thank you very much for allowing me to appear before you today. The Air Force is dedicated to its role as a trusted member of the armed forces.

And our infrastructure investment strategy supports our core functions and ensures that the investments reflect stewardship of the taxpayer's dollar and achieves strategic balance in our current fiscal circumstances through five priorities, the first of which is reinvigorating our nuclear enterprise; the second is partnering with the joint coalition team to win today's fight; third, to develop and care for our Airmen, their families, and importantly, our wounded; fourth, to modernize our air and space inventories and training capabilities; and, finally, to recapture acquisition excellence.

With this in mind, I would like to update you on military construction, family housing, and BRAC as a part of our comprehensive strategy to support the national defense with global vigilance, reach, and power.

As you indicated earlier, I am accompanied by Del Eulberg, our Air Force Civil Engineer, and I will have a few more comments, if I may, at the conclusion of my remarks on that, as well, who will sort of round out the details of the strategy.

And as we continue to focus today on today's fight and to modernize our air and space inventories for tomorrow's challenges, we recognize that we cannot lose focus on critical Air Force infrastructure programs.

Air Force installations are key to delivering game-changing air, space and cyber capabilities to our combatant commanders. And our fiscal year 2010 investments directly contribute to maintaining the infrastructure necessary to accomplish these many missions.

At the same time, we are committed to quality of service for our people. And that is consistent with the contributions and sacrifices they make on behalf of our nation.

While the fiscal year 2010 budget for MILCON, BRAC, and family housing and facility maintenance requests is in the neighborhood of, as you indicated, \$1.5 billion or thereabouts for MILCON and \$4.9 billion for the entire program, which is somewhat less than last year's projection, we intend to mitigate the difference in MILCON and facility maintenance by intensifying our efforts in restoration and modernization of existing plans, and managing our resources from an enterprise portfolio perspective, optimizing facility utilization.

In addition to targeted demolition and aggressive energy saving initiatives, we will continue to privatize family housing and modernize dormitories, as well, to assure Airmen's quality of service.

Air Force MILCON, family housing, and BRAC initiatives will continue to directly support these overall priorities that I outlined for you, sir. And we appreciate and we thank you for your continuing support of our Air Force, and particularly our Airmen and their families, who are devoted, I think, to defending the nation.

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I do look forward to your questions. With your permission, sir,
I would like to make off-script comments.
[The information follows:]

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DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

**SUBJECT: FISCAL YEAR 2010 AIR FORCE MILITARY CONSTRUCTION, FAMILY
HOUSING AND BASE REALIGNMENT AND CLOSURE PROGRAMS**

STATEMENT OF: GENERAL NORTON A. SCHWARTZ
CHIEF OF STAFF, UNITED STATES AIR FORCE

May 20, 2009

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BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

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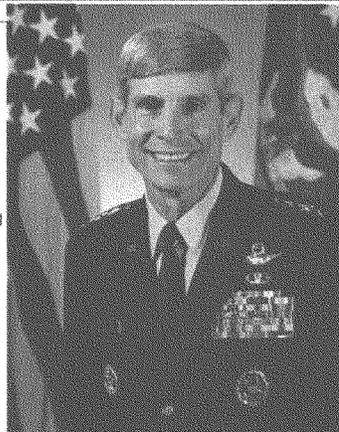
BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL NORTON A. SCHWARTZ

Gen. Norton A. Schwartz is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipping of nearly 700,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Schwartz graduated from the U.S. Air Force Academy in 1973. He is an alumnus of the National War College, a member of the Council on Foreign Relations, and a 1994 Fellow of Massachusetts Institute of Technology's Seminar XXI. He has served as Commander of the Special Operations Command-Pacific, as well as Alaskan Command, Alaskan North American Aerospace Defense Command Region, and the 11th Air Force. Prior to assuming his current position, General Schwartz was Commander, U.S. Transportation Command and served as the single manager for global air, land and sea transportation for the Department of Defense.



General Schwartz is a command pilot with more than 4,400 flying hours in a variety of aircraft. He participated as a crewmember in the 1975 airlift evacuation of Saigon, and in 1991 served as Chief of Staff of the Joint Special Operations Task Force for Northern Iraq in operations Desert Shield and Desert Storm. In 1997, he led the Joint Task Force that prepared for the noncombatant evacuation of U.S. citizens in Cambodia.

EDUCATION

1973 Bachelor's degree in political science and international affairs, U.S. Air Force Academy, Colorado Springs, Colo.

1977 Squadron Officer School, Maxwell AFB, Ala.

1983 Master's degree in business administration, Central Michigan University, Mount Pleasant

1984 Armed Forces Staff College, Norfolk, Va.

1989 National War College, Fort Lesley J. McNair, Washington, D.C.

1994 Fellow, Seminar XXI, Massachusetts Institute of Technology, Cambridge

ASSIGNMENTS

1. August 1973 - September 1974, student, undergraduate pilot training, Laughlin AFB, Texas
2. October 1974 - January 1975, student, C-130 initial qualification training, Little Rock AFB, Ark.
3. February 1975 - October 1977, C-130E aircraft commander, 776th and 21st tactical airlift squadrons, Clark Air Base, Philippines
4. October 1977 - December 1977, student, Squadron Officer School, Maxwell AFB, Ala.
5. December 1977 - October 1979, C-130E/H flight examiner, 61st Tactical Airlift Squadron, Little Rock AFB, Ark.
6. October 1979 - November 1980, intern, Air Staff Training Program, Office of the Deputy Chief of Staff for Plans, Operations and Readiness, Headquarters U.S. Air Force, Washington, D.C.
7. November 1980 - July 1983, MC-130E flight examiner, 8th Special Operations Squadron, Hurlburt Field, Fla.
8. July 1983 - January 1984, student, Armed Forces Staff College, Norfolk, Va.
9. January 1984 - April 1986, action officer, Directorate of Plans, Office of the Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
10. May 1986 - June 1988, Commander, 36th Tactical Airlift Squadron, McChord AFB, Wash.
11. August 1988 - June 1989, student, National War College, Fort Lesley J. McNair, Washington, D.C.
12. July 1989 - July 1991, Director of Plans and Policy, Special Operations Command Europe, Patch Barracks, Stuttgart-Vaihingen, Germany
13. August 1991 - May 1993, Deputy Commander for Operations and Commander, 1st Special Operations Group, Hurlburt Field, Fla.
14. May 1993 - May 1995, Deputy Director of Operations, later, Deputy Director of Forces, Office of the Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
15. June 1995 - May 1997, Commander, 16th Special Operations Wing, Hurlburt Field, Fla.
16. June 1997 - October 1998, Commander, Special Operations Command, Pacific, Camp H.M. Smith, Hawaii
17. October 1998 - January 2000, Director of Strategic Planning, Deputy Chief of Staff for Plans and Programs, Headquarters U.S. Air Force, Washington, D.C.
18. January 2000 - September 2000, Deputy Commander in Chief, U.S. Special Operations Command, MacDill AFB, Fla.
19. September 2000 - October 2002, Commander, Alaskan Command, Alaskan North American Aerospace Defense Command Region and 11th Air Force, Elmendorf AFB, Alaska
20. October 2002 - October 2004, Director for Operations, the Joint Staff, Washington, D.C.
21. October 2004 - August 2005, Director, the Joint Staff, Washington, D. C.
22. September 2005 - August 2008, Commander, U.S. Transportation Command, Scott AFB, Ill.
23. August 2008 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION

Rating: Command pilot

Flight hours: More than 4,400

Aircraft flown: C-130E/H, MC-130E/H/P, HC-130, AC-130H/U, YMC-130, MH-53 and MH-60

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with two oak leaf clusters

Distinguished Service Medal

Defense Superior Service Medal with oak leaf cluster

Legion of Merit with two oak leaf clusters

Defense Meritorious Service Medal
Meritorious Service Medal with two oak leaf clusters
Air Force Commendation Medal with oak leaf cluster
Army Commendation Medal

EFFECTIVE DATES OF PROMOTION

Second Lieutenant June 6, 1973
First Lieutenant June 6, 1975
Captain June 6, 1977
Major Nov. 1, 1982
Lieutenant Colonel March 1, 1985
Colonel Feb. 1, 1991
Brigadier General Jan. 1, 1996
Major General March 4, 1999
Lieutenant General Jan. 18, 2000
General Oct. 1, 2005

(Current as of August 2008)

INTRODUCTION

Since its inception, the Air Force has been dedicated to its role as a trusted member of the Joint team. We are committed to improving all of the capabilities Airmen contribute through unmatched Global Vigilance, Global Reach and Global Power for America. Part of ensuring those capabilities remain viable for years to come is the Air Force effort to take care of our Airmen and their families and ensure a Quality of Service commensurate with the contribution that they provide to the defense of our Nation. Air Force Military Construction (MILCON), Military Family Housing (MFH), and Base Realignment and Closure (BRAC) programs form the foundation of our installation structure. Our Air Force installations serve as key platforms for the delivery of Global Vigilance, Reach and Power for our Nation, and our Fiscal Year (FY) 2010 investments reflect a direct connection to this vital work.

Our strategy embodies our Air Force Core Functions, ensuring that our investments reflect stewardship of taxpayer dollars by achieving strategic balance within our current fiscal environment consistent with five priorities: 1) Reinvigorate the Air Force Nuclear Enterprise, 2) Partner with the Joint and Coalition Team to Win Today's Fight, 3) Develop and Care for Airmen and Their Families, 4) Modernize our Air and Space Inventories, Organizations and Training, and 5) Recapture Acquisition Excellence. It is through this lens that I would like to update you on our efforts in MILCON, MFH and BRAC programs as part of our comprehensive strategy to support our Nation's defense.

As we continue to focus on modernizing our aging weapon systems, we recognize that we cannot lose focus on critical Air Force infrastructure programs. In order to maintain effective stewardship of the resources given to us, our FY 2010 President's Budget request of \$4.9 billion for MILCON, BRAC, MFH, and facility maintenance is a reduction from our FY 2009 request of \$5.2 billion. We intend to mitigate potential shortfalls in MILCON and facility maintenance funding by bolstering our restoration and modernization programs as much as

possible. Using an enterprise portfolio perspective, we intend to focus our limited resources only on the most critical physical plant components, by applying demolition and space utilization strategies to reduce our footprint, aggressively pursuing energy initiatives, continuing to privatize family housing and modernizing dormitories to improve quality of life for our Airmen.

REINVIGORATE THE AIR FORCE NUCLEAR ENTERPRISE

The Air Force has a solemn responsibility and obligation to operate and maintain its portion of America's nuclear deterrent posture, which consists of land-based intercontinental ballistic missiles, nuclear-capable bombers and dual capable fighters. Over the past several months the Air Force senior leadership team, along with the Office of the Secretary of Defense (OSD) and interagency partners, have closely examined the Air Force nuclear enterprise and identified several areas for improvement.

The results of these internal assessments reinforced the need to continually focus on nuclear sustainment and operations as well as the management of the weapons and their delivery platforms. A critical aspect of this effort includes the infrastructure and facilities providing the necessary life-cycle installation support of this vital mission. Air Force Civil Engineers and field experts are currently conducting facility condition assessments of all nuclear-related facilities, which will provide detailed information on our infrastructure deficiencies directly supporting the nuclear mission. Projects will be developed, programmed, and prioritized appropriately to obtain the necessary funding required to correct any deficiencies.

Additionally, the FY 2010 President's Budget request includes an investment of \$45 million in four infrastructure projects at Minot Air Force Base, North Dakota, FE Warren Air Force Base, Wyoming and Clear Air Station, Alaska. These projects include missile procedures, training operations and missile service complex facilities.

PARTNER WITH THE JOINT AND COALITION TEAM TO WIN TODAY'S FIGHT

America's Airmen are "All In" supporting the Joint and Coalition team to win today's fight with precision and reliability. Our FY 2010 program includes \$544 million for 28 projects directly connected to today's fight. Four projects valued at \$198 million directly support U.S. Central Command by providing much needed in-theater airlift ramp and fuel facilities, a war-reserve material compound, and a passenger terminal. Other projects include an aerospace ground equipment maintenance complex at Ramstein Air Base in Germany, a Global Hawk maintenance and operations complex at Naval Air Station Sigonella in Italy, and beddown facilities for Air Force air support and operations personnel with Army units. These investments provide direct returns by reducing backlog and waste in our logistics trail, and increase the capacity and efficiency of our fighting forces at downrange locations.

Approximately 30,000 Airmen are currently deployed as part of Operations ENDURING FREEDOM and IRAQI FREEDOM. More than 3,000 of these Airmen are civil engineers, with over 40 percent of our deployed engineers filling Joint Expeditionary Tasking billets, serving side-by-side with our sister Services. Our heavy construction Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force engineers are well-known in-theater for their ability to build and maintain expeditionary installations. Airmen continue to assist both Iraq and Afghanistan in building the capacity to provide self-governance. Since 2004, the Air Force has completed over \$5.6 billion in major renovation or construction projects, giving the governments of Iraq and Afghanistan the capacity to provide basic services for its people. Whether it is serving on provincial reconstruction teams, mitigating the threat of improvised explosive devices standing up host nation field engineering teams, or teaching aspiring engineers at the Afghan Service Academies, Airmen continue to demonstrate courage, commitment, and dedication in contingency operations. We are honored to serve with our Joint and

Coalition team partners and will continue to support the Nation's call-to-arms by providing unique engineering capabilities and the most talented installation support personnel available.

Air Force Center for Engineering and the Environment

Our Air Force Center for Engineering and the Environment (AFCEE) continues to be a key enabler for the Joint reconstruction and operational construction missions in Iraq and Afghanistan. To date, AFCEE has awarded \$5.6 billion in construction and engineering support throughout Southwest Asia to construct or perform major renovations on over 4,600 facilities. This effort included 469 schools, 15 border forts, 264 police stations, and 11 medical clinics. AFCEE also awards design-build contracts to U.S. prime contractors, who in turn subcontract the majority of the work to host nation companies. For example, in Iraq 91 percent of the construction labor, consisting of approximately 8,000 workers per day, is Iraqi.

AFCEE also has an active presence in Afghanistan. Since 2006, AFCEE has awarded construction contracts valued at \$560 million, primarily in support of reconstruction. AFCEE teamed with the United States Army Corps of Engineers (USACE) to execute Contingency Construction Authority and MILCON programs in Afghanistan in direct support of operational missions. These mutually-beneficial relationships are also bringing about new synergies among the Services. For example, an Air Force Engineer will command a USACE District in Iraq for the first time.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

Airmen are the Air Force's most valuable resource and we remain committed to recruiting and retaining the world's highest quality force. As part of the American Recovery and Reinvestment Act of 2009, funds allotted to the Air Force support that effort. Over \$260 million

in MILCON will improve the lives of our Airmen and their families through MFH improvements, dormitory construction, and providing child development center facilities and services.

Developing Airmen

The Air Force must continue to ensure we prepare Airmen for the challenges of today and tomorrow by providing quality facilities in which to train and operate in. Our FY 2010 budget request includes \$39 million for three projects. We will construct a new recruit dormitory and basic military training facility that will give incoming Airmen quality training facilities to start a career of service. Another highlight includes a C-5 Ground Training Schoolhouse addition for the Air Force Reserve Command.

Military Family Housing Program

The MFH Master Plan details our Housing MILCON, operations and maintenance, and privatization efforts. Since last spring, the Air Force completed new construction or major improvements on over 2,000 units in the United States and overseas, with another 2,286 units under construction in the United States and 2,783 units under construction overseas.

Our FY 2010 budget request for MFH is just over \$567 million. The Air Force request for housing investment is \$67 million to ensure the continual improvement of our overseas homes. These investments will provide whole-house renovations for 365 units at two overseas bases and extend their useful life. Our request also includes an additional \$500 million to pay for operations, maintenance, utilities and leases for the family housing program.

Housing Privatization

Housing privatization continues to result in a quality of life improvement for our Airmen and their families, an improvement we have accelerated through the aid of Congress in granting privatization authorities. By the beginning of FY 2010, we will have privatized approximately

38,900 housing units at 44 bases. We have seen the delivery of over 10,000 new or renovated homes and are currently delivering another 200 homes a month. Current projections show we will have leveraged more than \$402 million in government investment to garner almost \$6.3 billion in private sector total housing development, or \$16 of private investment for each public tax dollar. With the support of Congress, we will continue to work toward our goal to privatize 100 percent of MFH in the CONUS, Hawaii, Alaska and Guam by the end of FY 2010.

Unaccompanied Housing (Dormitories)

The Air Force Dormitory Master Plan is the cornerstone for developing requirements for unaccompanied housing. The budget request includes five dormitories worth \$138 million. We will continue to 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. Simultaneously, our implementation of a "bridging strategy" ensures we are investing Facility Sustainment and Restoration and Modernization funds into aging facilities to extend their useful life until MILCON replacements can be executed and to ensure we keep "good dormitories good."

Fitness and Child Development Centers

Elevated operations tempo and increased home-station demands make physical fitness an imperative for Airmen. Our FY 2010 request includes two fitness centers worth \$41 million. We also remain focused on providing our families with appropriate and nurturing child care facilities. We will continue to invest in these facilities which are key to caring for Airmen and their families. This budget request includes two child development centers worth \$20 million.

Environmental Quality and Management Systems

Our environmental management programs continue to ensure the most basic quality of life needs are 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 have implemented a new environmental management approach at Air Force installations. Installations are now utilizing the Environmental Management System to identify environmental aspects of base operations, assess their impacts, and help commanders make informed decisions and investments to reduce environmental risks and compliance costs. Our installation commanders significantly reduced new environmental enforcement actions by 44 percent from FY 2005 to FY 2008.

We are also continuing our existing environmental quality and restoration programs. The FY 2010 request includes just under \$1 billion for direct-funded non-BRAC environmental programs such as: traditional environmental restoration activities, environmental compliance activities and projects, pollution prevention initiatives, environmental conservation activities, test and training, munitions response activities, and investment in promising environmental technologies. Our environmental restoration program is also proceeding aggressively to clean-up sites contaminated by past practices. The Air Force closed or has remedies in place at 89 percent of the contaminated sites and expects to complete restoration at all sites by FY 2012, two years ahead of the Department of Defense's FY 2014 environmental restoration goal.

MODERNIZE OUR AIR AND SPACE INVENTORIES, ORGANIZATIONS AND TRAINING

Modernizing our aging air and space inventories, organizations and training to prepare for tomorrow's challenges requires significant investment of \$353 million for 34 projects. We will complete the planned F-22 beddown, including two Air National Guard projects at Hickam Air

Force Base, Hawaii. The beddown of the F-35 also continues to be a priority, with eight projects supporting actions at Nellis Air Force Base, Nevada and Eglin Air Force Base, Florida.

We also continue to modernize our facilities in support of our larger aircraft by constructing seven new facilities supporting C-130 operations and training. Other projects include a consolidated communication facility at Cannon Air Force Base, New Mexico, two research facilities at Wright-Patterson Air Force Base, Ohio, and upgrading electrical infrastructure at Hurlburt Field, Florida. As part of our work to achieve balance across our portfolios, we continue to transform the enterprise by developing new concepts of operations, implementing organizational change, and integrating advanced technologies in installation support. Transformation of our 60,000-person Civil Engineering (CE) organization started in 2007 and the career field continues to make great strides toward our end-state. We leveraged best practices from our industry partners that focused our installation management CE transformation by benchmarking from concepts such as strategic sourcing, portfolio-level real estate management and integrated asset management. These concepts empowered commanders at every level to balance resources and mission requirements. We have a clear roadmap in our *2008 Installation Strategic Plan* to guide the management of our installations as well as their transformation. Many of our major transformation initiatives are complete and include the reorganization of CE at all levels and increases in manpower for our high-demand RED HORSE and explosive ordinance disposal combat engineer capabilities. We have also centralized execution of MILCON, housing MILCON, and environmental restoration at the AFCEE in San Antonio, Texas. We also established a Strategic Sourcing Program Management Office and a Facility Energy Center-of-Excellence at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida.

We continue to transform our core CE business processes, leverage industry best practices and utilize technologies that enable the Air Force to operate installations more efficiently, while maintaining our warfighting capability. One of the goals in our *Installation Strategic Plan* outlines our

two-pillared approach to producing enterprise-wide efficiencies by 2020 through 1) reducing our footprint by 20 percent and 2) reducing resources required by 20 percent. Meeting our "20/20 by 2020" vision requires an aggressive approach to target limited funding on the most critical portions of our physical plant. Our asset management initiatives include activity management plans, utility privatization, enhanced-use leasing, incentive-based consolidation and demolition, space optimization, housing privatization, sustainable design and communities, expanded energy conservation efforts and more renewable energy opportunities.

Efficiently managing installation support from an enterprise-wide portfolio perspective is another example of stewardship efforts producing strategic balancing across our investments in the world's finest air, space, and cyberspace force.

Operations and Training

Ensuring our Airmen are trained, equipped and ready to respond to Combatant Commander requirements remains a key focus of Air Force leadership. The FY 2010 budget request includes seven projects worth \$79 million. Highlights of this program included construction of simulators, cargo load trainers, weapons load trainers, and aircraft maintenance trainers. A project at Goodfellow Air Force Base, Texas will support new and expanded intelligence training programs that reflect an added emphasis on Intelligence, Surveillance, and Reconnaissance programs. The budget request also includes a state-of-the-art National Security Space Institute joint facility providing enhanced training for space professionals across the entire joint and interagency team.

Base Realignment and Closure

Implementation of the 2005 BRAC recommendations continues to cover the spectrum of realigning weapon systems and organizational functions, to construction, environmental planning and restoration, end-state equipment procurement, and military and civilian personnel

movement to new locations. In support of this effort, the Air Force is committed to fully funding its BRAC program— budgeting \$3.9 billion between FY 2006 – FY 2011. Our program managers are providing rigorous oversight and coordinating 227 MILCON projects affecting 54 installations in 36 States. We are on track to award all unexecuted BRAC MILCON projects and have executed more than 75 percent of our FY 2006 through FY 2009 projects. The Air Force continues to provide high quality products, on time, and within budget.

Joint Basing

The Air Force has a long and successful history of working toward common goals in the joint environment. The Air Force remains committed to ensuring all bases, joint or otherwise, maintain their capability as weapon system platforms and meet our quality of life standards. To accomplish this we worked with our sister Services and OSD to establish common quality of life standards that ensure our personnel receive consistent and efficient installation support services.

The Services are addressing many complex issues such as information technology integration, human resources planning, manpower and fiscal resourcing, and new organizational structure. A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense (Installations and the Environment) developed implementation policy to guide the transition of installation management functions and meet the BRAC timeline. The group is in the process of reviewing and coordinating numerous details in the formal support agreements and implementation plans that establish each joint base. The five joint bases aligned in the first phase of implementation have developed comprehensive Memoranda of Agreement (MOA) establishing the relationships between the Services, and are now shifting their focus to the orderly transition of installation management functions by October 2009. The seven Phase II installations are developing their MOAs now and will begin the transition of functions next year, with a goal to complete the process by October 2010.

Energy Stewardship

The Air Force has launched an aggressive program to invest in facility energy conservation and renewable energy alternatives. Recently, the Secretary of the Air Force signed a mission directive institutionalizing energy policy within the Air Force and driving more efficient energy management practices. Together, these policies will direct specific actions in the areas of operational processes, training, and installation management geared toward reducing our "energy footprint," and increasing our use of cleaner energy alternatives.

Over the past year, we have stood up the Air Force Facility Energy Center (FEC) at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida. The new FEC consolidates energy technical expertise and project management capabilities in order to leverage best practices across the force. The goal of this office is to develop and implement innovative energy solutions which reduce our energy "footprint" at Air Force installations. In 2008, we issued the *Air Force Infrastructure Energy Strategic Plan* to guide the strategic and tactical direction of our energy program, a plan designed to balance supply-side energy assurance and demand-side energy efficiency. It incorporates the energy strategy of the 21st Century and is designed to meet the energy mandates outlined in the *Energy Policy Act 2005 (EPAAct 05)*, *Executive Order (EO) 13423* and *Energy Independence and Security Act of 2007 (EISA 2007)*. The strategy maps the way ahead for meeting energy mandates through FY 2015 and covers facilities infrastructure as well as fuel efficiency in our ground transportation fleet.

The new infrastructure energy strategy is founded on Four Pillars that are designed to 1) improve current infrastructure, 2) improve future infrastructure, 3) expand renewables, and 4) manage cost. We intend to achieve the Four Pillars by incorporating best business practices into our education and training programs, pursuing cultural change in our organizations, and improving our asset management. We also see potential indicators that our efficiency strategy is providing return-on-investment. In 2008, the Air Force energy intensity decreased by 17.8

percent from the FY 2003 baseline. The Air Force also developed a life-cycle cost-effective metering strategy to meet EAct 05, which mandates the installation of electric meters on required facilities by 2012. We recognize the value of metering and are already 74 percent complete toward the goal. The Air Force is also making great strides in our water conservation program. In FY 2008, we consumed 1.3 billion gallons less water than our FY 2007 water usage.

In the area of renewable energy, our strategy expands public and private partnerships by leveraging private sector capital to bring renewable power production to our bases at competitive prices. For example, in a partnership with state and local government and private industry, the photovoltaic (PV) solar array at Nellis Air Force Base, Nevada, the largest PV array in North America, generated 57,139 megawatt-hours in FY 2008. Through a Congressional appropriation, F.E. Warren Air Force Base, Wyoming, installed a 2,000 kilowatt wind turbine in January 2009, adding to the two turbines already operational. Together the three wind turbines are capable of generating 6.7 million kilowatt-hours per year, enough to power 836 homes. These and other renewable energy and conservation initiatives provide examples of how the Air Force is committed to not only meeting, but exceeding the goals of the new Executive Order with initiatives that provide long-term return-on-investment.

Sustainability

With an eye toward improving future infrastructure, our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding to include creation of functional, maintainable, and high performance facilities. Under *EO 13423* and *EISA 2007*, the Air Force employs the Federal Leadership in High Performance and Sustainable Building Guiding Principles to reduce total cost of ownership and improve energy efficiency and water conservation to provide safe, healthy, and productivity-enhancing facility environments.

We also employ the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) criteria in our designs. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2008, the Air Force certified its first LEED gold building at Offutt Air Force Base, Nebraska. This year, 100 percent of Air Force-eligible MILCON projects will be capable of certification in LEED.

The Air Force understands it is not just new construction that needs this focus and attention. We have already begun the task of greening our existing building inventory and installation support platforms. Sustainability cannot just be about facilities, it has to be a holistic approach to include how we develop and sustain our installations. The vision is to build and shape sustainable communities using innovative solutions to lower the cost of installation support and provide more eco-friendly places to live and work.

RECAPTURE ACQUISITION EXCELLENCE

The Air Force remains committed to recapturing acquisition excellence and developing innovative solutions that enable smart business decisions. Through the Air Force Civil Engineer Strategic Sourcing Program Management Office at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida, we are working to select and prioritize sourcing opportunities and oversee the efforts of other major command-initiated CE strategic sourcing efforts. The program management office will capitalize on industry-best practices to reduce the cost of building systems and commodities while improving the delivery of support to our customers. Five strategic sourcing opportunities and a commodity cost review are currently in progress to identify sourcing strategies leading to regional or enterprise-level acquisitions. We organized a staff comprised of civil engineers, contracting officers and financial specialists to ensure we

implement a well-integrated, cross functional approach aimed at determining the right investments for our enterprise.

CONCLUSION

Air Force MILCON, MFH and BRAC initiatives will continue to connect directly to Air Force priorities. It is essential we continue to manage our installations by leveraging industry-best practices and state-of-the-art technology. Our CE transformation effort, now entering its third year, continues to produce efficiencies and cost savings that enhance support for the warfighter, reduce the cost of installation ownership, and free resources for the recapitalization of our aging Air Force weapon systems. More importantly, these investments reflect effective stewardship of funding designed to better serve our Airmen in the field, their families, and the taxpayer at home. In the end, however, we salute the service of our CE Airmen and their performance "in the fight": engineers, explosive ordnance disposal, project managers and supervision. They are *"All In."*

Mr. EDWARDS. Okay.

General SCHWARTZ. One relates to an observation for your consideration, as I have traveled since moving into this position last August, that on two trips to the U.S. Central Command Area of Responsibility, on both occasions, the limitation—the threshold of \$750,000 for construction in the contingency areas is too low. I would ask you to consider—and Del can reinforce this—that in the neighborhood of \$2 million to \$3 million is probably the right threshold for—given the cost of construction, the availability of the material, and so on, not asking for broader application of that elevated threshold, but simply to the warfighting AOR.

The second point, sir, is, as you indicated, Del moves on here shortly. He has brought a fact-based, analytical approach to our civil engineering discipline, leadership to our engineers and explosive ordnance disposal personnel.

His service has been truly notable, and Suzie and I honor your service, as well. In fact, Del's wife is packing out today, as he is here testifying before the committee, so another indication of how this is a team sport.

So, Mr. Chairman, again, thank you for your compliment. And I double your compliment to Major General Eulberg, sir.

Thank you.

Mr. EDWARDS. Thank you, General Schwartz for your leadership and service, for your comments today, and for honoring General Eulberg.

General Eulberg, most of us in Congress realize that, the day after we retire, announce our retirement, the question then about us is, who is going to replace us? And we are forgotten pretty quickly. You will have left a legacy, in terms of housing, quality of life, as well as training facilities that will be serving our servicemen and women for decades to come.

So thank you to you and your family for the difference that you have made.

INADEQUATE HOUSING

As we begin questioning, I might ask a question I like to routinely ask all of our service chiefs and civil engineers, and that is, do you have a number, in terms of how many Air Force personnel are living in housing, whether it is barracks or family homes, that are determined as inadequate, using the Air Force's own standards? Not how many are planned to be brought up to adequate, or the funding is in the pipeline, or the process is ongoing, but, as of tonight, how many Air Force families and single personnel would be going to bed in a home or a barracks that doesn't meet your standards?

General EULBERG. Sir, if I might address that question. As you are well aware, each time we testify before this committee, who has great support for our quality of service of our Airmen and their family, both of the dormitory plan, as well the housing, the Air Force has a dormitory master plan that we update every 3 to 4 years, as well as a family housing master plan that formed the basis for assessments of existing homes, as well as the investment needed to ensure that they are up to the standards that our Airmen and their families deserve.

So with that as a preamble, we have just updated our dorm master plan for 2008 and our family housing master plan, which allows us to answer that question specifically.

In the 2008 family housing master plan, we have 9,000 homes that are currently inadequate, of which—

Mr. DICKS. That people are living in?

General EULBERG. Yes, sir. And we have a plan most of which—the majority of those homes have already been funded. In fact, they all have been funded either with the overseas investment that we are making in this upcoming fiscal year, as well as what we have funded with housing privatization.

We have a significant effort in the coming year with funds that we already have to privatize roughly 16,000 homes. And with that, we will have taken care of all inadequate family housing that are currently a part of the family housing master plan.

Mr. EDWARDS. Can I ask you about that point—

General EULBERG. Yes, sir.

Mr. EDWARDS [continuing]. Barracks? For example, we had testimony regarding the Army, and they said, "Oh, you know, we are taking care of these needs with the funding that we have."

But I visited Fort Hood recently, and they always call it Chaffee Village. And under the public-private family housing partnership program, it wasn't scheduled—those homes weren't scheduled for demolition until the year 2032.

So you could say we have a plan in place to take care of all the soldiers of Fort Hood to see they are living in adequate housing, but if you look at the details of it, that is not very comforting to somebody that hears Chaffee Village won't be improved until 2032. And those homes, in my opinion, probably should have been torn down already.

When you say they have been funded or plans to fund, did you mean that the dollars are in the pipeline to see that, within, what, the next 2, 3 years, or next couple of years, or next year, that they would all be living in housing that meets Air Force standards?

General EULBERG. Yes, sir. Great question. Let me just go back and correct my last statement.

I had 9,000 right, but there are 9,000 scheduled for privatization and about 2,000 overseas. So the total is 11,000. I apologize.

Mr. EDWARDS. Okay. No, that is okay.

General EULBERG. I had 9,000 in my head—

Mr. EDWARDS. All right.

General EULBERG. But your question is a good one, in terms of, how long does it take once funding is in the pipeline? What we have found is it takes, on privatization, the developer typically is given seven years for a development plan to take place.

What we have seen over the last decade is the privatization developer accelerates construction and renovation and our average is about four years. Right now, our plan is that we will have all inadequates' construction complete by 2015.

Mr. EDWARDS. 2015?

General EULBERG. Yes, sir.

Mr. EDWARDS. Is that for families and barracks?

General EULBERG. No, sir, just families.

Mr. EDWARDS. Just families, okay. And then since I interrupted you on the family housing issue, in terms of barracks, what are the numbers?

General EULBERG. Yes, sir. Let me just back up. The dormitory master plan was just completed. We have 966 dormitories in the United States Air Force. Of those, 106 are categorized as tier one dormitories.

We do a tiering system. Tier one is our worst condition dormitories, which we would classify as inadequate, 106.

Now, as I testified last year—and as you have been and the committee has been a great supporter in dormitories—in our 2004 dorm master plan, we were on a glide path to do away with all inadequates by this year, which we accomplished based on that plan. So the commitment to our single Airmen remains as strong as ever.

So what we did in the proceeding years is expanded the criteria in our dorm master plan. We have added a permanent party officer living in unaccompanied housing, as well as contractors, because contractors—all you have to do is visit Thule Air Base, Greenland, which is supported by contractors. They have been there, part of the mission, for a very long time. And so we have to address those living conditions, as well, especially in remote and isolated places like Thule Air Base, Greenland.

So by adding those additional categories to our dorm master plan, we have 106 dormitories that are currently inadequate. Out of the—

Mr. EDWARDS. That is not 106 individual units; that is 106 dorms.

General EULBERG. Dormitories. Yes, sir.

Mr. EDWARDS. So that could be—how many rooms would that actually be, just approximately?

General EULBERG. Sir, it varies. We build them on different sizes. Usually it is—our standard is 96 rooms per dormitory. Now, sometimes they are larger. For example, as you know, our request includes pipeline dormitories, as well as normal dormitories.

Mr. EDWARDS. But using that number, approximately ballpark—we don't need the exact number—10,000?

General EULBERG. Yes, sir.

Mr. EDWARDS. Personnel living in inadequate?

General EULBERG. Yes, sir, that is inadequate, ballpark figure. We will submit for the record the exact number. But that is roughly the figure.

[The information follows:]

AIRMEN LIVING IN INADEQUATE QUARTERS

3,140 Airmen are living in Tier 1 "inadequate" dormitories. 400 contractors are living in Tier 1 "inadequate" dormitories. The Air Force has 8,000 bed spaces in eight Basic Military Training dormitories at Lackland Air Force Base, Texas that are designated Tier 1 "inadequate."

The Tier 1 designation means that the facility has reached the end of its useful life and is scheduled to be replaced or renovated. The Tier 1 designation is not an indication of habitability. Tier 1 dormitories are maintained to be safe and comfortable.

Mr. EDWARDS. Well, thanks to you, the numbers are a lot less than they were several years ago. I know we salute the progress

for that. But we want to keep track of those that are still living in inadequate dorms or houses today, the fact that we made progress doesn't mean much to you, other than maybe the guy down the street has a better home than you do. But thank you.

You were going to say something else?

General EULBERG. Yes, sir, if you don't mind. The Air Force has invested about \$1.4 billion in dormitories in the last nine years. We have another \$1.3 billion programmed in the Future Years Defense Plan (FYDP). But it doesn't stop there, in military construction, now.

We have also developed what we would call a bridging strategy, is where we have targeted restoration and modernization funding against those dormitories to ensure we don't take risk in that area. As you saw in the preceding four years, we had some deterioration in the condition of facilities, so we want to make sure we stop that.

So what has happened, since the end of last fiscal year, the Air Force has invested \$188 million in the last year alone in O&M dollars, maintenance and repair funds. We have also set aside \$100 million a year for the next two years in O&M restoration and modernization funds with a \$50 million from then on out in the FYDP.

These will be targeted towards the tier one dorms that I discussed earlier, so what we are doing is a balanced approach between O&M, maintenance and repair funds, and MILCON funds to make sure that we stay on top of this critical quality of service area.

General SCHWARTZ. The strategy, I guess, could be explained in a few words, is that the good ones stay good.

Mr. EDWARDS. Right. That is important, obviously.

My last question would be, you said 2015 is a scheduled date to have everybody in standard family housing or better, adequate housing. What would be the date for the dorms at your present glide path?

General EULBERG. Sir, we have the same goal. By 2015, we will have all inadequate dorms addressed either through military construction or O&M funding, with one exception.

Right now, the funding that we have in will address all of them except for Thule Air Base, and that is the unknown. Of the 106 inadequate dorms in our inventory today, 41 are at Thule Air Base. And we have asked for some help from the Army Corps of Engineers to come up with a new design standard, because our standard dorms for Airmen, the quad concept, does not work at Thule Air Base, Greenland.

And so we have asked for some help. That was built in 1951, as you may know, sir, and that is a unique environment. So we have asked for some support from the corps on coming up with a standard just for Thule Air Base.

So with that as a caveat, not knowing when we are going to be able to do that and how much the cost is, by 2015, we will have—

Mr. EDWARDS. We will see if we can get Mr. Dicks up there in February to take a look at that.

Mr. DICKS. I will be glad to—I have been there.

Mr. EDWARDS. In February?

Mr. DICKS. We went to the North Pole.

Mr. EDWARDS. Thanks.

Thank you very much, General.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

For the second straight year, Chief, the request has been explained lower in somewhat the same verbiage. When you say “mitigate potential shortfalls in MILCON facilities and maintenance funding by bolstering our restoration and modernization programs as much as possible,” it almost sounds like one of our press releases when something back home doesn’t go right, the way we explain it.

And I just wondered if this is a Pentagon, or OMB decision. What filter is this coming through? I know that is a tough question for you to ask.

General SCHWARTZ. No, it is our approach. And this didn’t have anybody else’s English on it.

You know, the budget—our facility effort here is part of a larger tapestry of trying to deal with both people issues—that is clearly the first priority—modernization demands and so on.

And so we think we have achieved a reasonable balance. And it is true. If we had more funds, we might well invest additional resources in infrastructure. But as you are well aware, we have to make choices. And I think that the way we have postured infrastructure certainly is solid relative to some of the other choices we have made, let’s say, on the innovation side.

So I think this is a responsible proposal for your consideration, sir.

GUARD AND RESERVE COMPONENTS

Mr. WAMP. Well, you give a good report on housing. And I applaud your leadership there, given the resources that you are working with.

Let me ask you about reserve components, particularly. You have 30,000 Airmen total deployed as part of Operation Enduring Freedom and Iraqi Freedom. The Air National Guard provides almost half of the Air Force’s tactical airlift support, combat communication functions, aeromedical evacuations, and aerial refueling, and has total responsibility for air defense of the United States.

The Reserves, 33 flying wings, 7 groups, across 63 locations, 100 percent of the Air Force aerial spray and weather reconnaissance capabilities, 60 percent of aeromedical evac, 46 percent strategic airlift capability.

And according to the Commission on National Guard and Reserve, the shares of the total U.S. Air Force budget, though, for the Guard and Reserve are 6 percent and 3 percent.

So, based on your operationalized reserve components and their contributions to this persistent conflict, what guarantees are in place to ensure that both the Guard and Reserve MILCON requirements are carved out and represent a fair and equitable share of the entire construction request?

General SCHWARTZ. There are three approaches on this that I think are worthy of note. The first and most important is, if there is new mission, if it is Air National Guard—and, for example, there are several new unmanned aircraft systems—new mission requirements for which the Air National Guard in California and in Ari-

zona, if I recall correctly, are getting MILCON. New mission gets MILCON regardless, without consideration to component.

The second aspect of this has to do with the amount of physical plant. Now, when you are maintaining plant, you know, we have an approach to try to maintain investment as a percentage of the plant replacement value. And we do, I think, a credible job in ensuring that the Air National Guard, as well as the Air Force Reserve, obtain their fair share, if you will, of that plant replacement value, relative to what the active duty receives, too.

The third part, I think, is that there are new efforts underway that really will make this problem less of an issue as we go forward. It is called the Total Force Initiative. And, for example, where the active duty and the Air National Guard or the active-duty Reserves share the same facilities, whether it be security forces or whether it be flying operations or what have you, that the days of independent facilities on the same installation are behind us.

And so where the components increasingly share facilities, they will have exactly the same—you know, enjoy the same quality of service as does their other component. Those are the three major pieces of our effort, sir.

Mr. WAMP. Mr. Chairman, I have other questions, but I will wait for the next round. We have three other members on the other end of the table.

Mr. EDWARDS. Mr. Dicks.

JOINT BASING

Mr. DICKS. Thank you, Mr. Chairman.

And, General, good to see you again. I appreciated your coming by to have a conversation.

Let me ask one general question. In our state of Washington, McChord Air Force Base and Fort Lewis are going to be combined into a joint base. And I know the Air Force had some concerns about this; Secretary Anderson came in to see me several times.

Can you kind of give us a status on this and how the Air Force feels about these joint bases? And the concerns that were expressed, about whether this would adversely affect your ability to do your mission? And I would just like to know kind of how you feel since you have taken over about this issue.

General SCHWARTZ. We start big and get small—

Mr. DICKS. Right.

General SCHWARTZ [continuing]. Sir. I favor those bases. It never made sense to me on why we would have at Fort Dix, and McGuire Air Force Base, or at McChord Air Force Base and Fort Lewis, or other—Fort Bragg and Pope Air Force Base, essentially adjacent installations, why we would have two separate refuse contracts or two separate this or two separate that, when there was the opportunity to have one contract that served the adjacent military installation, presumably at some savings to the taxpayer.

Mr. DICKS. Right.

General SCHWARTZ. And there are many opportunities in this regard, which I think are certainly a positive outcome from joint basing.

Additionally, the reality is that each of the services is looking for ways to maximize their installation dollar. And partnering is a good strategy for achieving that outcome.

Now, the bottom line is, is that the platform—that, for the Air Force, for sure—and this is probably what former Assistant Secretary Anderson shared with you earlier—is that our Air Force bases typically are the platforms from which we operate, you know, the Army to a somewhat lesser extent, the Navy to a somewhat lesser extent, so we worry about our airfields and the places from which we project the nation's power.

And early on, before this thing matured, there were some issues with regard to, how prominent would mission be on a joint base? Would it be accorded the same prominence that we felt was necessary?

I think we have—the process has matured. We now have common output standards for—that all the Services must meet, regardless of who is in charge. And as you are aware, sir, there are six joint base initiatives, six of which the Air Force is in charge and six of which others have.

And in the case of Fort Lewis specifically, there was a recent meeting in April where the two teams had reached agreement. They will forward the memorandum of agreement, which codifies this understanding between the two installations, on who does what, who is in charge of what, who invests, who supports, and so on, will come to the building at the end of this month for final approval.

And my sense is that we are on the right glide path. I will be candid: There was some anxiety that a three-star over a colonel in the chemistry was—might be a problem. I think we have sort of settled that.

You know, there is—we have enough attention on—the Army has made an extra effort to ensure that the colonel commander of the 62nd Wing at McChord Air Force Base has full access over at Fort Lewis and can have his needs in the base and the Air Force requirements presented and dealt with in a responsible way.

So long answer to your short question is, my sense is, we are on a good glide path there. And I favor the joint basing initiatives.

Mr. DICKS. Good.

General SCHWARTZ. Yes, sir.

MODULAR CONSTRUCTION

Mr. DICKS. Let me ask one quick question concerning modular construction, The Army is using it. We are using it at Fort Lewis. It looks fantastic. Now, there has been some issue raised about how long it will last. What is your take on that, General?

General EULBERG. Sir, as you well know, modular construction has improved drastically in the last 10 years. And so it just depends on a lot of factors on whether or not you use it. The Army is pushing it for a number of reasons.

Mr. DICKS. They are doing it at Fort Lewis, and they are probably going to do it at McChord, I would think.

Mr. EDWARDS. What kind—

Mr. DICKS. It looks fantastic. I went in these units. General Soriano and the wives of the sergeants, they have said it is the best housing they have ever had over 25 or 30 years in the Army.

General EULBERG. Sir, if you are specifically talking about the housing at McChord-Lewis, as you know, through your leadership, we now have a joint venture, if you will, with McChord Air Force Base part of Fort Lewis.

The construction there, they had some early on issues with modular construction at Fort Lewis. The developer has corrected those problems. We are getting a quality product, and the Air Force is very happy with it.

Mr. DICKS. So you think this will be okay for McChord, too?

General EULBERG. Yes, sir, we do. As a matter of fact, we have 150 Army families living in Air Force houses now. And as you know—

Mr. DICKS. See, I wouldn't let them tear them down, General. I just thought that the numbers of houses to be demolished were too extreme. It was like 900 units. They were going to go to 250, and I said, no, wait. You have too many people who want this housing. And now the Army is in that housing, and some of them, we had to take down, but we worked it out.

General SCHWARTZ. And this is what—

Mr. DICKS. It wasn't easy, by the way.

General SCHWARTZ. No, sir, I understand.

Mr. DICKS. It was like the Air Force was fighting the last battle. [Laughter.]

General SCHWARTZ. As is often—change is difficult. I mean, change is hard. And, you know, you have to get the right people with the right mindset and the right oversight.

Mr. DICKS. I told the colonel out there, I said, "Have you ever been to Fort Lewis? Have you ever seen this housing?" And he said, "No." And this is—he told me later, he said, "I drove down there, and I was prepared just to hate this housing, and it was terrific."

General SCHWARTZ. One quick input, sir, just quickly. Modular also has a potential place in administrative spaces. And, again, it depends on how long you want the thing to last, what its purpose is, and so on. So, again—

Mr. DICKS. What about that, on the life cycle? Is there a difference between modular and other forms of construction, in terms of how long they last?

General EULBERG. Sir, as a general rule, modular has sustainment issues over the life cycle. Yes, sir. And so there is—

Mr. DICKS. But this new stuff—it looked pretty good to me.

General EULBERG. Yes, sir. It is. And as I mentioned, a lot of the quality issues, which you join certain parts of the building together, is a critical aspect. And they have worked all those issues out. So I don't anticipate any long-term problems.

Mr. DICKS. Good.

Thank you, Mr. Chairman.

Mr. EDWARDS. How much cheaper is it to build a modular home, the ones we are talking about, compared to the conventional construction?

General EULBERG. Sir, it depends on location. However, as a general rule, it is cheaper, anywhere from 8 percent to 10 percent cheaper.

Mr. EDWARDS. Eight percent to 10 percent cheaper?

General EULBERG. Yes, sir.

Mr. EDWARDS. Okay, thank you.

Mr. DICKS. It was cheaper in this case, but people thought it was better than anything they had ever had before.

Mr. EDWARDS. That is good to hear. Thank you, Mr. Dicks.

Mr. Crenshaw.

JOINT CARGO AIRCRAFT

Mr. CRENSHAW. Thank you, Mr. Chairman.

And thank you all for being here today. I just have a question about Joint Cargo Aircraft that originally was the Army and the Air Force program together. And the 2010 budget made some major changes, transferred, as I understand it, from the Army to you all to head it up, and that they reduced the number of planes they were going to buy by half.

And I think they wanted to buy 16 this year, and now the request is for 8, and then, again, transferring the program to you all. But they said that there was going to be an assessment done.

And I wondered, well, what is the assessment going to do? Is it going to tell you how many you should buy? Or is that going to come in the QDR? But why all those changes and what do you think is going to be the outcome?

General SCHWARTZ. Congressman, thanks for the question—what is going to transpire is a couple of things. First of all, the Army and the Air Force have to get together on fundamentals, which is transferring program responsibility. That is not an instantaneous effort. That probably won't occur until the fall of 2010.

So the Army is going to continue in the lead on the procurement actions for this program, and we will be on their wing. And then later, in 2010, there will be a transfer of responsibility.

The other aspect of this is how the Air Force will support the Army. In the end, that is what this is about. It is time-sensitive, mission-critical re-supply of elements, and we typically as an Air Force have operated on the notion of something called general support.

General support is a very efficient way to run a railroad, if you will. You look for full airplanes or the fullest possible airplanes. You run an airline in a way to be as effective and as efficient as you can.

On the other hand, direct support is dedicated support to a particular maneuver unit, typically. And that maybe is not as efficient, but it satisfies the need of that maneuver commander.

We need to be flexible as an Air Force enough to do both. And my commitment to General George Casey from the Army was that, if this thing unfolds as it has, as the Secretary of Defense decided, we will do the direct support mission in the fashion you need it done, not the way we are comfortable doing it necessarily, but the way you need it done. That is the second piece.

The third piece—and I know there is a lot of angst about this—there are 18 locations that had some stake in the Joint Cargo Aircraft (JCA), 12 Army National Guard and 6 Air National Guard.

And, obviously, when we went from 78 aircraft to 38, there was some concern about what the footprint is going to be. And we don't know the answer to that yet; that is still under discussion both between ourselves, the Army, and the National Guard Bureau, General Craig McKinley.

But I can tell you that the number 38, it is not less than that. There will be ample opportunity through the QDR and in follow-on efforts here that we have to do to decide what the right number is.

The Secretary of Defense's view was that we could use existing C-130s to do some of this work. He is probably right. But we need to confirm how much that is. I am not sure it is just 38 JCAs. So there is still more—

Mr. CRENSHAW. So there is still—because again, we heard yesterday—from Mr. Hale, the new DoD Comptroller, he said—I asked him a similar question. He said, “Well, 99 percent of the work can be done by C-130s.” And I am thinking—

General SCHWARTZ. If that were the case, you know, the helicopters wouldn't be working as hard as they are and we wouldn't have quite as much contract lift—

Mr. CRENSHAW. That is the other thing General Casey said when he was here. I think they are spending \$8 million a month leasing this kind of aircraft—and, of course, I think General Casey would say, look, it is not my job to figure it out. I just know what I need.

General SCHWARTZ. That is right.

Mr. CRENSHAW. And somebody else has to decide whether to build them or lease them. But if we are spending that much money, then I think your point is that we are probably going to need them.

General SCHWARTZ. The number 38 basically came from replacing the existing C-23 Sherpas. So there are 42 Sherpas in the inventory; 38 was considered a fair sort of replacement. Whether it is more than 38, though, I think it is still to be—

Mr. CRENSHAW. But is that—do you know—I don't know what assessment means, we are going to assess it. Do you think they will come up with this assessment before the QDR?

General SCHWARTZ. It will certainly be a result that will affect the fiscal year 2011 budget process.

Mr. CRENSHAW. I got you.

General SCHWARTZ. Without a doubt.

Mr. CRENSHAW. Thank you very much.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Bishop.

MOODY AIR FORCE BASE

Mr. BISHOP. Thank you very much.

Welcome, Generals. I am particularly interested in Moody Air Force Base. We have had a number of difficulties down there with the construction of the privatized housing at Moody, a real problem, especially for some of the subcontractors who were not paid. And, of course, the completion has been delayed.

It is my understanding that it is back on track now and that some local contractors are being utilized to fulfill many of the work opportunities resulting from the contract.

Can you give us an update on the status of how the claims under the previous contract were resolved, and what the current status is of the performance and the completion of the project? Are small or disadvantaged contractors being utilized? Overall in the Air Force, to what extent are small and disadvantaged contractors utilized?

General SCHWARTZ. Go ahead, Del. Why don't you—

General EULBERG. Sir, thank you for that question. And as you know, there is a long history with this project, and we have now awarded a new one. There was—or rather a sale of the project. It is called the Air Force Falcon Group. And they took over the—or the sale took place in November of last year.

It is part of a four-base group. Moody is one of them. All the claims associated with all four bases that have been justified through the contracting process and legal process, all claims have been paid.

And the good news, also, is, is the contractor is making great progress at all four bases, both Hanscom, Little Rock, and Moody, and Patrick Air Force Bases. And specifically at Moody Air Force Base, they are completing the site work on units that were stopped in progress by American Eagle, so those are underway.

General SCHWARTZ. Same is true at Little Rock Air Force Base.

General EULBERG. Same thing at Little Rock, Hanscom, and Patrick Air Force Bases. So great progress, and the contractor is doing a good job with all of that.

Sir, does that address your question?

Mr. BISHOP. Yes. I understand from the local folks that there are local contractors participating as subs.

General EULBERG. Yes, sir, there are.

Mr. BISHOP. Regarding utilization of small and disadvantaged businesses, I would be interested in hearing what is happening at Moody and what is happening overall in the Air Force there.

General EULBERG. Sir, we will have to take that for the record.

General SCHWARTZ. We will get that back to you, the exact performance, both respect—with respect to this particular project, but more broadly.

[The information follows:]

SMALL AND DISADVANTAGED CONTRACTOR UTILIZATION

Housing privatization is authorized by the 1996 National Defense Authorization Act (Public Law 104–106). Projects under housing privatization are real estate transactions, and not federal contracts; therefore, they are not subject to Federal Acquisition Regulations. Although the project owners, which are private businesses, may subcontract with small and disadvantaged businesses, there is no obligation to do so, nor are they required to provide the Federal Government with information regarding the extent to which their subcontractors are small and disadvantaged businesses. In these circumstances, the Air Force has no authority to mandate quotas or goals, or direct project owners to utilize small and disadvantaged businesses on housing privatization projects.

The data below represents the Air Force utilization, in contracted dollars, for small businesses (SB) and small disadvantaged businesses (SDB) at Moody Air Force Base, Georgia and Air Force wide for fiscal year 2008 and fiscal year 2009 year to date (YTD):

	Eligible dollars	Awarded to SB	%	Awarded SDB	%
Fiscal Year 2008:					
Moody AFB	\$48,743,916	\$39,638,936	81.3	\$19,621,069	40.3
Air Force Wide	57,181,926,908	9,345,356,505	16.3	3,556,482,418	6.2
*Fiscal Year 2009 YTD:					
Moody AFB	27,446,624	19,968,129	72.7	6,957,782	25.4
Air Force Wide	40,909,206,246	5,197,461,346	12.7	1,843,956,787	4.5

*The Small Business and Small Disadvantaged Business utilization percentages for the first nine months of fiscal year 2009 closely match the utilization percentages for the first nine months of fiscal year 2008.

Mr. BISHOP. Thank you. I appreciate that.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Bishop.

Mr. Berry.

Mr. BERRY. Thank you, Mr. Chairman.

First of all, thank you for your service. General Schwartz, I noticed you did two tours at Little Rock.

General SCHWARTZ. I did.

Mr. BERRY. It is good to hear that—

General SCHWARTZ. I married—my wife comes from Little Rock.

Mr. BERRY. Is that right?

General SCHWARTZ. That is right.

Mr. BERRY. Well, I trust she turned out to be a good Arkansas girl.

General SCHWARTZ. She is still a Razorback fan and, in fact—Razorback football—

[Laughter.]

Mr. BERRY. But we do appreciate your concern and commitment to the quality of life of our men and women in uniform. We appreciate that very much. It is good to hear that we have pretty much resolved the issues with that American Eagle crowd.

General SCHWARTZ. Yes, sir.

Mr. BERRY. It is good to know that it is back on track and moving in a good direction. We appreciate what you do for Little Rock Air Force Base. And I know that the men and women that serve there appreciate it very much, and we thank you.

NUCLEAR-RELATED FACILITIES

Mr. EDWARDS. Thank you, Mr. Berry.

General Schwartz, in your written testimony, you talked about one of your priorities is to reinvigorate the Air Force nuclear enterprise. And you say, “A critical aspect to this effort includes the infrastructure and facilities providing that necessary life cycle installation support to this vital mission.”

I think you go on to say you are conducting facility condition assessments of all nuclear-related facilities. Could you—obviously, this is a terribly important responsibility of the Air Force. We are all aware of some of the issues that cropped up over the past year.

So where are you in that assessment? And is any of that incorporated into your 2010 military construction budget? Or will additional facilities or improvements in facilities be pushed out to the 2011 or later budgets?

General SCHWARTZ. I think the short answer on the mission facilities specifically, launch facilities and so on, that assessment is

complete but we are still working assessments for weapons storage areas and other nuclear related facilities. We know the status of each of our missile launch facilities that control facilities that are associated with it and so on, and likewise at the bomber bases.

And we are okay on those mission facilities. In other words, there is no major requirement other than maintenance and standard maintenance required for those at the moment.

There are a couple of areas that are not in the MILCON. Now, there is \$45 million in the 2010 proposal, recommendation to you, for this particular mission area. About four items are included in that.

And, for example, at Minot Air Force Base, there is a training facility MILCON, and also at Minot Air Force Base, there is a munitions item involved. But there is also a substantial commitment of \$73 million, if I recall correctly, that is related to and involves both security, armored vehicles, weapons related expenses, and minor facilities renovation related to the weapons storage area at Barksdale Air Force Base.

We are reopening the weapons storage area at Barksdale Air Force Base. And that is not MILCON dollars. That will be essentially O&M or aircraft procurement, sort of special equipment dollars.

But that is the angle that we are on. We have assessed the mission facilities. We know what the status is. We have a plan for maintaining those facilities and in the longer term, perhaps, to replace them. It is not required right now. Right now, the focus is on getting Barksdale Air Force Base re-established with its weapons storage area, for example, and taking care of some of the needs at Minot Air Force Base.

F.E. Warren Air Force Base and Malmstrom Air Force Base are okay for the moment, sir.

Mr. EDWARDS. Okay. So there are no important, immediate needs out there? I would ask if those needs arise, given the pre-eminence of that responsibility to be good stewards of our nuclear weapons, if there are any needs that pop up after the 2010 budget has been put to rest, please—

General SCHWARTZ. Understood.

Mr. EDWARDS [continuing]. Please let us know, because we know that does happen when you have to start putting these requests together months, if not a year, a year-and-a-half before, and things change. And particularly in that area, we don't want to cut any corners.

General SCHWARTZ. And we won't cut corners.

Mr. EDWARDS. We don't have time to get into all the details of storage of nuclear bombs. We are in an unclassified setting, so there are probably some things you can't say.

But normally would you have tactical weapons in the same storage area as nuclear weapons? Normally those would be—

General SCHWARTZ. Segregated.

Mr. EDWARDS. We segregate them.

General SCHWARTZ. Absolutely.

Mr. EDWARDS. So you have all the—

General SCHWARTZ [continuing]. And you have training devices also separated from the real ones, which was a problem we had in

one of the episodes last year. So, you know, that was not so much a facility issue as it was a compliance issue—

Mr. EDWARDS. Okay. Okay. So subject to any additional concerns that are raised by an ongoing review of facilities and operations, you have what you need, in terms off facilities—

General SCHWARTZ. We do.

Mr. EDWARDS [continuing]. To protect our nuclear stockpile?

General SCHWARTZ. And, in fact, in the broader sense, we made sure that 100 percent of the requirements, whether it be for facilities or operations, or whatever it was, training, you name it, 100 percent funded.

Mr. EDWARDS. Okay.

General SCHWARTZ. So, I mean, we were not going to take any risks there for obvious reasons.

Mr. EDWARDS. Thank you.

I reserve my other questions for additional rounds.

Mr. Wamp.

ENGINEERING

Mr. WAMP. General Eulberg, while we have you, I want to hear from you about engineers. Obviously, this budget—and the chief is right having you here to present this budget. This is principally an engineering budget. And I think you have 60,000 people within the Air Force Civil Engineering career field, and you have 3,000 civil engineers deployed between Iraq and Afghanistan.

I represent the Y-12 National Security Complex, speaking of the nuclear piece of the deterrent. But we have a guy there named Kevin Smith, who has done an extraordinary job of bringing young people into the military with a commitment that, if you go and serve and get your training at the highest level, you have a job here when you come back.

And we had the STEM initiative on science, math and engineering, where we are just grossly deficient as a nation. And I would think the United States Air Force may be better than any other organization that is prepared to help us meet those needs through the training, the experience that you actually provide.

Give us the state of engineering right now, as you go off into the sunset, I hope to enjoy the rest of your service to others, but that has got to be a big thing, especially in your heart, given your background.

General EULBERG. Sir, thank you very much for that question.

We do have 60,000 personnel assigned in Air Force Civil Engineering. They are part of an Air Force team and also part of a joint team. And as you mentioned, we do have 3,000 engineers deployed currently in the area of responsibility doing various missions, 43 percent of which are doing joint expeditionary tasking alongside their other Service brethren.

So it is truly a joint undertaking. There has been a number of initiatives on the joint side that—with the other engineering services chiefs, we have been able to make great headway in the last couple years.

But the civil engineering corps, as you know, is about half civilians, and as well as enlisted and officer corps, and as well as our contracting partners. And we are able to do what we can, is be-

cause it is a team of civilians, military, as well as contracting support.

So as we go forward, I will tell you, I am very, very proud of the Air Force engineering community and their contributions to the missions that our nation has asked us to perform. The dedication of the young men and women are just phenomenal. We have a number of wounded warriors coming back, as well as those killed in action—

General SCHWARTZ. In fact, I met one on Sunday evening who came back who was in explosive ordnance disposal, a young man who stepped on a landmine dealing with unexploded ordnance in Afghanistan, an engineer. And he is thankful that his wife was with him. It was good to get him back.

But it is an example of what these kids are doing. They are on almost a one-to-one dwell. In other words, for the period of time they are deployed, that is with their home, and they are back into it again. That is a high-stress career field.

They are highly valued, particularly now as we build in Afghanistan. There is not enough concrete in that country to put the air down, and it is not just Air Force air. It is Army air. It is Marine Corps air.

And so, in particular, the engineers are, again, with their brothers, the Seabees and the Army folks, again, they are doing horizontal construction. And I think it is a tribute, again, that, you know, the people like me tend to get the credit for what happens, you know, flying airplanes or whatever it is. And the truth of the matter is, it is the—you know, it is the folks that lay concrete that make is possible.

Mr. WAMP. But, General Eulberg, are more young airmen interested in the engineering side than in the past? Do we see a trend there?

General EULBERG. Sir, we have been very fortunate in the Air Force, is that we have been able to meet all of our recruitment targets and accessions across all enlisted Air Force Specialty Codes (AFSCs), as well as in the officer corps. And so we have been able to maintain that.

And so I don't see any problem in that. We went through a retention issue a couple of years ago, where we had less than 50 percent of our captains staying in. It has improved since then. But I don't see any major problems now or in the future, sir.

General SCHWARTZ. Just one example, Congressman. The new Chief Master Sergeant of the Air Force, Chief Roy, who will take over the responsibilities at the end of June, is a civil engineering guy, just a case in point. That is where he started out.

DONATIONS

Mr. WAMP. General Schwartz, I have asked all of our services about this problem that I learned of from General Casey, and that is some of the kind of regulatory hurdles of just—of benefits being provided to wounded warriors and our military from the private sector. And you have probably heard about this.

But the joint ethics regulation enables injured and ill-served members and their families and their members to receive unsolicited gifts from non-federal entities.

Do you know of anything else that Congress can do to remove barriers to enable support for our wounded warriors from non-federal entities? And are you able to provide minimal logistical support—transportation, donated items, warehousing, or donated gifts—to assist these entities when they provide resources to our wounded warriors?

General SCHWARTZ. Congressman, I think there is a balance in this. There are some things we don't do. We don't solicit. We can't do that. And, likewise, we don't take cash donations. I mean, there are some things we won't do.

But absent those sort of black-and-white sort of distinctions, what we do now is simply run the proposal by our ethics people. And unless there is some, you know, cause for concern, we are okay, we are good to go.

So the way we practice this is the obvious things we—you know, that are black and white, we won't do. And then we do engage our ethics counselors to make sure that it is okay.

Now, with respect to transportation, I do have some experience in this area. You know, we can't package things and so on. We can deliver stuff to the theater—there are certain exceptions to that, for example—movements, and if we move some stuff to Afghanistan for Afghan refugees, and we will probably do the same thing for Pakistan here coming up.

But in terms of donations for things that go forward, we do provide minimal logistics support. And I think, you know, there is no lack of willingness to do so.

Again, it is just trying to make sure that we don't favor one category of donation or one agency more than another. I think that is the basic sensitivity.

Mr. WAMP. Let me just say, as I close, I am in my final term, eighth term here in the House, and I have not done too much traveling, but I have done a significant amount. And I think it is important that members of Congress fight through the public disdain for that, because it is important that we have 535 ambassadors for our country around the world, instead of just the executive branch, making friends and building relationships and understanding needs.

And so I have probably done a moderate amount of travel, but I just want to thank all the men and women of the United States Air Force for the way that they deal with members of Congress, as we go and see the world.

You know, we are criticized for it, but it is unfortunate that we are, because it is really, really important. And the United States Air Force just does an extraordinary job taking us places that we need to be.

And I have been to tough places like Islamabad, and it is sometimes not easy to get in and out. But I have never had a bad experience, and I have always been amazed. So I am grateful.

General SCHWARTZ. Well, sir, it is our Service. It is what we do. I would mention, though, that I agree with you.

And I travel some, as well, because you do not—someone once said that Washington, DC is the only city in the country that is surrounded on all sides by reality. And so the effort to get out of town and get ground truths is vital for me and, of course, vital—

Mr. WAMP. Thank you, Chief. Well said.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Berry.

And let the record show that Mr. Berry, in his previous comments, said that, in good years and bad years, he is always with the Razorbacks. Right? All right. I just want to be sure the transcript—accurate statement that the gentleman—

[Laughter.]

LACKLAND AIR FORCE BASE

General Schwartz, let me ask you about Lackland, where you do your training for your Airmen. As I understand, earlier this week, the Air Force announced that the preferred site for the 24th Air Force would be Lackland. Could you further explain where we are on that process? And then add to that, at what point we would know whether there are any additional military construction needs tied into that decision?

General SCHWARTZ. Sir, the key thing is that we announced last week that, as you indicated, that Lackland Air Force Base is our preferred alternative—Colorado Springs, Peterson Air Force Base, is a viable alternative for environmental assessment purposes. That environmental assessment is underway, and we should have that back in the July timeframe.

And as you are aware, I know that there is a 30-day comment period which follows the finalization of the environmental assessment. And then, at that point, if there are no major hiccups, in the August timeframe, we will finalize the decision.

The process we have in the Air Force—and, frankly, it is a maturing process—what we do, we have a set of criteria that we use to sort of examine options for bedding down either a new mission or relocated mission.

And it includes things like mission synergy that is one place more conducive to performing the mission than another. What are the facilities on an installation that could accommodate it at least cost? Is there transportation access? Is there human capital on the installation or in the adjacent community that would, again, support that particular mission?

Those are the kinds of considerations. And what we do is, we go to the major command that is responsible for that activity, in this case, the Air Force Space Command. And they got the criteria. They gave the Secretary of the Air Force and myself a short list of installations that they felt were in the ballpark with those criteria.

And there were six. And we went out and subsequently, after the secretary brought into those six, to do actual site surveys to assess physically the capacity of the installation to absorb the mission, and so on and so forth.

That comes back up through the major command as a recommendation, and, based on a criteria and a way to sort of objectively score the assets and the liabilities of each of the installations, comes back up to the headquarters for an executive review, and then ultimately the Secretary of the Air Force and I get together to make a call on what we think is the best place.

And as you indicated, Lackland Air Force Base, San Antonio, was identified as the—what we think is the best place for this new mission, subject to environmental analysis and so on.

What I would also like to mention, though—and this came out of the preceding announcement on Global Strike Command, that—in an effort to be transparent and open, one of the unintended consequences of that was we began—when we had this shortlist, we have created an incentive, unintentionally, for communities to compete against each other. And that is not a good thing.

And so what we are trying to do is to figure out a way to be open and transparent, but to manage expectations in a way that it doesn't force communities to mobilize and spend funds, and do lots of different things to try to persuade us where to go. That is not a good thing.

And so what we are going to try to do is thread the needle on this, be objective, be as transparent as we can, and also keep folks sort of breathing through their noses on not being too aggressive in trying to market or sell their communities, I mean, because what we want to avoid having a situation where people feel like they desperately lost. And so we want to manage this in a way that minimizes that likelihood.

So it is objective, sir. It does—the senior leadership does apply some judgment. We did that in the global strike case. And it was—the 24th Air Force case was much more clear-cut. The scoring was not close. And, therefore we made that announcement.

And, again, we think that we will have—the environmental assessment for Global Strike Command was complete on the 12th of May. We put that out for a 30-day comment period. So mid-June, we should have a final on global strike. And I would say probably mid-August, toward the end of August, we will have a final on the 24th Air Force.

Mr. EDWARDS. Okay, mid-July. Thank you.

So you don't foresee, then, any MILCON requests—

General SCHWARTZ. No.

Mr. EDWARDS [continuing]. Tied into that need for fiscal year 2010?

General SCHWARTZ. If there is anything—yes, sir, if there is anything that we didn't get in that initial site survey, it will be in 2011.

Mr. EDWARDS. Okay.

General SCHWARTZ. Part of the decision process was minimizing MILCON requirements.

Mr. EDWARDS. Okay.

BASE REALIGNMENT AND CLOSURE

My final question deals with BRAC. I am constantly learning new aspects of BRAC. Let me just hypothetically say you are at one installation, and BRAC 2005 moves you to another installation.

The BRAC process itself didn't necessarily require the Department of Defense, did it, to replace hangar for hangar, facility for facility? I mean, for example, you could have X number of aircraft with hangars at your present site in some location in the world or in the country—say it is CONUS—and then you are asked to move to another location.

Does the BRAC process, by requirement, have to replace that same number of hangars? Or could you end up being—whether it is hangars or whether it is other facilities, if we were fully funding BRAC, you could still end up short facilities that you need. Is that my understanding?

General SCHWARTZ. Well, I can only—and Del probably can give you the expert advice on this—but in my personal experience, when we were at Scott Air Force Base at U.S. Transportation Command and one of the BRAC moves was the Army component to U.S. Transportation Command—it is called the Surface Deployment and Distribution Command—and relocated from three spots in Virginia to Scott Air Force Base, Illinois.

Mr. EDWARDS. Right.

General SCHWARTZ. That was a fully-funded initiative, but the definition of that initiative took some negotiation. You know, there is some push-and-pull involved in that.

And all I can tell you is that we ended up with an \$84 million facility at Scott Air Force Base for the new Army command and some growth that we had within U.S. Transportation Command that was quite satisfactory.

And, Del, would you like to expand on that?

General EULBERG. Yes, sir, if I might. Sir, relative to the BRAC process, as you know, when we worked with the commission and developed the recommendations for BRAC, it is done with a very small planning staff, and they make assumptions to the best of their ability.

But one of the fundamental assumptions is, it is not a one-for-one “build here, move there” or “move here and replicate.” It is based on capacity.

And so the services spend a lot of time analyzing and providing input to say, “What is the capacity of this particular base to accept a new mission?” So that analysis is quite rigorous. However, it is based on assumptions.

And, as General Schwartz mentioned, whenever the final list is released, we go out and actually then begin the detailed site surveys. And that is where you begin to actually leverage some great ideas.

And I was personally involved with U.S. TRANSCOM and the consolidation efforts there. And a lot of great ideas came forward as a result of that to make it even more effective.

And so bottom line is that is why we have—and I appreciate the Congress’s support on this—BRAC is not line-item managed, per se, like the MILCON budget. And that gives the Services some flexibility to leverage great ideas and to put the funding where it is most needed.

But as a general rule, the business plans as developed are fully funded. And there is some give-and-take, but—

Mr. EDWARDS. And to be clear, the definition of fully funded might mean that you have some unfunded needs when you move to a new installation? For example, you are doing maintenance on aircraft outside. That is not a good idea in most parts of the country, so that, in effect, BRAC—we are trying—the point I am trying to get to, we are trying to take lessons learned from BRAC so we can apply those to the future.

So am I correct in understanding that maybe one of the things Congress should do is look at the projected BRAC costs and maybe question whether you are really building all the hangars you need at the new station? You can call it fully funded, that is semantics.

It is not truly fully funded in the real world outside of Washington, DC, if you have needs, basic needs, hangar space, administrative space, other things?

General EULBERG. Sir, you are fully funded relative to the business plans and the assumptions made at the time, fully funded. And as you rightfully point out, one—as I mentioned, there are some great ideas under—General Schwartz, when he was USTRANSCOM commander, came up with good ideas on how to consolidate a number of functions. Those were different assumptions than just moving people, so it required additional funds. And so we did an internal process.

But you highlight a great point, if the process was a little more open—because this is a multiyear effort. And as you move major units around, you discover things that weren't part of the business plan up front.

And I will give you just a real simple example. You move an Army unit to a base that requires a whole motor pool complex. So your road structure, your gates have to be realigned.

Mr. EDWARDS. Right.

General EULBERG. Well, if you didn't catch that up front, then you are going to have to give up mission facilities in order to provide the infrastructure. So if there was a way we could provide updates to Congress that would allow that process to be adjusted, without opening the entire BRAC legislation, it would be most helpful.

Mr. EDWARDS. Thank you for that, that insight. Thank you.

Mr. Dicks.

NUCLEAR WEAPONS

Mr. DICKS. One of the issues that I know has been very important to you, General, is improving the way the Air Force handles nuclear weapons. I don't know if you have talked about this or not yet.

Mr. EDWARDS. We talked some about it. I asked him, but proceed—

Mr. DICKS. McChord Air Force Base took an exam up there and did very well on this nuclear issue. And I know that Secretary Gates has made this an ultimately high priority.

So could you tell us a little bit about how you are approaching this, you and the secretary, to get this thing under control?

General SCHWARTZ. Sir, there are three major components to it, but, again, to start at the strategic level. Over time, we lost focus on this mission, and there are lots of reasons for it, I mean, some of which are understandable.

We had two wars going on in the U.S. Central Command Area of Responsibility. We had, within our Air Force being deployed, had greater acceptance and a sense of value than being deployed in place, like the folks who do the missile work in Montana, Wyoming, and North Dakota. And, frankly—and this was department-wide—

the whole notion of deterrence sort of had less traction than it has had in the past.

And for those reasons and a number of others, we, frankly, got a little too casual. We lost the discipline and the focus needed to do this right. I mean, perfection is the standard, and good intentions are not good enough in this mission area. You have to perform.

So one of the things we did, Congressman Dicks, was to re-emphasize the cultural piece of this, compliance. You know, you don't want to stifle imagination or stifle innovation, but there are some things in the Air Force where you do it the Air Force way. And that is certainly true in the nuclear realm. So that was one part.

The other part was establishing this command we spoke of earlier of the Global Strike Command. Global Strike Command will consolidate all the nuclear parts, operational pieces of the Air Force, into one organization, both the missile piece and the bomber piece. It will have a single three-star commander who will be responsible and accountable for nuclear readiness.

Mr. DICKS. So you are going to bring all the weapons there, all the missiles—not the missiles. They are in the silos.

General SCHWARTZ. Right, right. And—

Mr. DICKS. But there are some—

General SCHWARTZ. And the wings, and the operations, the folks that do the nuclear operations, both in the missile wings and the bomber wings, will be subordinate to this major command.

The second piece of this was recognizing that there was a sustainment part to this nuclear business, as well as the operations. We had sustainment distributed in four commands in the Air Force. Bad idea.

So we consolidated that, as well, in an organization called the Nuclear Weapons Center at Kirtland Air Force Base in New Mexico. And the end result now is that you have one accountable party on the operations side, one accountable party on the sustainment side, and their two belly buttons are very close together. They are the folks that will keep us pristine in the nuclear mission.

Mr. DICKS. There weren't any issues, really, with the missiles—

General SCHWARTZ. No.

Mr. DICKS [continuing]. The silo-based missiles?

General SCHWARTZ. No, sir. There was not. This was a process, procedures and compliance issue with respect to—one of the occasions, you will recall, we moved weapons from Minot Air Force Base to Barksdale Air Force Base, Louisiana—

Mr. DICKS. Right.

General SCHWARTZ [continuing]. And lost track of them. Not a good thing. And then the second incident had to do with what we call—it is—I forget the exact name. In other words, these are nuclear-related materials, but they are not nuclear themselves, that this was the thing about the fuses that went to Taiwan, you may recall.

Mr. DICKS. Right.

General SCHWARTZ. They weren't nuclear themselves, but they were related to a weapon. And so, you know, they get the same attention, except this time. Well, no more of that.

And in another example of what we have done, over time, we allowed the Defense Logistics Agency to take over some of the responsibility for logistics oversight of that material. No more. We are bringing it back into the Air Force at two dedicated facilities at Ogden Air Logistics Center, at Hill Air Force Base, and at Tinker Air Logistics Center in Oklahoma City.

And we are managing all that ourselves now, not contracting out to anybody else. We are accountable. We are going to do it.

Those are the major features, sir, of how we are going about to rectify the problems and to sustain the culture that we need.

Mr. DICKS. Did the Air Force do this by itself? Or did it have oversight from the Department of Defense?

General SCHWARTZ. These were largely internal initiatives which certainly were vetted all the way up to the Secretary of the Air Force and brought into by the Secretary of Defense. And, incidentally, there were a couple of outside panels, including the Schlesinger panel, that I am sure you are aware of—

Mr. DICKS. Right.

General SCHWARTZ. They vetted this, as well, and indicated that they thought this was a sound strategy.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

Mr. Wamp, do you have any additional questions?

I have no further questions, so, General Schwartz, thank you again for being here today and your leadership.

General Eulberg, we hope we got you out early enough to go back and help your wife pack up boxes. I don't know what is worse, packing boxes at home or testifying before Congress. But thanks to your 36 years of service. And we wish you all the best, and God-speed in the years ahead.

And we will stand adjourned.

[Questions for the record submitted by Chairman Edwards:]

INFRASTRUCTURE FOOTPRINT

Your "20/20" plan to reduce both footprint and installation funding requirements 20 percent by 2020 indicates that the Air Force has an excess of infrastructure.

Question. Do you believe that the Air Force has an excess infrastructure footprint?

Answer. Yes, the results of initial space utilization surveys in several major commands indicate the Air Force has excess infrastructure footprint. The Air Force is proceeding with standardized service-wide space utilization surveys to more completely describe our infrastructure utilization. The estimated completion date of these surveys is the end of fiscal year 2010.

Your "20/20" plan to reduce both footprint and installation funding requirements 20 percent by 2020 indicates that the Air Force has an excess of infrastructure.

Question. If so, why did BRAC fail to reduce this excess?

Answer. The Air Force fully intended to reduce excess infrastructure when it recommended the closure of ten installations (including three active duty installations: Cannon Air Force Base, New Mexico; Ellsworth Air Force Base, South Dakota; and Onizuka Air Force Station, California) and the realignment of sixty-two other installations to the 2005 Base Closure and Realignment Commission. However, during their deliberations and in its report to the President, the BRAC Commission altered the Air Force recommendation and kept two of the three active duty and many of the Reserve component installations open and fully manned.

Your "20/20" plan to reduce both footprint and installation funding requirements 20 percent by 2020 indicates that the Air Force has an excess of infrastructure.

Question. When you say that you plan to reduce "resources required" for installations, what specific Air Force accounts and activities are you looking at?

Answer. When the Air Force plans to reduce “resources required” for installations, the Air Force is specifically referring to reduced costs associated with facilities operations, facilities sustainment and facilities restoration and modernization.

Your “20/20” plan to reduce both footprint and installation funding requirements 20 percent by 2020 indicates that the Air Force has an excess of infrastructure.

Question. Does your budget assume the savings leading to this 20 percent reduction by 2020?

Answer. The Air Force budget request does not reflect savings based on the “20/20 by 2020” plan. The “20/20 by 2020” plan is an acknowledgement of excess inventory and the lack of operations and maintenance funding to properly care for all of it. Over the past few years, the Air Force’s budget has assumed greater risk in infrastructure funding as it moved operations and maintenance to fund the recapitalization of our weapons systems. As a result of these funding reductions, the Air Force established the “20/20 by 2020” goal as part of the 2008 Air Force Civil Engineer Strategic Plan. The goal is to offset the reduction in funds available for installation support activities by achieving efficiencies and reducing by 20 percent the Air Force physical plant that requires funds by 2020.

AIR SOVEREIGNTY ALERT

The GAO released a report this year raising concerns about the Air Force’s management of the Air Sovereignty Alert (ASA) mission. The GAO found that the Air Force had failed to treat ASA as a “steady state” mission for the purposes of planning and budgeting in accordance with DoD guidance. The GAO further found that 45 percent of ASA unit commanders identified “facilities” as a significant factor affecting their ability to perform this mission.

Question. Has the Air Force identified all of the facility requirements needed to support this mission?

Answer. There are 18 Air Sovereignty Alert locations. Two of those locations will transition to the F-22 aircraft and four of those locations will transition to the F-15 Golden Eagles (F-15s with electronically scanned radar, infrared search and track, etc.). The decision on the other 12 locations is not final, but it looks like they should be F-35 locations, provided there is a high enough production rate in the program. At this point in time, we are addressing our facility issues through our standard military construction processes. Projects proposed in support of these sites compete against other existing military construction requirements on an annual basis for funding.

The GAO released a report this year raising concerns about the Air Force’s management of the Air Sovereignty Alert (ASA) mission. The GAO found that the Air Force had failed to treat ASA as a “steady state” mission for the purposes of planning and budgeting in accordance with DoD guidance. The GAO further found that 45 percent of ASA unit commanders identified “facilities” as a significant factor affecting their ability to perform this mission.

Question. Has the Air Force identified all of the facility requirements needed to support this mission?

Answer. No. The Air Force developed an Air Sovereignty Alert site activation guide identifying recommended facilities standards, but a comprehensive study to assess the facility requirements has not yet been undertaken at existing sites against these recommended standards.

The GAO released a report this year raising concerns about the Air Force’s management of the Air Sovereignty Alert (ASA) mission. The GAO found that the Air Force had failed to treat ASA as a “steady state” mission for the purposes of planning and budgeting in accordance with DoD guidance. The GAO further found that 45 percent of ASA unit commanders identified “facilities” as a significant factor affecting their ability to perform this mission.

Question. How much MILCON is requested in the FY10 budget for ASA facilities?

Answer. There are two projects supporting the Air Sovereignty Alert mission in the fiscal year 2010 Air Force military construction program. The munitions storage area at Andrews Air Force Base, Maryland has one active Air Force project and one Air National Guard project which both support the ASA mission at a total cost of \$23.3 million.

AIR FORCE ROAD MAP

The GAO released a report this year raising concerns about the Air Force’s management of the Air Sovereignty Alert (ASA) mission. The GAO found that the Air Force had failed to treat ASA as a “steady state” mission for the purposes of planning and budgeting in accordance with DoD guidance. The GAO further found that

45 percent of ASA unit commanders identified "facilities" as a significant factor affecting their ability to perform this mission.

Question. Has the Air Force updated this document, and if not, does it intend to update this document to reflect changes in aircraft procurement since that date?

Answer. The Air Force generated "Road Maps" for 2009, but the data has not been updated to reflect fiscal year 2010 changes. Currently, the Air Force is finalizing the data for the force structure announcement which will reflect changes in manpower and aircraft, State by State. The announcement is scheduled to be released later this summer.

**The following
testimony was
submitted for the
record**

1408

Testimony of
Richard B. Marchase, Ph.D., President
Federation of American Societies for Experimental Biology

On
FY 2010 Appropriations for the
Department of Veterans Affairs Medical and Prosthetics Research Program

Submitted to the
House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Congressman Chet Edwards, Chair
Congressman Zach Wamp, Ranking Member

April 22, 2009

Fulfilling Our Obligations to Men and Women Who Serve: FY 2010 Federal Funding Recommendations for VA Medical and Prosthetic Research

On behalf of the Federation of American Societies for Experimental Biology (FASEB), I respectfully request an FY 2010 appropriation for the Department of Veterans Affairs (VA) Medical and Prosthetics Research Program of \$575 million. This funding level would allow VA research to keep pace with annual biomedical inflation of \$20 million, and provide an additional \$45 million for continuing and expanded support of research program areas. Outstanding quality patient care in Veterans Affairs Medical Centers can be directly correlated with the availability of VA research funding and the close relationships with affiliated medical schools and other institutions. It is essential to maintain the VA's investment in medical research to ensure the best care for current and future veterans.

As a Federation of 22 professional scientific societies, FASEB represents nearly 90,000 life scientists, making us the largest coalition of biomedical research associations in the nation. FASEB's mission is to advance health and welfare by promoting progress and education in biological and biomedical sciences, including the research funded by VA, through service to its member societies and collaborative advocacy. FASEB enhances the ability of biomedical and life scientists to improve—through their research—the health, well-being and productivity of all people.

Veteran Population Swells as Infrastructure Crumbles: FY 2010 Federal Funding Recommendations for VA Research Infrastructure

In addition, research facilities at the VA Medical and Prosthetics Research Program have faltered even as the veteran population increases, and FASEB requests an additional \$142 million in funding for research infrastructure to begin to address the problem. VA facilities are lacking in space and are often burdened by inadequate and outdated ventilation, electrical supply, and plumbing. In the past 10 years, only \$50 million has been spent on construction and renovation of VA research facilities. Furthermore, a mechanism needs to be established to

provide the VA research enterprise with specific, long-term infrastructure funding. FASEB recommends infrastructure funding at the level required to renovate and replace the VA research infrastructure at least every 50 years rather than the current rate of once every 75 to 100 years.

“There are hundreds of thousands of new veterans returning from Iraq and Afghanistan. It is simply our duty, as a Nation, when we put our men and women in harm’s way, to care for them when they return.”

Congressman Bob Filner (D-CA), Chairman, House Veterans’ Affairs Committee

“Dating back more than 80 years, VA research has responded to veterans’ needs with landmark contributions to medicine. VA investigators have led the way in developing the cardiac pacemaker, pioneered concepts that led to the development of the CAT scan and improved artificial limbs.”

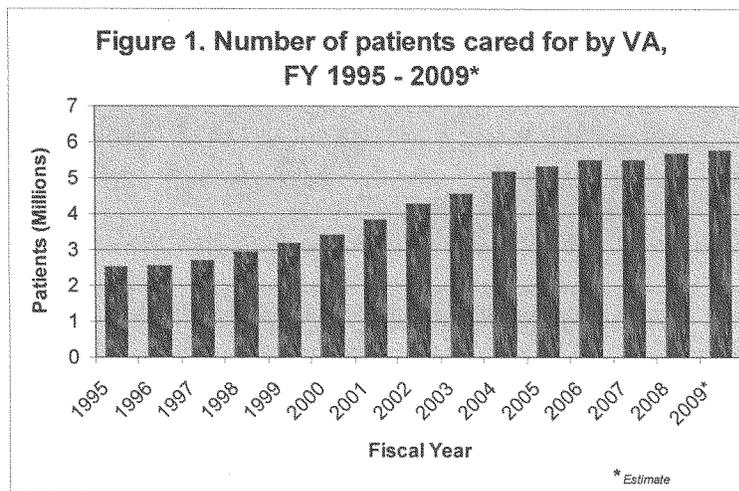
Joel Kupersmith, MD, Chief Research and Development Officer, Veterans Health Administration

Healing the Wounds of War, One Veteran at a Time

The Department of Veterans Affairs (VA) research program is the only federal program that focuses on discovery in diseases and conditions that affect our growing veteran population. Fundamental research through the VA Medical and Prosthetic Research Program is critical to the VA clinical mission, which excels at providing expert medical care for veterans, particularly those whose medical problems develop in the line of duty, through the Veterans Affairs Medical Centers. The VA research program restricts awards to VA employees, providing VA with a powerful tool for recruiting and retaining the highly qualified clinician-investigators who provide quality care to veterans, focus their research on conditions prevalent in the veteran population, and educate future clinicians to care for veterans.

For more than 80 years, VA research has developed medical treatments, devices, and health care delivery systems that have served the specific needs of veterans and provided revolutionary health improvements to civilian patients nationwide. VA research has played a key role in health innovations including liver transplants, cardiac pacemakers, prosthetic limbs, and mental health treatments including for alcoholism and addiction as well as Post Traumatic Stress Disorder (PTSD). For their notable work, VA researchers have won three Nobel prizes, six Lasker awards, and myriad other recognitions.

The most compelling case for VA research funding is made by the continuing return of hundreds of thousands of new veterans of Operation Iraqi Freedom and Operation Enduring Freedom, many with serious or chronic health problems. In 2008, the VA medical system cared for an estimated 5.8 million patients (Figure 1). The rapidly increasing population of new veterans, and the increasing health care needs of the aging population of older veterans, presents an unprecedented and complex challenge to the VA health system. The development of cutting-edge innovations in diagnoses, therapies, and health care delivery through VA research is necessary to meet that challenge. Unfortunately, chronic under-funding of VA research has made these innovations difficult to achieve. While the number of patients cared for by VA has more than doubled since 1995, investments in research have not kept up.



Treating Soldiers, Pioneering Medicine

Researchers supported by VA have consistently developed health care solutions that address the specific needs of the veteran population, while also providing innovations and therapies that benefit the nation as a whole. In particular, recent VA research has been key to the study of brain and spinal cord injury, development of limb prostheses, and understanding and treating diabetes and PTSD.

- Researchers supported by the VA have recently demonstrated that infusion of bone marrow stem cells can protect against the brain trauma many soldiers suffer in combat.
- The ongoing development of ankle-foot prosthesis and a flexible prosthetic wrist by VA researchers will promote greater mobility and more lifelike interaction with objects for veterans who have lost limbs.
- VA researchers demonstrated that linezolid, a new antibiotic, effectively treats diabetic foot infections, a leading cause of amputations. In addition, a group of VA researchers

have identified seven genes that are associated with risk of diabetes, which may serve as important diagnostic tool, as well as providing targets for therapies and interventions.

- VA research contributed to establishing new treatment for PTSD by revealing the mechanisms involved in nerve transmission and brain circuitry when stressed or threatened and found that prazosin, an inexpensive generic drug for blood pressure and prostate problems, reduces nightmares for veterans with PTSD.

These innovations will undoubtedly continue to shape the care provided to our veterans.

However, it is only through sustained investment through federal funding that VA scientists will be able to carry on their work.

The Future of VA Health Care: New Horizons in Treatment and Health Care Delivery

Today's VA researchers are investigating and developing treatments for a range of medical conditions. VA investigators are studying chronic pain management, pioneering home dialysis techniques, developing new hearing loss prevention and treatments, and exploring the use of computer technology to assist patients with spinal injuries in everyday activities. VA research is also addressing the needs of an aging veteran population, with research into diabetes, exploration of health care delivery effectiveness, and the identification of genes associated with Alzheimer's disease.

Our soldiers deserve the best medical care possible. FASEB strongly supports increasing VA-funded research through the Medical and Prosthetics Research Program to \$575 million in FY 2010 to ensure that the care provided by VA will continue to be improved by the innovations of VA researchers. In addition, we support providing funding of \$142 million for research infrastructure to protect the investment in research and secure the best possible outcome by providing researchers with facilities equal to the important task before them.

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