

Department of the Air Force

Presentation to the Committee on Armed Services
Subcommittee on Readiness and Management Support
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Subject: FY 2004 Air Force Budget Overview
for Military Construction

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Introduction

Mr. Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you and present the Department of the Air Force FY 2004 military construction program. Today, I will present to the committee the Air Force investment strategies for facilities, housing, and environmental programs.

Overview

Our Total Force military construction and military family housing programs (MFH) play vital roles supporting Air Force operational needs, work place productivity, and quality of life. Today, when our nation needs its Air Force more than ever before, our installations are the platforms from which we project the global air and space power so important to combat operations overseas. During Operation ENDURING FREEDOM, we flew the longest bomber combat mission in history...44 hours traveling more than 16,000 miles...from Whiteman Air Force Base, Missouri, against targets in Afghanistan. Our military construction program is a direct enabler of this kind of dominant combat capability. In that same vein, as we send tens of thousands of airmen overseas to prepare for possible conflict with Iraq, the peace-of-mind they enjoy, knowing their families are safe and secure, living in adequate housing with state-of-the-art quality of life facilities, has direct impact on their ability to focus on the task at hand.

While the Air Force has always acknowledged the importance of robust funding for facility sustainment and recapitalization, in the past we have found that higher competing priorities have

not permitted us to address all the problems we face with our aging infrastructure. We turned a corner with our FY 2002 and 2003 military construction and family housing budget requests, both well in excess of \$2 billion. You supported those requests and increased them to nearly \$3 billion, making the last two years' infrastructure investment programs the two largest in more than a decade. We sincerely appreciate your support.

We're continuing this positive trend in FY 2004...we are requesting more than \$2.4 billion for Total Force military construction and Military Family Housing, a \$160 million increase over last year's request. The request includes more than \$770 million for Active military construction, \$60 million for Air National Guard military construction, more than \$40 million for Air Force Reserve military construction, and more than \$1.5 billion for Military Family Housing. In addition, we have maintained our focus on Operations and Maintenance (O&M) sustainment, restoration, and modernization (SRM) funding. Last year's O&M SRM request was nearly \$400 million more than in FY 2002. This year, we protected and actually increased that program growth. With the FY 2004 budget request, we will invest more than \$2 billion in critical infrastructure maintenance and repair through our O&M program.

When one considers our level of effort across the entire infrastructure spectrum (military construction, MFH, and O&M SRM), we plan to invest more than \$4.4 billion in FY 2004.

These Air Force programs were developed using a facility investment strategy with the following objectives:

- Accommodate new missions
- Invest in quality of life improvements
- Continue environmental leadership
- Sustain, restore, and modernize our infrastructure
- Optimize use of public and private resources
- Continue demolition of excess, uneconomical-to-maintain facilities, and
- Base realignment and closure

Mr. Chairman, Air Force missions and people around the world clearly depend upon this committee's understanding of and support for our infrastructure programs. That support has never wavered, and for that we are most grateful.

With this background, I will discuss in more detail our military construction budget request for FY 2004.

Accommodate New Missions

New weapon systems will provide the rapid, precise, global capability that enables our combat commanders to respond quickly to conflicts in support of national security objectives. Our FY 2004 Total Force new mission military construction program consists of 43 projects, totaling more than \$273 million. These projects support a number of weapons system beddowns; two of special significance are the F/A-22 Raptor and the C-17 Globemaster III.

The F/A-22 Raptor is the Air Force's next generation air superiority fighter. Tyndall Air Force Base, Florida, will house the F/A-22 flying training program. Nellis Air Force Base, Nevada, will be the location for F/A-22 Follow-on Operational Test and Evaluation. Langley Air Force Base, Virginia, will be home for the first operational squadrons. The FY 2004 military construction request includes one F/A-22 project at Tyndall for \$6 million, and three F/A-22 projects at Langley totaling \$25 million.

The C-17 Globemaster III aircraft is replacing our fleet of C-141 Starlifters. The C-17 provides rapid global mobility by combining the C-141 speed and long-range transport capabilities; the C-5 capability to carry outsized cargo; and the C-130 capability to land on short, forward-located airstrips. We are planning to bed down C-17s at Elmendorf Air Force Base, Alaska; Travis Air Force Base and March Air Reserve Base in California; Dover Air Force Base, Delaware; Hickam Air Force Base, Hawaii; Jackson Air National Guard Base, Mississippi; McGuire Air Force Base, New Jersey; Altus Air Force Base, Oklahoma; Charleston Air Force Base, South Carolina; and McChord Air Force Base, Washington. Thanks to your support, construction requirements for Charleston and McChord were all funded in prior-year military construction programs. Our request for FY 2004 includes a \$1 million facility project at Altus, a \$8 million assault runway at Camp Shelby (near Jackson, Mississippi), two facility projects for \$12 million at McGuire, and six facility projects for \$63 million at Hickam.

Other new mission requirements in FY 2004 include the Global Hawk beddown at Beale Air Force Base, California; Combat Search and Rescue aircraft beddown at Davis-Monthan Air Force Base, Arizona; C-130J beddown at Pope Air Force Base, North Carolina, and Little Rock Air

Force Base, Arkansas; and Joint Strike Fighter facilities at Edwards Air Force Base, California.

Invest in Quality of Life Improvements

The Air Force is committed to taking care of our people and their families. Quality of life initiatives acknowledge the increasing sacrifices our airmen make in support of the nation and are pivotal to recruiting and retaining our best. When our members deploy, they want to know that their families are stable, safe, and secure. Their welfare is a critical factor to our overall combat readiness. Our family housing and dormitory programs, and other quality of life initiatives reflect our commitment to provide facilities they deserve.

Family Housing

Our Air Force Family Housing Master Plan provides the road map for our Housing military construction, O&M, and privatization efforts, to meet the goal of providing safe, affordable, and adequate housing for our members. Our FY 2003 budget request reflected an increase of more than \$140 million over the prior year--we have built on that increase with our FY 2004 request and in the programmed budgets for the next three years. With the exception of four northern-tier locations, we will eliminate our inadequate housing units in the United States by 2007. The inadequate units at those four northern-tier locations will be eliminated by 2008, and the inadequate units at our overseas installations will be eliminated by 2009.

For FY 2004, the \$700 million we have requested for housing investment constructs nearly 2,100 units at 18 bases, improves more than 1,500 units at eight bases, and supports

privatization of nearly 7,000 units at seven bases. I'll discuss our housing privatization program in more detail later. Our FY 2004 housing operations and maintenance program totals nearly \$835 million.

Dormitories

Just as we are committed to provide adequate housing for families, we have an ambitious program to house our unaccompanied junior enlisted personnel. The Air Force Dormitory Master Plan is a comprehensive, requirements-based plan, which identifies and prioritizes our dormitory military construction requirements. The plan includes a three-phased dormitory investment strategy. The three phases are: (1) fund the replacement or conversion of all permanent party central latrine dormitories; (2) construct new facilities to eliminate the deficit of dormitory rooms; and (3) convert or replace existing dormitories at the end of their useful life using a new, Air Force-designed private room standard to improve airman quality of life. Phase 1 is complete, and we are now concentrating on the final two phases of the investment strategy.

Our total requirement is 79,400 Air Force dormitory rooms. We currently have a deficit of 11,400 rooms, and the existing inventory includes 3,700 inadequate rooms. It will cost approximately \$1 billion to execute the Air Force Dormitory Master Plan and achieve Office of the Secretary of Defense's (OSD) FY 2007 goal to replace all of our inadequate dormitory rooms. This FY 2004 budget request moves us closer to that goal.

The FY 2004 dormitory program consists of 12 dormitory projects at nine US bases and

two overseas bases, for a total of \$203 million. On behalf of all the airmen affected by this important quality of life initiative, I want to thank the committee. We could never have made it this far without your tremendous support.

Fitness Centers

Other traditional quality of life investments include community facilities, such as fitness centers, vital in our efforts to attract and retain high-quality people and their families. A strong sense of community is an important element of the Air Force way of life, and these facilities are important to that sense of community as well as to the physical and psychological well-being of our airmen. The FY 2004 military construction program includes fitness centers at Lajes Air Base, Azores; Mountain Home Air Force Base, Idaho; Spangdahlem and Ramstein Air Bases, Germany; and Royal Air Force Bases Lakenheath and Mildendall in the United Kingdom.

Continue Environmental Leadership

The Air Force continues to ensure operational readiness and sustain the public trust through prudent environmental stewardship. We are meeting our environmental cleanup commitments and Department of Defense goals through effective outreach and partnering with federal and state regulators and team-building with stakeholders and communities. Meeting our legal obligations remains a primary objective of the Air Force environmental quality program. Our record of environmental stewardship illustrates our environmental ethic, both here in the United States and overseas.

In addition to ensuring our operations comply with all environmental regulations and laws, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We continue to seek partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of better understanding and trust. By focusing on our principles of ensuring operational readiness, partnering with stakeholders, and protecting human health and the environment, we remain leaders in environmental compliance, cleanup, conservation, and pollution prevention. We have reduced our open enforcement actions from 263 in 1992 to just 22 at the end of 2002.

We have one project (\$7 million) in our FY 2004 environmental compliance military construction program. With it, we will install arsenic treatment systems on water wells at Kirtland Air Force Base, New Mexico, to ensure the base is in full compliance with the US Environmental Protection Agency's (EPA) new standard for maximum arsenic levels allowed in drinking water. Failure to install these treatment systems could result in fines from the EPA, shutdown of water wells at Kirtland, and the increased cost of purchasing and distributing potable water on the base.

Sustain, Restore, and Modernize our Infrastructure

Overseas Military Construction

The quality of our installations overseas continues to be a priority to us. Even though the majority of our Air Force personnel are assigned in the United States, 16 percent of our forces are permanently assigned overseas, including 29,000 Air Force families. The Air Force overseas base structure has stabilized after years of closures and force structure realignments. At this level, our

overseas infrastructure still represents 11 percent of our Air Force physical plant. Now, old and progressively deteriorating infrastructure at these bases requires increased investment. Our FY 2004 military construction request for European and Pacific installations is \$171 million totaling 22 projects. The program consists of infrastructure and quality of life projects in the United Kingdom, Germany, the Azores, Italy, Turkey, and Korea, as well as critical facilities on Wake Island. We ask for your support of these operational and quality of life projects.

Planning and Design/Unspecified Minor Construction

We are also requesting planning and design and unspecified minor construction funding. Our request for FY 2004 planning and design is \$102 million. These funds are required to complete design of the FY 2005 construction program, and to start design of our FY 2006 projects. We have requested \$23 million in FY 2004 for our total force unspecified minor construction program, which is our primary means of funding small, unforeseen projects that cannot wait for the normal military construction process.

Operations and Maintenance Investment

To sustain, restore, and modernize what we own, we must achieve a balance between our military construction and O&M programs. Military construction allows us to restore and recapitalize our facilities. O&M funding allows us to perform facility sustainment activities necessary to prevent facilities from failing prematurely. Without proper sustainment, facilities and infrastructure wear out sooner. We also rely on O&M funding to directly address many of our critical restoration and less-expensive recapitalization needs. These funds enable commanders in

the field to address the facility requirements that impact their near-term readiness.

Since the early nineties, constrained defense budgets resulted in reduced military construction funding. For a few years, adequate O&M funding partially offset this military construction decline. However, between FY 1997 and FY 2001, competing priorities forced the Air Force to cut sharply into both military construction and O&M funding. Our effort to sustain and operate what we own was strained by minimally funded O&M, which forced us to defer much-needed sustainment and restoration requirements. Thankfully, along with the robust military construction programs provided in the last two years, we have been able to restore our O&M balance for the second year in a row. In FY 2004, our sustainment, restoration, and modernization share of the Air Force O&M funding is more than \$2 billion--allowing us to properly invest in facility sustainment (to keep our good facilities good) and invest some O&M funding in restoration and modernization work compared to FY 2003. Our known restoration and modernization O&M backlog has grown to nearly \$8 billion, so it will be important for us to continue this precedent of higher O&M facility investment in the future.

Optimize Use of Public and Private Resources

In order for the Air Force to accelerate the rate at which we revitalize our inadequate housing inventory, we have taken a measured approach to housing privatization. We started with a few select projects, looking for some successes and “lessons learned” to guide our follow-on initiatives. We awarded our first housing privatization project at Lackland Air Force Base, Texas, in August of 1998, and all 420 of those housing units were constructed and are occupied by

military families. Since then, we have completed two more projects (at Robins Air Force Base, Georgia, and Dyess Air Force Base, Texas) and have two more under construction (at Elmendorf Air Force Base, Alaska, and Wright-Patterson Air Force Base, Ohio). Once these two projects are complete, our privatized unit total will exceed 3,800. We are on-track to award another eight projects in the next 12 months. Looking at 2005 and beyond, we are targeting an end-state of privatizing 60 percent of the US-based housing inventory. Our FY 2004 budget request includes \$44 million to support the privatization of nearly 7,000 units at seven bases: Luke Air Force Base, Arizona; Altus and Tinker Air Force Bases in Oklahoma; Shaw Air Force Base, South Carolina; Sheppard Air Force Base, Texas; McChord Air Force Base, Washington; and F.E. Warren Air Force Base, Wyoming.

We continue to pursue privatization of utility systems at Air Force installations. Our goal is to privatize utility systems where it makes economic sense and does not negatively impact national security. The Air Force has identified 420 of our 650 systems as potential privatization candidates. We expect to release approximately 190 requests for proposal over the next 24 months.

Continue Demolition of Excess, Uneconomical-to-Maintain Facilities

For the past seven years, we have pursued an aggressive effort to demolish or dispose of facilities that are not economical to sustain or restore. From FY 1998 through FY 2002, we demolished more than 12 million square feet of non-housing building space. We expect to demolish an additional 2 million square feet in FY 2003, for a total reduction of 14 million square

feet. This is equivalent to demolishing six Air Force bases equal to the combined square footage of Whiteman, Goodfellow, Moody, Brooks, Vance, and Pope Air Force Bases. Looking at FY 2004 and beyond, we will continue to identify opportunities for Air Force demolition through facility consolidation. In general, we consider our facility demolition program a success story enabling us to reduce the strain on our infrastructure funding by getting rid of facilities we don't need and can't afford to maintain.

Base Realignment and Closure

The Air Force views the FY 2005 Base Realignment and Closure (BRAC) process as a unique opportunity to reshape our infrastructure to optimize military readiness and to ensure we are most efficiently postured to meet new security challenges. In January of this year, we created a Basing and Infrastructure Analysis group within Headquarters Air Force. This office will serve as the Air Force focal point for the FY 2005 BRAC process. Our major commands are following suit with creating their own analysis structures to support the BRAC process. As in previous rounds of base closures, we are establishing a Base Closure Executive Group (BCEG) composed of general officers and senior civilians representing a variety of functional areas, including those with range and airspace operational expertise. We continue to participate in joint BRAC forums with our sister services and the Office of the Secretary of Defense to meet the Secretary of Defense guidance and develop the required processes and procedures.

The Air Force leadership is committed to meeting the BRAC FY 2005 statutory deadlines

and ensuring our analytical processes are unbiased and defensible.

The Air Force continues to work with the local reuse authority at each base closed under previous rounds of BRAC to minimize the impact on the local community from the closure. This effort has led to the creation of over 48,000 jobs with 86 percent of the property transitioned for reuse.

While these facilities are being returned to their respective communities, the Air Force has a continuing responsibility for environmental cleanup from past industrial activities. The Air Force approaches this responsibility at our BRAC bases with the same prudent environmental stewardship as at our active bases. We have spent \$2.2 billion since FY 1991 in environmental cleanup at closing bases, and for FY 2004, the Air Force is requesting \$176 million to continue the cleanup.

Conclusion

In conclusion, Madam Chairman, I thank the committee for its strong support of Air Force military construction and family housing. With your help, we will ensure we meet the most urgent needs of commanders in the field while providing quality facilities for the men and women who serve in and are the backbone of the most respected aerospace force in the world. I will be happy to address any questions.