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ARMED SERVICES COMMITTEE**

**STATEMENT
OF
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DEPUTY COMMANDANT, INSTALLATIONS AND LOGISTICS
HEADQUARTERS, U. S. MARINE CORPS
BEFORE THE
READINESS AND MANAGEMENT SUPPORT SUBCOMMITTEE
OF THE
SENATE ARMED SERVICES COMMITTEE
2 August 2001
CONCERNING THE
FISCAL YEAR 2002 MILITARY CONSTRUCTION AND FAMILY HOUSING
PROGRAMS**

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Mr. Chairman and Members of the Committee:

I am Lieutenant General Gary S. McKissock, Deputy Commandant, Installations and Logistics, Headquarters, U.S. Marine Corps. I appreciate this opportunity to appear before you today. During my comments today, I will discuss the status of many programs. For FY 2002, the President's budget includes funding to cover our most pressing priorities.

In earlier testimony this year, the Assistant Commandant of the Marine Corps spoke of our bases as undergoing a "quiet crisis". He could not have been more accurate. For years now, the Marine Corps promise to the American people...to be the force most ready when our nation is least ready...has had to be balanced against the legitimate quality of life needs of Marines and their families. When faced with resources to support either readiness or quality of life requirements, but not both, readiness will always receive the higher priority.

Ingrained in every Marine leader is the knowledge that the ability to fight and win, to return home alive to one's family, is the foremost quality of life concern.

Our installation commanders are extraordinarily committed to doing the best they can for the Marines, Sailors, family members and civilian Marines in their charge. I've talked to Marines doing extraordinary work in maintenance spaces that were cold, wet, drafty and completely unsuitable. I've visited the spouses and children of these Marines in family housing that should have been demolished twenty years ago but remain standing because we have no other choice. Seldom do I hear a complaint. It is not in their nature to complain. However, it is my responsibility to see that our facility shortfalls are corrected.

Though we have strategic plans and goals in place for our Facility Sustainment, Restoration and Modernization, active and reserve military construction (Military Construction and Military Construction, Naval Reserve) and family housing programs, most programs are inadequately resourced. Without sustained funding levels, it will take us decades to resolve the quiet crisis.

I am grateful to report that in fiscal year 2002 the administration has increased our active and reserve military construction request by 113% over our 2001 request and 66% over the amount you provided in 2001. In 2002 we will also have almost \$350 million to devote to replacement, modernization, and improvements to our installation infrastructure. This is an unprecedented funding level and we are postured to put this long needed funding increase to good use. Our hope is to maintain this funding level and accomplish a reversal of our "quiet crisis".

The family housing program proposal of \$268 million, along with our privatization efforts, will be adequate to operate and maintain our existing inventory. Our sustainment, restoration and modernization proposal of almost \$420 million, in

conjunction with our out-year plan for this funding, will eventually address previously deferred maintenance and repair projects.

The Marine Corps takes the long-term planning process for military construction very seriously. Given limited funding, we are forced to work smartly to squeeze the most from every dollar. Our planning methodology helps us choose the most equitable and balanced set of critically needed projects. However, quite often our decisions are more like the surgeon at a mass casualty event who must perform triage to determine which victims are most likely to survive.

Because every infrastructure decision has long-term consequences, the Marine Corps recognized it needed a tool to improve its decision making process in allocating scarce resources. Since the Marine Corps last testified before this committee, we published Installations 2020 (I 2020). This document was developed with the active involvement of our Installation Commanders, environmental and business interests, and operating force commanders. The purpose of I 2020 is to determine and validate Marine Corps infrastructure requirements twenty years from now and assist us in making sound programmatic decisions that will benefit future Marines and ensure that we were good stewards of the resources allocated to us by Congress. This document is complete and has been signed by the Commandant.

Every two years, the Marine Corps builds a new facilities future years defense plan based on an exhaustive review of facilities and infrastructure requirements. The Marine Corps also updates its program throughout the budget execution cycle based upon new guidance, audit results, requirements validation, military-political issues, new mission information, Marine Component and Installation Commander's priorities, risk assessments, vulnerability, and facility-type sponsor priorities. By the time the Marine Corps' infrastructure and facilities plan reaches Congress, the chosen projects have been meticulously scrubbed and rigorously justified.

Our planning is especially critical since many of our buildings already are, or are fast becoming, historic structures. Thirty-five percent of our infrastructure (not including our family housing) is over 50 years old. Those with historic significance or unique architectural features may become eligible for listing on the National Register. We do not believe that many will end up listed on the National Register of Historic Places. Of the remaining buildings, we are developing plans to demolish many of them, including about 4,000 family housing dwellings. We'll replace them with new construction through a variety of means, including public/private ventures.

Most of our bases were built during and after World War II. Our facilities, utilities and subsurface infrastructure are more than half a century old. Last year in Camp Pendleton, a broken waste pipe spilled 3 million gallons of sewage into the Santa Margarita River. The cost to replace the treatment systems alone is over \$179 million. The average Marine Corps construction program in the 1990's was \$122 million. In other words, the entire annual military construction budget of the Marine Corps is not adequate to fix the infrastructure problems on just one of our bases. Many bases in the

Marine Corps are in similar condition. Our challenge is to plan for a better future, and then actually implement that plan.

Only a sustained financial commitment and well-managed programs over the next 5 to 10 years will allow the Marine Corps to regain control over management of its degrading infrastructure.

I would like to address the perception some may have that the Marine Corps got itself into this predicament because it invested in combat readiness instead of bricks and mortar. That is absolutely true. Our first priority will always be the combat readiness of our forces. How could we honestly have chosen to construct new buildings when the Marine Corps' inventory of amphibious assault vehicles, HMMWVs, heavy trucks, weapons, and other equipment--the equipment that gets us to war and back--are well beyond their service life and require an extraordinary amount of money to maintain? How could we build new facilities when many of our helicopters are over 30 years old and our KC-130s now average 39 years old, all with barely enough spare parts to keep them flying? The Marine Corps has been spending a large sum of money to keep these aging systems operational when what we really needed to do is modernize them quickly.

Our first quality of life promise to Marines is that we will never fail to give them the training, leadership and equipment that will allow their safe return home from combat. The Marine Corps has had to make some very tough choices on how to allocate its total obligation authority. Thus, for understandable reasons, short-changing facilities and infrastructure for combat readiness has been the lesser of two evils. We have sustained our combat readiness at the expense of other programs beneficial to our Marines and their families because we've had no other option. These have been painful decisions because, ultimately, combat readiness is more than just a trained, well-equipped Marine. A deployed Marine in harm's way will do anything asked but should not have to wonder whether the family left behind is adequately cared for while he or she is doing the nation's bidding.

The Marine Corps realizes that we cannot continue to postpone the maintenance of our facilities and infrastructure as we have in the past. It costs too much to bandage decaying buildings. We cannot continue to use our facility sustainment, restoration and modernization money to fund what is in essence a facilities "Service Life Extension Program"--without the benefits of modernization or full renovation--while our deferred maintenance and repair projects languish for lack of funding. We must use allocated funds to maintain facilities throughout their normal useful life span (about 50 years) rather than continuing to pour funds into deteriorated facilities that should be demolished, but can't be, because we lack the funds to replace them. Finally, we need to continue to have military construction programs that illustrate to Marines across the country that all of us inside the Beltway are dedicated to providing them with respectable places to work and live.

The Marine Corps is proud of its reputation for making do with less. Our "can-do, make-do" credo has always served us well, but it has also produced a systemic problem

for our infrastructure. “Make do” facilities continue to support our “can-do” philosophy. We have Marines working successfully, in inadequate facilities. I can’t sit here and tell you we will fail because facilities are inadequate. Marines will do what they have to in order to meet the mission. We will continue to make our retention goal because the Corps is so much more than bricks and mortar. At the same time, we have to ask ourselves if we are doing the right thing by the young men and women who make the sacrifices necessary to wear the eagle, globe and anchor. The Marine Corps needs a prolonged commitment to facilities and infrastructure. As the Deputy Commandant for Installations and Logistics, I am committed to providing Marines with facilities that will support effective training, maintenance, operations, and quality of life. The Marine Corps’ strategic goals and disciplined planning process have us on the right path towards achieving recapitalization of our infrastructure while realizing noticeable improvements in quality of life and working facilities.

Now, I would like to give you more detailed information about the plans and goals in each of the Marine Corps’ four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: Facility Sustainment, Restoration and Modernization, Military Construction, Military Construction Naval Reserves, and Family Housing.

FACILITY SUSTAINMENT, RESTORATION AND MODERNIZATION

The Marine Corps’ Facility Sustainment, Restoration and Modernization program (formerly known as Maintenance of Real Property [MRP]) has struggled with some particularly onerous problems in the past few years resulting in significant numbers of deferred maintenance and repair projects. Because our decaying infrastructure has not been replaced at a manageable rate, the Marine Corps uses facility sustainment funds to bind together old, inadequate buildings rather than to maintain newer structures throughout their useful service life. The Marine Corps has responded to these challenges by developing plans to improve the condition of facilities, to demolish inadequate facilities, and to develop a stronger program.

In order to slow the deterioration of our infrastructure and to improve the condition of our facilities, the Marine Corps has budgeted at a level that will reduce the level of deferred maintenance and repair by 2007. This level of funding will allow us to continue our efforts to have all barracks in good state of repair by the end of 2004. However, this plan will only work if we stay committed to improving our infrastructure. Traditionally, Facility Sustainment, Restoration and Modernization funds are executed at a level less than that planned in the out-years as these accounts are raided to support Marine Corps readiness needs in other areas.

Our goal is to reduce our level of deferred maintenance and repair to attain the historical Congressional target for backlog of maintenance and repair (BMAR) of \$106 million by fiscal year 2010. This goal was established in the early 1990’s when it became clear that our deferred maintenance was growing rapidly and we needed a long

term funding profile as a baseline to evaluate our funding decisions. We have made an important down payment on this goal in FY 2002, allowing for some reduction in deferred maintenance to approximately \$650 million this fiscal year. However, this still exceeds the goal of \$106 million by FY 2010.

We've made significant improvements in the manner that we manage facility sustainment, restoration and modernization. Our Commanding Officers Readiness Reporting System was developed to make a clear connection between facility condition and mission impact. Our January 2001 report identified 13 of 30 facilities categories rated as C3 or C4. A rating of C3 and C4 indicated that up to 40% or more of the facilities in a category are in a condition that it has a significant impact on the mission. The main areas where facility conditions degrade mission capability are utilities, community and housing, and supply and administrative buildings. This system is still maturing, and for the Marine Corps, the underlying data is in the process of being fully developed. As we update our records we are finding that our facilities are often worse than we suspected. In the next two years we plan to finalize our underlying data. At this time, however, funding decisions should not be based solely on our C ratings because they tend to understate our requirements.

The Marine Corps has implemented a comprehensive demolition program to remove excess and inadequate infrastructure and eliminate the associated maintenance costs. The Department of Defense directed the Marine Corps to demolish 2.1 million square feet of facilities between 1998 and 2000. We exceeded this goal by demolishing 2.2 million square feet in that time frame. We are continuing to eliminate additional excess facilities from the inventory. Consequently, the Marine Corps has little excess inventory remaining. Our demolition program represents slightly more than 2% of our plant; therefore, cost avoidance will be modest. Unless we can begin building new facilities, we will be forced to keep the structures we have regardless of their condition.

Finally, the fiscal year 2002 program and associated out years reflects funding levels that should help us to eventually address previously deferred maintenance and repair projects. Congress provided a generous increase in fiscal year 2001, targeted at Quality of Life, and we hope to continue this trend. The fiscal year 2002 sustainment, restoration and modernization request is \$418 million and includes repairs, not only to barracks and mess halls, but also to keep steam plants operational, to repair and maintain runways, to keep sewer lines functioning, and to repair roads, among other things. These infrastructure issues in many cases have more global impact on quality of life than specific building projects and we know they cannot be ignored. Despite our Fiscal Year 2002 investment in facility sustainment, restoration and modernization, deferred maintenance and repair will continue to accumulate. However, the future year defense plan, at current funding levels, will eventually reduce our deferred maintenance and repair.

MILITARY CONSTRUCTION

Military construction is the Marine Corps' primary funding source for infrastructure recapitalization and modernization. In preparing our military construction program, we try to address the most critical facilities and infrastructure deficiencies in the Marine Corps. Since the Marine Corps cannot economically address every facilities requirement with military construction, we carefully weigh our decision to construct a replacement facility against the impact of deferring the project or satisfying the requirement through other alternatives (such as renovation, leasing, or joint use facilities). When we do choose to defer new construction, we have come to expect that, in the short term at least, Marines will manage to find a way to accomplish the mission to acceptable standards. Restoration and modernization funds will clearly be used less efficiently when the goal is only to keep these buildings minimally operational. In the long term, continued deferral, of more than \$3 billion in military construction projects, has a profound effect on readiness and retention. In 2002 we are proposing an unprecedented level of funding for military construction--\$339 million. While this budget allows us to attain an over 60-year cycle of military construction replacement in FY 2002, the average recapitalization rate rises to nearly 100 years across the FYDP.

We have achieved several successes this year by breaking away from the old design-bid-build methods we used for generations and instead using more design build techniques where appropriate, much like private industry. We are finding that the time required from project inception to completion has been reduced. More importantly, these projects tend to come in under budget and without the cost overruns we were plagued with in the past. Most importantly, the quality of work is better. Installations, teaming with NAVFAC and competent, responsible construction companies, are building facilities that are functional, solid, maintainable, and aesthetically pleasing.

Through our military construction program, we continue to meet Department of Defense guidance to demolish unnecessary, inadequate facilities. Between 1998 and 2001, we demolished over 1 million square feet of facilities through military construction, and we plan at least another 200,000 square feet of demolition in fiscal year 2002. We will continue to aggressively pursue demolition until all inadequate structures on our bases and stations are eliminated though this is difficult without sufficient funding to replace structures that have been eliminated.

The Marine Corps' anti-terrorism efforts comply with DoD direction to identify facilities force protection features. The addition of these features (which include fencing, building hardening, perimeter/area lighting, blast mitigation barriers, berms, and landscaping) has increased our fiscal year 2002 project costs. We will continue to search for ways to limit these expenditures through innovative design and placement of structures. However, some of our bases have limited space for offsets from traffic and parking -- increased costs are unavoidable. We really have no choice but to implement these requirements. No leader of Marines would willingly endanger the lives of the

Marines and Sailors on our bases. Preventing one tragedy is worth the expense of all sound physical security measures.

The military construction projects we have requested this year are not luxury or “nice-to-have” facilities. On the contrary, these projects replace buildings and structures that are literally falling apart, unsafe, overcrowded, or technologically obsolete.

We will address environmental and quality of life concerns at Camp Pendleton with an initial \$11 million investment in the drinking water system that will begin to eliminate the “brown water” currently being delivered to family housing and operational facilities.

Our planned investment in maintenance facilities in Fiscal Year 02 totals \$42 million. At Camp Pendleton we plan to replace relocatable facilities, tents used for storage, and aging inadequate wooden structures for the 1st Force Recon Company and Recon Battalion. At Camp Lejeune we will provide an Engineering Equipment Maintenance Shop that will be large enough to allow maintenance on the all-terrain container handlers, earth scrapers, and other large construction equipment critical to the Engineer Support Battalion’s mission. With these projects, we will give some Marines indoor work areas that actually have heat, running water, electrical power, restrooms, and enough space to accomplish their mission.

Investments in Quality of Life total \$146 million for Bachelor Enlisted Quarters and \$37 million in other community support investments. Improvements include a new enlisted dining facility at MAGTFTC Twenty-nine Palms, a Child Development Center at MCAS Beaufort and a Physical Fitness Center at Camp Pendleton. These new facilities will make things a bit more tolerable for Marines and their families, who sacrifice so much already, by providing more of them decent quality of life resources and childcare.

Additionally, we seek to build training facilities that will allow Marines to ready themselves for combat in this high-tech age. A new Academic Instruction Facility in Camp Johnson at Camp Lejeune will replace the 1940’s vintage, converted squad-bay classroom spaces, with a modern consolidated facility. At MAGTFTC Twenty-nine Palms we will provide modern replacement facilities for the Marine Corps computer school.

With these facilities, the quality of life and quality of service for our Marines and their families will be substantially improved as will their readiness to deploy to accomplish their mission. Without them, quality of work, quality of life, and readiness for many Marines will continue to be seriously degraded.

MILITARY CONSTRUCTION, NAVAL RESERVE

Maintaining Marine Corps Reserve facilities is a daunting task since the Marine Forces Reserve is comprised of over 39,000 Selected Marine Corps Reserve personnel and Active Reserve personnel stationed at 185 sites, dispersed throughout 47 states. The challenge for the Military Construction, Naval Reserve (MCNR) program for exclusive Marine Corps construction is how to best target limited funding to address \$205 million in deferred construction projects. Over 75% of the reserve centers our Marines train in are more than 30 years of age, and of these, 35% are more than 50 years old. Despite the challenges, we have made progress and improved the quality of our effort to support Reserve facilities.

The Marine Corps has continued to make significant strides in aligning Reserve facilities policies and procedures with those of the active forces by establishing an ongoing, sustained review and update of the Marine Forces Reserve Installation Master Plan, by publishing comprehensive and timely facilities planning and programming guidance, and most significantly, by programming thoroughly developed Reserve projects that compete well within the Marine Corps budget process.

Before 1997, Marine Reserve sites had no effective centralized control mechanism in place to evaluate facilities and infrastructure conditions. Headquarters staffs in New Orleans and in Washington DC provided oversight, but facilities support was often reactive without proper resource prioritization.

Since Marine Forces Reserve first published its Installations Master Plan in 1997, it has continued to evolve, providing a facilities road map for future actions. The plan includes measures of effectiveness for the application of resources and key planning factors that influence project execution. It incorporates tools such as the Commanding Officer's Readiness Reporting System that provides the data necessary to better target those sites with the most urgent requirements. It also includes aggressive use of the State Joint Service Reserve Component Facilities Boards that successfully coordinates the efforts of each Service's reserve construction initiatives to maximize the potential for joint facility projects. With centralized information such as the number and types of sites, environmental guidance, impact of project lead times, and availability of funding, the plan has been instrumental in the preparation of solid and supportable MCNR programs since 1998.

Finally, as stated earlier, Marine Forces Reserve has begun to effectively compete in the Marine Corps budget process. The Marine Corps programs MCNR projects under the same rigorous planning and programming schedule as its active side military construction, and the results are telling. From 1993 to 1997, the funding for MCNR averaged \$1.2 million annually. The average annual funding level for the Marine portion of the Department of the Navy program for the years 1998 to 2001 is \$7.1 million. In Fiscal Year 2002, the Marine Corps has been able to continue the 1998 to 2001 trend by proposing an \$11.12 million program that will provide new reserve training centers and

vehicle maintenance facilities for reserve units in Lafayette, LA, Great Lakes, IL, and Syracuse, NY. Though the Marine Corps is faced with the familiar challenge of prioritizing limited resources against a growing list of deserving requirements, our commitment to reserve facilities remains steadfast.

BACHELOR AND FAMILY HOUSING

Bachelor and family housing funding is integral to maintaining Marine morale and quality of life, and is a large element of our modernization and recapitalization requirement. The Marine Corps is committed to improving quality of life for all its Marines and, in turn, increasing productivity within and satisfaction with the Corps. Quality living conditions must continue to be emphasized to obtain, retain, and sustain the nation's "force in readiness." We cannot continue to house our Marines and their families in inadequate quarters.

Bachelor Housing

There are approximately 172,600 Marines on activity duty today and about 50% of those are young, single, junior enlisted personnel. Providing appropriate and comfortable living spaces that positively impact the morale and development of these young men and women is extremely important to the Marine Corps.

The Marine Corps primarily houses junior enlisted personnel in pay grades of E1 through E5 in our barracks. Our goal is to provide barracks configured in the 2x0 standard. The 2x0 standard means two Marines share a room with a private bath. Although the Department of Defense standard for barracks construction provides the opportunity for 1+1 construction, which means private rooms with a shared bath, we consciously made the choice in 1998 to have two Marines share a room. While we would ultimately like to provide noncommissioned officers in pay grades E4 and E5 with private rooms, we believe our most junior personnel in pay grades E1 through E3 should share a room with another Marine. We strongly believe this approach provides the right balance between privacy desired by Marines and the Marine Corps' desire to provide companionship, camaraderie and unit cohesion. This balance provides the atmosphere we believe is right to train and develop Marines.

The Marine Corps maintains over 93,000 bachelor enlisted housing spaces worldwide. Of that number, approximately 7,800 still do not meet Department of Defense adequacy standards. This is significantly less than the roughly 16,000 inadequate spaces we reported in 1996. With the help of Congress, we have been able to exceed our barracks construction-funding goal of \$50 million per year for the past several years. Our average investment between 1998 and 2001 was \$74 million per year. One hundred percent of that funding has supported enlisted personnel. In fiscal year 2002 we improve on our average with a proposed program of \$146 million to construct 2,400 spaces for our enlisted bachelors at MCB Hawaii, MCB Camp Lejeune, MCB Camp Pendleton, MCB Quantico, MAGTFTC Twenty-nine Palms and the Marine Corps Support Activity at Kansas City, Missouri. We are not investing in military construction

for bachelor officers' quarters until we can satisfy the needs of the troops. While we still have much to do to eliminate all inadequate barracks, Marines can already see signs of progress and know we are working to provide them with quality housing.

Family Housing

Marine Corps families are an important component of readiness. Family housing is a critical Quality of Life issue because it impacts both retention and readiness. The Marine Corps has over 74,000 active duty families. These families frequently relocate, disrupting school for children and employment for spouses. Providing adequate, safe, quality housing options for families is critical to the morale and readiness of the Marine Corps. At any given time, over 30,000 Marines are deployed or stationed away from their families. These separations often last for six or more months. Marines worried about the safety of their family members, their ability to pay bills including basic food and shelter costs, or whether their children are getting a quality education, will have a far more difficult time focusing on their jobs and mission than Marines whose families are adequately housed and cared for. Our fiscal year 2002 request is for \$268 million. Our priority for this funding request is to adequately operate and maintain our existing inventory.

Sixty-four percent of Marine Corps families live off post in the community. Thirty-six percent live in housing provided by the Marine Corps or another Service.

We have approximately 25,000 owned, leased or public-private venture family housing units worldwide. Much of the inventory we own is in poor condition and needs major renovation or replacement. 13,830 of our housing units are inadequate with the majority of the units requiring significant revitalization or replacement. Our 2001 master plan will show an increase in our inadequate units based on recent PPV feasibility studies.

The good news with Marine Corps family housing inventory is that we have made significant strides to improve our inventory over the last several years. With your support, we have spent an average of \$86 million per year fixing existing inventory with over 92 percent of that funding addressing enlisted personnel requirements.

Currently, 452 units of family housing are eligible for, or listed on, the National Register of Historic Places. We believe we have a responsibility and moral obligation to preserve and retain some of our historic homes, as they are treasures to the Corps and the nation. We also believe that some of these buildings will have to be demolished, as they cannot be rehabilitated to meet today's requirements. In earlier testimony to the House Appropriations Committee on Historic Properties, we outlined our program to consult with the appropriate State Historic Preservation Office and with the Presidents Advisory Council on Historic Preservation. Our goal is to retain only what is truly historic.

We are extremely enthusiastic about the opportunities available to improve our housing through use of the 1996 Military Housing Privatization authorities. We awarded

our first PPV using these authorities on 10 November 2000. The project at MCB Camp Pendleton, which is already being managed by our private sector partner, will ultimately renovate 200 homes, replace 312 units and build 200 new homes. We broke ground on the project on 4 December 2000 and the first of the new homes should be available late in October. Not only will we provide excellent quality homes with adequate storage and garages, this project will also provide a community recreation center, ball fields, and tot lots. In other words, we will create a “neighborhood” for Marines and Sailors at Camp Pendleton. This project is the first of several PPV initiatives we have underway. We are extremely pleased with the caliber of proposals we are seeing, the quality of the homes we will get and the level of customer service that will be received by the families who will live in these homes over the next 50 years. Our second project involves exchanging excess units at MCLB Albany GA and using their value to replace badly deteriorated housing at MCB Camp Lejeune. This project is in the final stages of negotiation with the developer. We are working to reach a final business agreement soon.

Our third project is at a Reserve site in Stewart NY. There, we will turn over excess housing and improve housing we need to retain to support military families in the region. That project has been advertised and negotiations should be finalized by July 2002.

A fourth project is proposed for MCAS Beaufort and MCRD Parris Island SC. Our goal is to improve or replace the existing inventory and build some badly needed new housing. Congress has been notified of our intent to solicit proposals. We are also partnering with the U.S. Navy at Belle Chase, Louisiana and in Southern California in support of Navy PPV initiatives that will significantly benefit Marines and Sailors at both locations.

Taken together, the Marine Corps PPV projects will improve or replace a total of 2,288 homes, build a minimum of 340 new homes, and will dispose of 548 inadequate units. Ultimately these projects will make a huge difference to our Marine Corps families.

These are truly good news stories. However, PPV only works where private investors can make a profit. At some installations, low BAH rates and or facilities condition mean that a business case cannot be made for PPV today and traditional military construction is the only option. While privatization will not make good business sense at every location within the Marine Corps, it will ultimately help us address most of our housing requirement. We will be reviewing opportunities for additional privatization in the near future. We appreciate your support in extending the PPV authorities to permit us to take advantage of these critical and extremely beneficial tools.

In conclusion, Mr. Chairman, I would like to thank the Committee for its strong support of the Marine Corps infrastructure program and the benefits this has provided and will continue to provide to the Marine Corps in terms of improved readiness and quality of life. Congressional support in the past reflects your deep appreciation for the relationship among facilities, warfighting capability, and quality of life. There is no

question that replacement and modernization of inadequate facilities can improve mission capability, productivity, readiness, and sustainability. We do this all in interest of our highest quality of life concern: Bringing Marines home safely from the battlefield.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you may have.