

RECORD VERSION

STATEMENT BY

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(INSTALLATIONS AND ENVIRONMENT)**

BEFORE THE

**SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT
COMMITTEE ON ARMED SERVICES
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**ON THE FISCAL YEAR 2007
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS**

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INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for Fiscal Year 2007. We have a robust budget that is critical to the success of the Army's new initiatives and sustainment of ongoing programs of critical importance to the Army. We appreciate the opportunity to report on them to 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.

OVERVIEW

TRANSFORMING INSTALLATIONS WHILE THE ARMY IS AT WAR

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

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring that we can successfully carry out our assigned roles, missions, and tasks that safeguard our security at home and abroad.

Army infrastructure must enable the force to fulfill its strategic roles and missions in order to generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure to ensure this combat power remains relevant and ready.

Stationing

To transform from a forward-deployed to a U.S.-based power projection force, we are consolidating overseas units at enduring locations and bringing back units to the United States through the effort we collectively call “stationing.” Our stationing effort is an integrated plan driven by the convergence of three distinct initiatives: Base Realignment and Closure (BRAC) 2005, Integrated Global Presence and Basing Strategy (IGPBS), and the Army Modular Force (AMF) Initiative. Stationing will allow the Army to focus its resources on installations that provide the best military value and to best posture units for responsiveness and readiness. Eliminating Cold War era infrastructure and employing modern technology to consolidate activities allows the Army to free financial and human resources that we can then focus on our core warfighting mission. The stationing initiative is 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. Our decisions to synchronize activities associated with restationing and realigning our global basing posture have been guided by the following key criteria:

- Meeting operational requirements
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws

- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities

The completion of this combined set of stationing initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st Century security environment, with our Soldiers and families living at installations that are truly “Flagships of Army Readiness.”

Infrastructure Quality

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

The quality of our installations is critical to the support of the Army’s mission, its Soldiers, and their families. Installations serve as the platforms we use to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force. Through its stationing plans, the Army will be able to focus future resources on key installations that provide the most value to our mission and provide the quality of life that our Soldiers and families deserve.

Base Realignment and Closure (BRAC) 2005

BRAC 2005 is the fifth round of BRAC actions that is now approved for implementation beginning in Fiscal Year 2006. BRAC 2005 actions are designed to optimize the Army's infrastructure assets in concert with, and in support of, the operational capacity and warfighting capabilities of the Army. BRAC 2005 is also designed to enhance the opportunities for joint activities with the creation of joint installations and joint operations that create more efficient and effective common business-oriented functions within the Department of Defense. As with prior rounds, the Army will achieve savings by divesting of installations that are no longer needed and are less efficient and effective in supporting a Joint and Expeditionary Army. BRAC 2005 goes beyond savings and provides transformational facilities and new opportunities for Joint operations and Joint business functions. As we reposition forces from overseas, our installations must support a Joint and Expeditionary Army.

BRAC recommendations became law on November 9, 2005, and by law, all recommendations must be completed by September 14, 2011. The Department of Defense and the Army recommended 12 major and 1 minor Army base closures and 53 Army base realignments. In addition, 176 Army Reserve and 211 National Guard facilities will close across 39 states and territories whose units will relocate to 125 new Armed Forces Reserve Centers.

BRAC execution should contribute to the following Army goals:

- Reducing cost and generate savings which can be reinvested
- Optimizing military value
- Advancing the Army Modular Force Initiative
- Accommodating the rebasing of overseas units
- Enabling the transformation of both the Active and Reserve Components as well as rebalancing the forces
- Contributing to joint operations

Integrated Global Presence and Basing Strategy (IGPBS)

IGPBS will relocate over 50,000 Soldiers and their families from Europe and Korea to the United States over the next five to six years. These moves are critical to ensure Army forces are properly positioned worldwide to respond in support of our National Military Strategy. The majority of the moves/restationing actions are incorporated within the BRAC Budget, but IGPBS also includes intra-theater moves. These include moves within Korea relocating units from north of Seoul to Camp Humphreys; within Germany from numerous installations to our major hub at Grafenwoehr/Vilseck, and moves from Germany to Italy to support the standup of a full Airborne Brigade Combat Team in Vicenza.

Army Modular Force

The Fiscal Year 2007 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of Fiscal Year 2006, we have funded 93 percent of the Military Construction requirements for the Stryker Brigade Combat Teams, including National Guard requirements in Pennsylvania. Remaining construction funding for both the Active Army and Army National Guard will be requested in future budget requests.

The Army Modular Force (AMF) initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of 3,500 to 4,000 Soldiers. BCTs increase the Army's combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support Soldiers where they live and work. The Army is requesting \$242 million in Fiscal Year 2007, to support BCTs. The remaining AMF requirements will be addressed in future budgets.

BRAC 2005 Implementation Strategy

The Army will execute BRAC 2005 by implementing interrelated events starting with realignment of the operational forces of the Active Army, both inside and outside the United States, at installations DoD-wide, capable of training modular formations at home station. The Army will create Joint and Army Training Centers of Excellence to enhance coordination, doctrine development, training effectiveness, and improve operational and functional efficiencies.

The Army will transform the Reserve Components by realigning and closing facilities to reshape the command and control functions and force structure and to create Joint or multi-functional installations. The Army will close 387 Army Reserve and National Guard facilities and build 125 new multi-component Armed Forces Reserve Centers distributed throughout the United States and Puerto Rico. The new Armed Forces Reserve Centers will improve the readiness and ability of Reserve and National Guard units to train, alert, and deploy in support of current and future contingency operations, including homeland defense. In addition, the Army will disestablish ten Army Reserve Regional Readiness Commands and establish four Regional Readiness Sustainment Commands and six new deployable warfighting units.

In the United States, the Army will consolidate four Installation Management Agency regions into two and also consolidate the Installation

Management Agency, Army Community and Family Support Center, and the Army Environmental Center in San Antonio, Texas.

The Army will partner with DoD to consolidate DoD Research, Development, Test, and Evaluation organizations to enhance support of DoD transformation and Joint Operations and realign or close installations to co-locate headquarters with subordinate commands or to station organizations with their service counterparts to provide responsive, quality, and cost-effective medical and dental care. Finally, the Army will transform materiel and logistics operations by realigning or closing installations to integrate critical munitions production and storage, manufacturing, depot-level maintenance, and materiel management to enhance Joint productivity and efficiency and to reduce cost.

BRAC 2005 Budget

The Army will apply all the necessary resources to accomplish the BRAC 2005 mission. In Fiscal Year 2006, the Army will execute over \$865 million to initiate both BRAC and IGPBS, and begin required National Environmental Policy Act actions for all BRAC 2005 requirements. The Army will begin planning and design for projects in Fiscal Years 2006, 2007, and 2008, and begin construction of ten projects in Fiscal Year 2006. The Army will execute \$3,608 million to continue actions for BRAC 2005 requirements in Fiscal Year 2007.

Prior BRAC

In 1988, Congress established the Defense Base Realignment and Closure Commission to ensure a timely, independent, and fair process for closing and realigning military installations. Since then, the Department of Defense has successfully executed four rounds of base closures to reduce infrastructure and align the military's infrastructure to the current security environment and force structure. Through this effort, the Army estimates

approximately \$10.7 billion in savings through 2006 – more than \$900 million annually from previous BRAC rounds..

The Army is requesting \$51.3 million in Fiscal Year 2007 for prior BRAC rounds (\$6.2 million to fund caretaking operations of remaining properties and \$45.1 million for environmental restoration). In Fiscal Year 2007, the Army will complete environmental restoration efforts at two installations, leaving eight remaining BRAC installations requiring environmental restoration.

To date, the Army has spent \$2.5 billion on BRAC environmental restoration. We have disposed of 229,129 acres (89 percent of the total acreage disposal requirement of 258,607 acres), with 29,478 acres remaining to dispose of at 15 installations.

THE WAY AHEAD

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

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

Barracks. Providing safe, quality housing is a crucial commitment the Army has made to its Soldiers. We owe single Soldiers the same quality housing that is provided to married Soldiers. Modern barracks are

shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 14th year of its campaign to modernize barracks to provide 136,000 single enlisted permanent party Soldiers with quality living environments. The new complexes meet DoD "1+1" or equivalent standard by providing two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

Family Housing. This year's budget continues our significant investment in our Soldiers and their families by supporting our goal to have contracts and funding in place to eliminate inadequate housing at enduring installations by Fiscal Year 2007 in the U.S. and by Fiscal Year 2008 overseas. For families living off-post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

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

Leveraging Resources

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as the Residential

Communities Initiative (RCI), Utilities Privatization, and build-to-lease family housing in Europe and Korea represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation funded construction.

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

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage non-traditional builders to compete. Small business opportunities and set-aside programs will be addressed, as well as incentives for good performance. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

MILITARY CONSTRUCTION

The Army's Fiscal Year 2007 budget request includes \$7.63 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and Base Realignment and Closure.

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$1,982,432,000	\$2,059,762,000	\$2,059,762,000
Military Construction Army National Guard (MCNG)	N/A	\$473,197,000	\$473,197,000
Military Construction Army Reserve (MCAR)	N/A	\$166,487,000	\$166,487,000
Army Family Housing Construction (AFHC)	\$594,991,000	\$594,991,000	\$594,991,000
Army Family Housing Operations (AFHO)	\$676,829,000	\$676,829,000	\$676,829,000
BRAC 95 (BCA)*	\$51,340,000	\$51,340,000	\$51,340,000
BRAC 2005 (BCA)*	\$3,608,234,000	\$3,608,234,000	\$3,608,234,000
TOTAL	\$6,913,826,000	\$7,630,840,000	\$7,630,840,000

*BRAC Fiscal Year 2007 Budget will be submitted by OSD in March 2006

MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army Fiscal Year 2007 Military Construction budget request is \$1,982,432,000 for authorization and \$2,059,762,000 for authorization of appropriations and appropriation. These projects will provide the infrastructure necessary to ensure continued Soldier readiness and family well-being.

Soldiers as our Centerpiece Projects. The well-being of our Soldiers, civilians, and families is inextricably linked to the Army's readiness. We are requesting \$934 million or 46 percent of our MCA budget for projects to improve well-being in significant ways.

The Army continues to modernize and construct barracks to provide enlisted single Soldiers with quality living environments. This year's budget request includes 24 barracks projects to provide improved housing for 5,450 Soldiers and new barracks in support of major stationing

moves. With the approval of \$840 million for new barracks in this budget, 89 percent of our requirement will be funded at the “1+1” or equivalent standard.

We are requesting the second increment of funding, \$135 million, for four previously approved, incrementally funded, multiple-phased barracks complexes. In addition, we are requesting full authorization of \$408 million for an incrementally funded brigade complex, but only requesting \$102 million in appropriations for this project in Fiscal Year 2007. Our plan is to award this complex subject to subsequent appropriations, as single contracts to gain cost efficiencies, expedite construction, and provide uniformity in like facility types. The Fiscal Year 2007 budget also includes a \$26 million physical fitness center, which incorporates a child development center, and eight additional child development centers for \$68 million. This will provide more than 1,800 child spaces to allow Soldiers to focus on their missions, knowing their families are being provided for.

Overseas Construction. Included in this budget request is \$526 million in support of high-priority overseas projects. In Germany, we continue our consolidation of units to Grafenwoehr as part of our Efficient Basing – Grafenwoehr initiative. This is our fifth and next to last year of funding. Funding requested this year will bring us to 89 percent funded for this initiative. This initiative allows us to close numerous installations as forces relocate to the U.S. and within Europe saving base support and enhancing training. In Korea, we are again requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the U.S. and Republic of Korea Ministry of Defense. Our request for funds in Italy is IGPBS related and relocates forces from Germany to Vicenza to create a full Airborne BCT as part of the Army’s transformation to a modular force. The Airborne BCT complex also includes new barracks to house 570

Soldiers. Additional locations in Germany will close as construction is completed.

Current Readiness Projects. Projects in our Fiscal Year 2007 budget will enhance training and readiness by providing deployment and maintenance facilities, brigade complexes and headquarters, other operational and administration facilities, and an overseas Forward Operating Site base camp for \$34.8 million that will provide a brigade (minus)-sized operational facility to support rotational training, allow for increased U.S. partnership training, and promote new military to military relationships.

We will also construct a battle seminar facility, combined arms collective training facilities, shoot houses, digital multipurpose training ranges, and purchase land to support collective training. These facilities will provide our Soldiers realistic, state-of-the-art live-fire training. We are requesting a total of \$613 million for these high-priority projects. We are also requesting the second and final phase of funding of \$13 million for a defense access road.

Army Modular Force Projects. Our budget supports transformation of the Army to a modern, strategically responsive force. Our budget request contains \$276 million for five brigade complexes and other facilities. Additionally, there are eight child development centers, and new barracks to house 1,130 Soldiers in support of the Army Modular Force.

Other Support Programs. The Fiscal Year 2007 MCA budget includes \$192 million for planning and design of future projects. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The Fiscal Year 2007 budget requests \$21 million for oversight of approximately \$800 million of host nation funded construction for all Services in Japan, Korea, and Europe.

The Fiscal Year 2007 budget also contains \$23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's Fiscal Year 2007 Military Construction request for \$473,197,000 (for appropriation and authorization of appropriations) is focused on Current Readiness, Transformation, and other support and unspecified programs.

Current Readiness. In Fiscal Year 2007, the Army National Guard has requested \$161 million for eight projects to support current readiness. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are four maintenance facilities, two training projects, one Readiness Center, and an Armed Forces Reserve Center.

Army Modular Force. This year, the Army National Guard is requesting \$234 million for 32 projects in support of our new missions. There are 12 projects for the Stryker Brigade Combat Team initiative, eight for our Army Division Redesign Study, seven Range projects to support the Army Range and Training Land Strategy, and five Aviation Transformation projects to provide facilities for modernized aircraft and change unit structure.

Other Support Programs. The Fiscal Year 2007 Army National Guard budget also contains \$57 million for planning and design of future projects and \$21 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve's Fiscal Year 2007 Military Construction request for \$166,487,000 (for appropriation and authorization of appropriations) is for Current Readiness and other support and unspecified programs.

Current Readiness. In Fiscal Year 2007, the Army Reserve will invest \$125.1 million to construct five new Army Reserve Centers and two Armed Forces Reserve Centers; and invest \$13.7 million to construct a general purpose warehouse – for a total facility investment of \$138.8 million. Construction of the seven Reserve Centers will support over 3,800 Army Reserve Soldiers and civilian personnel. In addition, the Army Reserve will invest \$5.2 million to construct three training ranges, which will be available for joint use by all Army components and military services.

Other Unspecified Programs. The Fiscal Year 2007 Army Reserve budget request includes \$19.5 million for planning and design for future year projects and \$3.0 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's Fiscal Year 2007 family housing request is \$594,991,000 (for authorization, authorization of appropriation, and appropriation). It continues the successful Whole Neighborhood Revitalization initiative approved by Congress in Fiscal Year 1992 and our Residential Communities Initiative (RCI) program.

The Fiscal Year 2007 new construction program provides Whole Neighborhood replacement projects at five locations in support of 538 families for \$241.8 million using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In Fiscal Year 2007, we are requesting \$180.1 million for improvements to 1,084 existing units at four locations in the United States and three locations in Europe, as well as \$156.8 million for scoring and direct equity investment in support of the privatization of 1,615 units at five RCI locations.

In Fiscal Year 2007, we are also requesting \$16.3 million for planning and design for future family housing construction projects critically needed for our Soldiers.

Privatization. RCI, the Army's Family Housing privatization program, is providing quality, sustainable housing and communities that our Soldiers and their families can proudly call home. This highly successful program is a critical component of the Army's effort to eliminate inadequate family housing in the United States. The Fiscal Year 2007 budget request of \$156.8 million provides equity investment to privatize housing at two installations and revise development plans to build new housing at three previously privatized installations.

We are leveraging appropriated funds and Government assets by entering into long-term partnerships with nationally recognized private sector real estate development/management and homebuilder firms to obtain financing and management expertise to construct, repair, maintain, and operate family housing communities.

The RCI program currently includes 43 installations with a projected end state of over 82,000 units – over 90 percent of the family housing inventory in the United States. The Army has privatized over 60,000 homes through December 2005, and by the end of Fiscal Year 2007, we will have privatized housing at 36 installations with an end state of more than 76,000 homes.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's Fiscal Year 2007 family housing operations request is \$676,829,000 (for appropriation and authorization of appropriations), which is approximately 53 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$125 million). The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities (\$106 million). The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel.

Maintenance and Repair (\$205 million). The maintenance and repair (M&R) account supports annual recurring projects to maintain and revitalize family housing real property assets. Since most Family Housing operational expenses are fixed, M&R is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and family quality of life.

Leasing (\$215 million). The leasing program provides another way of adequately housing our military families. The Fiscal Year 2007 budget includes funding for 12,091 housing units, including existing Section 2835

("build-to-lease" – formerly known as 801 leases) project requirements, temporary domestic leases in the United States, and 6,387 units overseas.

RCI Management (\$26 million). RCI management program provides operating funds for the privatization of military family housing. RCI costs include pay and travel of Army personnel, selection of private sector partners, environmental studies, real estate surveys, consultants to assist with developing and implementing projects, and oversight and analyses of the privatized housing portfolio.

OPERATION AND MAINTENANCE

The Fiscal Year 2007 Operation and Maintenance budget includes \$2.384 billion in funding for Sustainment, Restoration, and Modernization (S/RM), \$30.6 million for demolition, and \$6.396 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our Military Construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Agency to best utilize this funding.

Sustainment, Restoration, and Modernization (S/RM). S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

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

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

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

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the DoD Executive Agent for the Homeowners Assistance Program (HAP). This program provides assistance to eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions as a result of DoD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market. For Fiscal Year 2007, HAP will maintain a baseline program. The Fiscal Year 2007 baseline program will be sustained with prior year unobligated funds and revenue from sales of acquired properties. The

HAP baseline program assistance will be continued for personnel at installations that are impacted by non-BRAC DoD closure or realignment activities resulting in adverse economic effects on local communities.

SUMMARY

Mr. Chairman, our Fiscal Year 2007 budget is a balanced program that supports our Soldiers and their families, the Global War on Terrorism, Army transformation, readiness, BRAC 2005, and DoD installation strategy goals. We are proud to present this budget for your consideration because of what this \$7.63 billion Fiscal Year 2007 budget will provide for our Army:

- New barracks for 7,150 Soldiers
- New housing for 1,622 families
- Management of 76,668 privatized homes
- Operation and sustainment of 45,454 government-owned and leased homes
- New or improved Readiness Centers for over 3,300 Army National Guard Soldiers
- New Reserve Centers for 3,800 Army Reserve Soldiers
- \$175 million investment in training ranges
- Facilities support for two Stryker Brigades
- Facilities support for the Integrated Global Presence and Basing Strategy, European Theater
- Facilities support for six Modular Force Transformations

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

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