

Stenographic Transcript
Before the

Subcommittee on
Readiness and Management Support

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON MILITARY
CONSTRUCTION, ENVIRONMENTAL, ENERGY, AND BASE
CLOSURE PROGRAMS IN REVIEW OF THE DEFENSE
AUTHORIZATION REQUEST FOR FISCAL YEAR 2016 AND THE
FUTURE YEARS DEFENSE PROGRAM

Wednesday, March 11, 2015

Washington, D.C.

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U.S. Senate

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Subcommittee on Readiness and

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Management Support

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Committee on Armed Services

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Washington, D.C.

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The subcommittee met, pursuant to notice, at 2:32 p.m.

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in Room SH-216, Hart Senate Office Building, Hon. Kelly

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Ayotte, chairman of the subcommittee, presiding.

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Committee Members Present: Senators Ayotte

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[presiding], Rounds, Ernst, Kaine, Hirono, and Heinrich.

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1 OPENING STATEMENT OF HON. KELLY AYOTTE, U.S. SENATOR
2 FROM NEW HAMPSHIRE

3 Chairman Ayotte: Good afternoon. Today, the Readiness
4 Subcommittee meets to receive testimony on military
5 construction, facility sustainment, environmental and energy
6 programs of the Department of Defense. Senator Kaine and I
7 look forward to working with you very much this Congress, as
8 we have the opportunity of leading this important
9 subcommittee of the Armed Services Committee.

10 We are joined today by Mr. John Conger, who is
11 performing the duties of Assistant Secretary of Defense for
12 Energy Installations and Environment; the Hon. Katherine
13 Hammack, Assistant Secretary of the Army for Installations
14 and Environment; the Hon. Dennis McGinn, Assistant Secretary
15 of the Navy for Energy, Installations, and Environment; and
16 the Hon. Miranda Ballentine, the Assistant Secretary of the
17 Air Force for Installations, Environment, and Energy.

18 We look forward to hearing your testimony, and I,
19 certainly, appreciate Mr. Conger being here since he is a
20 Granite Stater. It is always great to see you.

21 Well-maintained, modern Department of Defense
22 installations play an essential role in maintaining the
23 readiness of our Armed Forces. Military construction
24 projects are not just buildings. They are the homes and
25 barracks in which our soldiers, sailors, airmen, and marines

1 live. They are the facilities where servicemembers and our
2 skilled Department of Defense civilians work, train, conduct
3 maintenance and support operations. That is why we must not
4 shortchange military construction or facilities sustainment,
5 restoration, and modernization funding.

6 The Department of Defense has proposed a budget for
7 2016 that includes \$8.4 billion for military construction,
8 including family housing, and \$10.6 billion for facility
9 sustainment, restoration, and modernization.

10 I look forward to discussing this request in detail.

11 I will also be interested in hearing from our witnesses
12 about the impact on these programs of a potential return to
13 defense sequestration. We need a defense budget based on
14 our national security interests and the threats we face, not
15 an arbitrary budget that is based on caps, which ignore the
16 fact that the foremost responsibility of the Federal
17 Government is to protect the American people.

18 And I look forward to working in a bipartisan way with
19 the members of this committee to address defense
20 sequestration.

21 Before I turn to my ranking member and we hear from the
22 witnesses, I would like to address some military
23 construction issues that are important to New Hampshire and
24 our National Guard and my constituents who work at the
25 Portsmouth Naval Shipyard.

1 I had the opportunity to welcome recently the Air Force
2 Chief of Staff, General Welsh, to Pease Air National Guard
3 Base last month, where we discussed ongoing preparations for
4 the KC-46A. In anticipation of the arrival of the KC-46A, I
5 am very pleased that the \$41.9 million in military
6 construction projects at Pease Air National Guard Base that
7 we authorized last year in the 2015 NDAA are moving ahead.

8 More specifically, the projects will modernize the
9 aircraft ramp refueling system, reconfigure the airfield's
10 parking apron and taxi lanes, and expand and upgrade two
11 aircraft hangars that are on track.

12 I am also is very pleased that the department is
13 requesting \$2.8 million for fiscal year 2016 to upgrade the
14 flight simulator at Pease to allow our pilots to train for
15 the bedding of the KC-46A.

16 While there is very positive milcon progress for New
17 Hampshire, in terms of the Air National Guard, I continue to
18 be troubled by the condition of New Hampshire Army National
19 Guard readiness centers, and I know that we've talked about
20 this in our meetings. This is a trend that I know is
21 reflected across the country.

22 However, the condition of readiness centers in New
23 Hampshire is particularly unacceptable. The average
24 condition index of New Hampshire Army National Guard
25 readiness centers is poor, 64 out of 100, and ranking New

1 Hampshire 51 out of 54 States and territories evaluated
2 nationwide.

3 The Manchester Readiness Center was constructed in
4 1938. It does not comply with building code standards, as
5 well as life, health, safety, and antiterrorism force
6 protection standards.

7 Members of the New Hampshire Army National Guard and
8 servicemembers like them around the country deserve better,
9 and I am pleased that the department is finally requesting
10 funding for the New Hampshire Army National Guard vehicle
11 maintenance shops in Hooksett and Rochester for 2017, as
12 well as readiness centers in Pembroke and Concord for 2018
13 and 2020, respectively.

14 Considering the poor state of New Hampshire Army
15 National Guard facilities, it is essential that these
16 projects not be postponed and that they stay on schedule.

17 I also look forward to addressing the milcon situation
18 at Portsmouth Naval shipyard, which is the Navy center of
19 excellence for fast attack submarine maintenance,
20 modernization, and repair. And I also look forward, with
21 the ranking member, to talking about and having hearings
22 about the importance of our shipyards.

23 I would like to get an update on the P-266 structural
24 shops consolidation reprogramming from all of you. And I
25 look forward to discussing two other military construction

1 projects that I understand have been delayed from fiscal
2 year 2016 to 2018, and that is the P-309 crane rail and P-
3 285 barracks.

4 Finally, the department is once again seeking authority
5 for another round of base realignment and closure, or BRAC,
6 a BRAC round, despite the cost and inefficiencies associated
7 with the 2005 BRAC round. That round is conservatively
8 estimated to have cost \$35 billion and has been the subject
9 of much discussion and criticism.

10 Even after acknowledging the shortcomings of the 2005
11 round, the department continues to request the same
12 legislative framework. I remain opposed to BRAC and do not
13 want to give the department the open-ended authority to
14 pursue another BRAC round that has the potential to incur
15 significant upfront costs when we do not have the room in
16 our budget in the next few years to afford many of the
17 fundamental readiness issues that we need to address.

18 I thank our witnesses for being here and for all that
19 you do for our country, and I would like to turn it over to
20 my ranking member, Senator Kaine from Virginia.

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1 STATEMENT OF HON. TIM KAINED, U.S. SENATOR FROM
2 VIRGINIA

3 Senator Kaine: Thank you, Madam Chairwoman. And thank
4 you all for your service and for being here today, and also
5 to all of our colleagues who are joining us for this
6 important discussion. The hearing is to receive testimony
7 on military construction, environmental, energy, and base
8 closure programs, as we look at the defense authorization
9 request for fiscal year 2016 and Future Years Defense
10 Programs. These are important topics, and let me just
11 address a couple of them, getting right to it.

12 And, Madam Chair, I do look forward to working with
13 you. This committee is really a good one in the Senate
14 because we have such a tradition of bipartisanship. That
15 doesn't mean we don't have differences of opinion, because
16 these are tough issues. We are going to have differences of
17 opinions on many issues. But we work in a bipartisan way,
18 and I know that that is the way this subcommittee will
19 operate.

20 On the military construction side, as the chairwoman
21 indicated, the budget is \$8.4 billion. The good news is
22 that is \$1.5 billion higher than fiscal year 2015. That is
23 good, but in historical perspective, the milcon requests
24 that were forwarded to the DOD in the early 2000s to
25 Congress averaged about \$20 billion a year.

1 The budget request for facility sustainment,
2 restoration, and modernization is trending positively, 81
3 percent of the requirement necessary to keep facilities in
4 good working order would be met by this request, up from 65
5 percent last year. That is positive, but that would
6 suggest, even if we met the request, 20 percent of our needs
7 would remain unfunded. That can lead, over time, to
8 degradation of facilities that our servicemembers live and
9 work in, higher costs to address deficiencies, to do
10 repairs, and to ultimately need to replace the
11 infrastructure sooner than you otherwise would have to if
12 you were maintaining it at an optimal level.

13 On the energy side, the DOD is the largest energy user
14 in government, and it continues to make significant
15 operational investments in fiscal year 2016. This is a
16 statistic that kind of stunned me when I came across it.
17 During operation Iraqi Freedom, 20 percent of all casualties
18 came from units having to protect resupply convoys, of which
19 70 percent to 80 percent of resupply was for water and fuel.
20 So the energy, fuel, water issues are critical.

21 There shouldn't be anything politically divisive about
22 investments that enhance combat capabilities, save lives,
23 increase energy security, and reduce the logistical burdens
24 that can lead to insecurity. The Navy invests in more
25 efficient hull coatings, stern flaps, and bow bulbs that

1 allow ships to stay out an extra week and use fuel more
2 efficiently. This results in a longer presence at sea
3 without intrusive maintenance.

4 I continue to support these smart investments and urge
5 my colleagues to do the same.

6 One success story in the last years has been the
7 tremendous drop in the per unit cost for purchases of
8 biodiesel. Even between 2012 and today, we have seen a drop
9 in the per gallon costs from the \$12 range to the \$3.50
10 range, with more positive developments to come.

11 I am encouraged to see that climate change adaptation
12 roadmap last year, because the DOD is the environmental
13 stewards of tens of thousands, hundreds of thousands of
14 acres of land in the U.S. for decades, and are some of the
15 most forward-thinking stewards of these land resources.

16 Virginia understands very, very well that weather
17 events have severe consequences on the operation of our
18 military. Mr. Conger was with us this summer in Hampton
19 Roads in August, when we held a community-wide discussion
20 about the effects of sea level rise and its critical impact
21 on a number of Virginia bases, including the largest naval
22 base in the world, the Norfolk Naval Base and Langley Air
23 Force Base.

24 The Norfolk Naval Shipyard experiences today floods on
25 a regular basis, deploys over 10,000 sandbags along with a

1 floodwall and a super-floodwall under its destructive
2 weather plan. There are plans at this space to build an
3 additional 8,000-foot floodwall to protect the shipyard and
4 its drydock from the effects of sea level rise.

5 These are not tomorrow issues. They are today issues.

6 Underpinning all these, as the chairwoman ably stated,
7 is the need to remove budget caps wisely and to, thus,
8 reduce the threat of sequestration.

9 In a hearing yesterday in the full committee, I said,
10 as somebody who has done a lot of budgets in the private
11 sector and public sector, sequestration violates every last
12 budget principal that any wise public or private sector
13 manager would embrace.

14 And there isn't any reason that we should just keep
15 drifting along on this path when we have the capacity to
16 change it. And that is something that, as both a Budget and
17 Armed Services Committee member, I want to work on.

18 The tools that have allowed the Department of Defense
19 to weather the first few years of sequestration, the budget
20 storms, the furloughs, the government shutdowns, the
21 uncertainty, those tools, largely, the easy tools have been
22 used. So there were unobligated balances that have now been
23 used, and other tools that are not so easy to come by as a
24 shock absorber. So if the budget caps remain in place, the
25 DOD will be forced to sacrifice much needed investments in

1 facilities, energy, and environmental cleanup. Readiness
2 seems to take the most significant hit.

3 So what your views are on these issues are critical.

4 Finally, I will just say a word about BRAC. I have
5 been involved in BRAC from many different sides of the
6 aisle. As a mayor, as a governor in the 2005 round,
7 lieutenant governor and governor, working on BRAC issues.
8 While I, certainly, understand the need to periodically
9 rationalize base infrastructure, just like we analyze what
10 weapons system makes sense, or should there be changes to
11 the personnel, we have to look at all the assets on the
12 table, especially at a time when we have a significant
13 budget deficit and debt.

14 I have had questions about the BRAC process, whether it
15 is the best way to do that very thing. And as the
16 chairwoman indicated, while we wouldn't necessarily assume
17 that 2005 would be precisely analogous, nevertheless, the
18 2005 BRAC round was not a cost-saver. It was a cost
19 increase that significantly exceeded the budget at that
20 time. And we have, I think, some legitimate worries about
21 whether it would be the same.

22 So we look forward to hearing your views on those going
23 forward as well.

24 Senator Ayotte, thanks for calling this hearing.

25 For the witnesses, thanks for your service, and we look

1 forward to your testimony. And I know all members will have
2 significant questions.

3 Thanks very much.

4 Senator Ayotte: Thank you so much, Senator Kaine.

5 And I would like to call Mr. Conger for his testimony.

6 Thank you.

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1 STATEMENT OF JOHN C. CONGER, PERFORMING THE DUTIES OF
2 ASSISTANT SECRETARY OF DEFENSE, ENERGY, INSTALLATIONS AND
3 ENVIRONMENT

4 Mr. Conger: Thank you very much. Chairwoman Ayotte,
5 Ranking Member Kaine, distinguished members of the
6 subcommittee, I appreciate the opportunity to be here to
7 discuss the department's fiscal year 2016 request for
8 energy, installations, and environment.

9 My written statement addresses the budget request in
10 detail. So instead of summarizing it, I would like to raise
11 just two topics for you to consider as we enter today's
12 discussion.

13 First, we cannot contemplate the budget request without
14 considering the context of the BCA caps. The department
15 submitted a budget request that was \$35 billion higher than
16 the caps, \$38 billion higher than last year. Forcing us to
17 adhere to these caps will have reverberations across the
18 budget.

19 The President's budget request includes a significant
20 increase for facilities over last year's request, nearly \$2
21 billion in milcon and \$2.5 billion in facilities,
22 sustainment, and recapitalization. Legislation will be
23 required to provide relief from the Budget Control Act caps,
24 like the relief provided by the bipartisan Budget Act a
25 couple years ago.

1 If you must adhere to the BCA caps, Congress will have
2 to cut \$35 billion from this request and will, certainly,
3 have to consider cutting funds from the request for
4 facilities.

5 On this note, I would like to recognize the strong
6 support of this committee, of Chairman McCain, of Senator
7 Reed, and appreciate the fact that they have already
8 advocated a higher budget figure to the Senate Budget
9 Committee.

10 The second issue I wanted to raise was BRAC. It should
11 be no surprise that we are again requesting authority to
12 conduct a BRAC round. As we deal with this constrained
13 budget environment, considerable force structure decreases
14 since 2005, we must look for ways to divest excess spaces
15 and to reduce the cost of supporting our smaller force
16 structure.

17 I wanted to make a few key points about BRAC as we go
18 into today's discussion.

19 First, the Army and the Air Force have done analyses,
20 indicating 18 percent and 30 percent excess capacity
21 already. I will note that the Army's analysis is based on a
22 figure of 490,000 soldiers, not the projected 450,000. This
23 aligns with our prediction, based on the analysis we
24 performed in 2004. There is clearly enough excess to
25 justify another BRAC round.

1 Second, partially in response to Congress' urging, we
2 conducted a BRAC-like review of European facilities,
3 delivered to Congress in January 2015, which we project will
4 save more than \$500 million annually, once implemented.

5 I am happy to take questions on that when we enter into
6 the discussion.

7 And third, in this budget environment, a new round of
8 BRAC must be focused on efficiencies. I know BRAC 2005 was
9 unpopular, expensive, and not necessarily the way that this
10 committee would want to see a BRAC handled. But the
11 recommendations from that round were not necessarily
12 designed to save money. That was the problem.

13 We did an analysis of those recommendations and found
14 that roughly half of the recommendations would pay back in
15 less than 7 years. From the outset, that was the intent.
16 And from the outset, the intent was for the other half to
17 have either no payback at all or to payback in more than 7
18 years.

19 If you look at the planned efficiency recommendations,
20 those cost \$6 billion and pay back \$3 billion a year in
21 perpetuity. That shows that when we want to save money, we
22 do.

23 The other recommendations, the ones that were more
24 transformational in nature, that were never intended to save
25 money, cost \$29 billion and save \$1 billion a year. So

1 successfully, we don't save money when we are not trying to.

2 So the point is that if we wanted to hold an efficiency
3 BRAC round that mirrors the success of the 1990s, we can.

4 The new issue that has been raised during this year's
5 discussions the chair mentioned earlier, is that we can't
6 expect Congress to pass our legislative proposal because it
7 mirrors the 2005 legislation. I understand the reality that
8 no matter how many times the administration asserts that a
9 future BRAC round will be about cost savings, Congress may
10 want more than just our assurance.

11 Let me be clear, we are open to a discussion on this
12 point. And I would like to solicit your suggestions as to
13 changes in the BRAC legislation that would make it more
14 acceptable. I would offer that Congressman Smith from the
15 House Armed Services Committee introduced a proposal last
16 year that puts more constraints on what we might do in
17 execution of BRAC recommendations.

18 I would note that, in last year's defense authorization
19 bill, there was a cost cap placed on the Guam relocation
20 that we were told to spend no more than this amount, you
21 have no more authority than this. A model like that would
22 be worth discussion.

23 There are a number of things we can do. We are not
24 necessarily wedded to the original proposal. We want to
25 have a conversation about this.

1 So with that, let me yield back. I appreciate your
2 time and look forward to your questions.

3 [The prepared statement of Mr. Conger follows:]

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1 Senator Ayotte: Thank you, Mr. Conger.
2 Ms. Hammack?
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1 STATEMENT OF HON. KATHERINE G. HAMMACK, ASSISTANT
2 SECRETARY OF THE ARMY, INSTALLATIONS, ENERGY AND ENVIRONMENT

3 Ms. Hammack: Chairwoman Ayotte and Ranking Member
4 Kaine, and other members of the committee, thank you for the
5 opportunity to talk about the Army's fiscal year 2016 budget
6 for military construction, Army family housing,
7 environmental, and energy.

8 To lay the framework, the velocity of instability
9 around the world has increased, and the Army is now
10 operating on multiple continents simultaneously in ways
11 unforeseen a year ago. And although we believe we can meet
12 the primary missions of the Defense Strategic Guidance
13 today, our ability to do so has become tenuous.

14 Fiscal challenges brought on by the Budget Control Act
15 strain our ability to bring into balance readiness,
16 modernization, and end strength. Even as demand for Army
17 forces is growing, budget cuts are forcing us to reduce end
18 strength and base support to dangerously low levels.

19 We face a mismatch between requirements and resources.
20 And although, in 2016, the Army is asking for a 26 percent
21 increase from 2015 in military construction, family housing,
22 and base closure activities, our budget request is a 33
23 percent reduction from fiscal year 2014, and a 55 percent
24 reduction from fiscal year 2013.

25 So as force structure declines, we must right-size the

1 supporting infrastructure. We must achieve a balance
2 between the cost of sustaining infrastructure and Army
3 readiness, because degraded readiness makes it more
4 difficult for us to provide for the common defense.

5 The BCA increases risk for sending insufficiently
6 trained and underequipped soldiers into harm's way, and that
7 is not a risk that this Nation should accept.

8 We need a round the base closure and realignment in
9 2017. Without a BRAC, the realized cost savings from a
10 BRAC, the only alternative is to make up for shortages in
11 base funding by increasing risk and readiness.

12 We did conduct a facility analysis, like Mr. Conger
13 talked about, based upon our 2013 audited real property, and
14 determined that excess facility capacity is 18 percent at a
15 force of 490,000.

16 As Army force structure declines even further, excess
17 capacity is going to grow. We must size and shape the Army
18 facilities for the forces that we support.

19 The European infrastructure consolidation review
20 addressed excess capacity in Europe. For the Army, an
21 investment of \$363 million results in annual savings of \$163
22 million, which is less than a 3-year payback. Our focus was
23 to reduce capacity, not capabilities.

24 We are facing critical decisions that will impact our
25 capabilities for the next decade. It is important that we

1 make the right decisions now.

2 Without the savings from a BRAC round, the risk is that
3 our installations will experience larger cuts than would
4 otherwise occur. We look forward to working with Congress
5 to ensure the Army is capable of fulfilling its many
6 missions.

7 So on behalf of soldiers, families, and civilians, and
8 the best Army in the world, thank you for the opportunity to
9 be here today. I look forward to your questions.

10 [The prepared statement of Ms. Hammack follows:]

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1 Senator Ayotte: Thank you, Secretary Hammack.
2 Secretary McGinn?
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1 STATEMENT OF HON. DENNIS V. MCGINN, ASSISTANT
2 SECRETARY OF THE NAVY, ENERGY, INSTALLATIONS AND ENVIRONMENT

3 Mr. McGinn: Chairman Ayotte, Ranking Member Kaine,
4 members of the committee, I would like to start my testimony
5 by noting the tragic loss overnight of 11 patriotic
6 Americans in the Gulf of Mexico, four Army National Guard,
7 seven Marines. We send our thoughts and prayers to their
8 families, and hope that they find solace in the fact that
9 the loss of their loved ones was in the service of our
10 country.

11 The world events of last year and the first part of
12 this year demonstrate the complex and unpredictable nature
13 of our times. From the rise of the Islamic state, an
14 emboldened Russian Federation, outbreak of the Ebola virus,
15 the Navy and Marine Corps team has been on station forward
16 as America's first responders, operating around the clock
17 and around the world.

18 Our installations provide the backbone of support for
19 our maritime forces, enabling that forward presence. Our
20 Nation's Navy and Marine Corps team must have the ability to
21 sustain and project power, effect deterrence, and provide
22 humanitarian assistance in disaster relief whenever,
23 wherever, and for however long needed to protect the
24 interests of the United States and our allies.

25 Yet, fiscal constraints introduce additional complexity

1 and challenges as our department strives to strike the right
2 balance between resources, risk, and strategy.

3 The President's budget request for fiscal year 2016,
4 while supporting the 2014 Quadrennial Defense Review,
5 requests \$13.3 billion to operate, maintain, and
6 recapitalize our Department of the Navy shore
7 infrastructure.

8 This is a welcome increase of \$1.5 billion from amounts
9 appropriated in fiscal year 2015, but remains below the DOD
10 goal for facilities sustainment.

11 On the question of risk and reduced investment, we are
12 funding the sustainment restoration and modernization of our
13 facilities at a level to arrest the immediate decline in the
14 overall condition of our most critical infrastructure. By
15 deferring less critical repairs, especially for nonmission-
16 critical items, we acknowledge that we are allowing certain
17 facilities to degrade.

18 However, this budget has us headed back in the right
19 direction. Last year's budget risks would lead, if
20 continued, to rapid degradation of overall shore
21 establishment readiness, if continued into the future.

22 I will look forward to working with you to sustain the
23 warfighting readiness and quality of life for the United
24 States Navy and Marine Corps, the most formidable
25 expeditionary fighting force the world has ever known.

1 Thank you for the opportunity to testify, and I look
2 forward to your questions.

3 [The prepared statement of Mr. McGinn follows:]

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1 Senator Ayotte: Thank you, Secretary McGinn.

2 And please know, as a committee, that we offer our
3 condolences as well to the families and to those lost by the
4 Marines.

5 Mr. McGinn: Thank you.

6 Senator Ayotte: Thank you.

7 Secretary Ballentine?

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1 STATEMENT OF HON. MIRANDA A. A. BALLENTINE, ASSISTANT
2 SECRETARY OF THE AIR FORCE, INSTALLATIONS, ENVIRONMENT AND
3 ENERGY

4 Ms. Ballentine: Chairwoman Ayotte, Ranking Member
5 Kaine, and esteemed members of the subcommittee, I am
6 honored to testify before you today.

7 First, thank you for your support in 2014 and 2015, in
8 giving the Air Force much-needed relief from untenable
9 sequestration levels.

10 In my first 143 days on the job, but who's counting, I
11 have learned that the Air Force installations are simply too
12 big, too old, and too expensive to operate. And there are
13 really only two ways to make installations more affordable
14 and more viable. You can spend more money, or you can make
15 them cost less. Today, I am asking the Senate to help us do
16 both.

17 On the spend-more side of the equation, the Air Force's
18 President's budget 2016 \$1.6 billion milcon request and \$3.2
19 billion facilities sustainment, restoration, and
20 modernization request would allow us to begin to chip away
21 at the backlog of infrastructure projects that have
22 contributed to the degradation of combat readiness.

23 BCA-level funding of facilities budgets could cut
24 hundreds of millions of dollars from facilities projects and
25 would force the Air Force to make hundreds of no-win

1 decisions between all-important infrastructure projects, and
2 could have sober impacts to mission readiness.

3 On the cost-less side of the equation, the Air Force is
4 accelerating every tool in the toolkit, including enhanced-
5 use leases, energy service performance contracts, power
6 purchase agreements, and community partnerships.

7 Additionally, the Air Force has completed an updated
8 parametric infrastructure capacity analysis using real
9 property data in both current and future force structure
10 plans. We replicated the approach used in 1998 and 2004, as
11 approved by both GAO and Congress. And the Air Force
12 currently has about 30 percent excess infrastructure
13 capacity.

14 Thus, the Air Force strongly supports OSD's request
15 that Congress allow us to comprehensively, transparently
16 align infrastructure to operational needs through a BRAC
17 authorization.

18 Nothing about BRAC is easy, and congressional leaders
19 have shared three very specific concerns that I believe can
20 be best summarized as communities, dollars, and mission. So
21 let me address very briefly, from the Air Force perspective,
22 and, of course, we can talk further in the question section
23 of the hearing.

24 So first, communities, I have heard concerns that base
25 closures are simply too economically difficult for affected

1 communities. Air Force communities are some of our greatest
2 partners and supporters. Only BRAC authority provides
3 communities an avenue to engage in the process, as well as
4 access to economic support, if they are affected by BRAC. A
5 non-BRAC hollowing of bases does not.

6 Second, dollars, Congress rightly wants to ensure that
7 the savings of BRAC justify the costs. The 2005 BRAC round
8 cost the Air Force \$3.7 billion and saves the Air Force \$1
9 billion every single year. We completed it on time and
10 under budget.

11 In the business world, where I come from, that is a
12 good deal.

13 Third, mission, some have expressed concerns that
14 today's force structure may be too small and, therefore,
15 question the wisdom of rightsizing infrastructure to current
16 force structure. Let me assure you that infrastructure
17 decisions are driven by military value and then shaped by
18 budgetary realities.

19 Like in prior BRAC rounds, the military requirements in
20 the analysis will be set by operational planners. And the
21 BRAC process will be used to ensure that we have the right
22 infrastructure in the right places to support the right
23 force structure to meet the mission.

24 Taken together, improved milcon and FSRM budgets, plus
25 BRAC, and the range of other tools and programs I mentioned

1 make me optimistic that we can restore Air Force
2 installations to the place they need to be.

3 Chairwoman Ayotte, Ranking Member Kaine, and esteemed
4 members of the committee, thank you again for the
5 opportunity to represent America's airmen today, and I ask
6 for your full support of the Air Force's fiscal year 2016
7 requests, and look forward to your questions.

8 [The prepared statement of Ms. Ballentine follows:]

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1 Senator Ayotte: Thank you, Secretary Ballentine.

2 I want to thank all of you. I would just start, as I
3 mentioned in my opening statement, Secretary McGinn, I
4 wanted to follow up, which I had raised in the full Armed
5 Services Committee yesterday, about the reprogramming
6 requests for the shipyard, on the P-266 structural shops
7 consolidation, which we believe actually can save some money
8 because it is, unfortunately, falling apart at the moment.

9 Mr. McGinn: Madam Chairman, I noted the exchange that
10 you had yesterday in the hearing with Admiral Greenert and
11 his taking the question for the record. We will be working
12 with Admiral Greenert and his staff to provide you the
13 details.

14 Let me assure you, though, that we recognize the
15 tremendous value of Portsmouth, especially in the great work
16 they are doing keeping our attack submarines out there and
17 ready, and coming out of the yard on budget or under budget,
18 and faster than planned. That is absolutely essential.

19 As far as that particular project, we recognize that it
20 will in fact, in the long run, save money and it will
21 provide a much better platform, if you will, to continue the
22 great work that is done at Portsmouth.

23 We are in the process of doing a reprogramming request,
24 which will be coming to the Congress to make sure that the
25 dollars lineup with the requirements for the actual military

1 construction project.

2 Additionally, I had a good telephone call with Captain
3 Bill Carroll up at Portsmouth yesterday. I wanted to find
4 out from him on the ground exactly what other either milcon
5 projects or other things are going on. They have a really
6 nice, as you know, energy savings record.

7 Senator Ayotte: Yes. They are saving a tremendous
8 amount of energy and money by what they have been trying to
9 do.

10 Mr. McGinn: They are. We want to work with them to do
11 that even more through energy savings performance contracts,
12 a steam decentralization project, and to make sure that they
13 have the right kind of platform to take care of those great
14 boats.

15 Senator Ayotte: Great, and thank you.

16 Since we are on the topic of Portsmouth, I do have two
17 other areas that are being delayed, and that is P-285. That
18 is a situation where we have barracks there for our sailors
19 who have a hot-water distribution system that is beyond
20 repair and doesn't meet safety standards, and a fire
21 suppression system that isn't fully operational. So you can
22 imagine, in terms of safety, why we are a little worried
23 about that.

24 Mr. McGinn: Sure.

25 Senator Ayotte: And so that one has been delayed, and

1 it has been delayed from 2015 to 2018. So that is one, if I
2 can get a follow-up on, I would appreciate.

3 Mr. McGinn: Right.

4 Senator Ayotte: And then the other one would be in
5 terms of the P-309, which is a portal crane. This is one
6 where the crane that is used has some problems and capacity
7 restrictions, which limit efficiencies in drydocking. In
8 fact, there is an estimate that we lost 6 days a year of
9 operational availability for this crane. That one has been
10 delayed from 2016 to 2018 or 2019.

11 So those two, if you can let me know why they have been
12 delayed? Obviously, the longer we delay these things, we
13 miss money savings. I understand the fiscal challenges we
14 are facing, but --

15 Mr. McGinn: Right. I will be sure to get back to you
16 on those in detail.

17 Senator Ayotte: Excellent. Appreciate it.

18 I wanted to follow up, I know there has been a lot of
19 discussion among all of you on this issue of BRAC. Let me
20 just make clear up front, I continue to be opposed to BRAC.
21 But I do want to understand where we are, in terms of the
22 language that the department has submitted to us on BRAC.
23 It is identical, essentially, to the 2005 language. So you
24 can understand why Congress says that wasn't exactly what we
25 thought in terms of a BRAC round focused on cost.

1 But just so that we all understand, for the committee,
2 what kind of infrastructure does the department think needs
3 to be reduced?

4 And by service area, I know, Secretary Ballentine, you
5 talked about the Air Force. Can you give us more
6 specificity, in terms of whether we are talking about
7 ranges, warehouses, barracks, industrial facilities?
8 Because this, obviously, I think, is important for us to
9 have a better understanding of what types of facilities you
10 are thinking about.

11 And I also would like to understand which services are
12 you seeking a BRAC round for.

13 For example, as far as I understand, Secretary McGinn,
14 the Navy doesn't have excess capacity right now.

15 Mr. McGinn: I wouldn't go so far as to say we don't
16 have excess capacity. We would use a BRAC round as what I
17 would call a stress test, to make sure that we have the
18 right balance between our force structure and our base
19 infrastructure. The advantage of it is that it is very
20 disciplined. It is data-driven, analytical. And we would
21 use the results prudently.

22 One of the reasons that our need for BRAC is less
23 compelling is because we did so much since the very first
24 one in 1991. We closed 56 major installations, completely
25 closed them down, over 250 smaller installations or

1 facilities.

2 So our balance is fairly good right now. But we would
3 not want to avoid a BRAC. We would use it to our advantage.

4 Senator Ayotte: I think you have already testified
5 about what the Air Force excess capacity is, 20 percent.

6 Ms. Ballentine: Thirty percent excess infrastructure
7 capacity at this time. I would be happy to go through in
8 more detail specifically what we looked at.

9 The parametric-level capacity analysis doesn't allow us
10 to really get to the fine-grained detail that a full
11 comprehensive capacity analysis that we would do through the
12 BRAC structure would allow us to do.

13 But in the parametric capacity analysis, we look at
14 nine specific types of infrastructure, which I would be
15 happy to list for you now, or provide you for the record.

16 Senator Ayotte: I think it would be helpful, just
17 because I don't want to hold up my colleagues here, but I
18 think it is important for the committee that we understand
19 what you are requesting of us.

20 And I, certainly, think that we need some specificity.
21 I understand that is the purpose of undertaking this kind of
22 round, but just a sense of what kind of excess capacity you
23 think for the service areas.

24 So if that could be provided to the committee, I think
25 it would be very helpful.

1 Ms. Ballentine: Absolutely.

2 Senator Ayotte: Let me just note again, my going-in
3 position is that I am opposed to BRAC, but I would like this
4 information. You have spent a lot of time testifying about
5 it. I think that all of us should have the opportunity to
6 have more details on what kind of facilities you think are
7 excess, what it is by branch and represented, and what kind
8 of cost-savings you think can be achieved from it.

9 Thank you.

10 Senator Kaine: Thank you to the witnesses.

11 A number of topics, on the sequestration point, you
12 have all testified to the challenges that would result if
13 the budget caps were imposed as-is. I think the statistic I
14 thought was an interesting one is an improvement this year
15 so that we meet 81 percent of the requirements necessary to
16 keep our facilities in good working order, which is better
17 than last year. But that is at the President's proposed
18 2016 budget level.

19 So if we take \$35 billion out of the DOD budget,
20 because of the budget caps, then you are not at 81 percent.
21 I don't know exactly the portion of that you would absorb,
22 but you would be back down into the 65 percent or less. And
23 that imposes risks on the men and women who are working and
24 serving in these facilities.

25 Am I basically following your testimony?

1 Mr. Conger: That is pretty much it. We don't have a
2 specific BCA-level budget that we have the developed. But
3 the BCA caps are not dissimilar from last year's budget
4 request. And so it is probably instructive as to the puts
5 and takes, the trade-offs that we had to consider.

6 Senator Kaine: I want to focus on some of the climate
7 issues. Mr. Conger, I alluded to them in my opening.

8 You were a panelist at a bipartisan symposium that I
9 called this summer with three other Members of Congress,
10 Congressman Scott, Congressman Wittman, Congressman Rigell,
11 two Democrats, two Republicans. We had bipartisan mayors.

12 We held a hearing on sea level rise affecting our
13 military installations in Hampton Roads. We held it on a
14 Wednesday morning in August, the worst possible time to get
15 a good crowd. We had 500 people who showed up who were very
16 concerned about this issue. You were good enough to be a
17 panelist, to help us think this through.

18 Hampton Roads has embraced sort of an all-of-government
19 approach where we have the installations, main DOD, the
20 Pentagon, but also municipal governments, local planning
21 councils, elected officials, businesses, the Chambers of
22 Commerce. What are the virtues of that kind of all-of-
23 government approach to looking at resilience planning for
24 military installations?

25 Mr. Conger: So in order to answer that question, let

1 me ask sort of give you the 10,000-foot level and swoop in.

2 We look at climate change as a risk, a risk to be
3 considered along with other risks as we contemplate. We
4 can't just look at it -- climate doesn't recognize the
5 borders of the installation. There are things that will
6 happen inside the installation that we have to incorporate
7 this risk into, placing milcon projects, developing natural
8 resource plans, et cetera.

9 But there are some things that happen outside the fence
10 line. What about utilities provided by the local community
11 that we are going to count on? The fact that many of our
12 servicemembers and their families live off-base? How does
13 that affect our ability to operate if there is a flood or
14 other event?

15 So it is absolutely necessary to, A, work with other
16 Federal agencies, the Department of Transportation, FEMA, et
17 cetera, as we think about the long-term planning for a
18 particular area. But it is also important to deal with
19 local municipalities. We do this anyway.

20 Climate change aside, all the people here at this
21 table, all of the folks inside the services who work at the
22 base level, work with their local municipalities on any
23 number of issues. Long-term planning in a climate-affected
24 environment, whether you're worried about drought or you're
25 worried about sea level rise or frequent flooding, you have

1 to have those conversations with the planners from the
2 municipalities.

3 Senator Kaine: There is a tool that Virginia has found
4 particularly helpful, REPI, which I think stands for
5 readiness and environmental protection initiative.

6 Mr. Conger: REPI.

7 Senator Kaine: REPI, which pairs DOD funds with
8 private funds from the Nature Conservancy or other
9 organizations to help deal with encroachment-type issues.

10 What are some of the examples of the ways that
11 installations have used REPI funds to help them protect the
12 integrity of operations on the installations?

13 Mr. Conger: Sure. REPI tends to be focused on the
14 partial levels. Is there an increase in buffers that we
15 need close to a base? Are there conservation areas that the
16 local natural resources advocates are interested in spending
17 money on, as well as the Defense Department needing that
18 land to be preserved as buffer, holding off development near
19 an installation?

20 That serves our interest, because we are being selfish
21 about this. It serves the natural resources constituencies,
22 the NGOs' interests. So we essentially partner. We share
23 the cost.

24 So we get a half-price buffer project, and they get a
25 half-price conservation project. So it is more bang for the

1 buck, as it were.

2 Senator Kaine: Secretary McGinn, in my opening
3 statement, I just referred to what I thought I remembered
4 about a pretty amazing drop in purchase costs. Secretary of
5 the Navy Mabus, I hear him talking about the green fleet,
6 the big green fleet trying to find alternative energy, much
7 like nuclear was an alternative to diesel and petroleum, to
8 look at green biodiesel.

9 My understanding is, and it is hard to compare all
10 contracts, apples to apples, I know. But in 2012, when we
11 did green biodiesel purchases, we were paying up to \$12 a
12 gallon. We are now involved in purchase contracts that are
13 in the \$3.40 a gallon range because of innovation that has
14 driven down the cost of biodiesel.

15 Am I getting that right, essentially, on the order of
16 magnitude?

17 Mr. McGinn: You are, Senator. In fact, it is even
18 lower in \$3.50. It is the result of a demand signal that is
19 pretty strong, clearly, one from the Department of Navy, but
20 also one from the civilian aviation industry as well.

21 We view the diversification of our transportation fuel
22 portfolio as really critical to our future national
23 security. It is not something that may make a difference
24 next year or even the year after that, but if you look 5,
25 10, or 15 years down, there is a tremendous imbalance

1 between availability of supply and demand in the world's
2 transportation and energy market.

3 So we think that in addition to being much more energy
4 efficient, and you cited bulbous bows and coatings and other
5 means by which we are trying to squeeze as much fight out of
6 every unit of fuel we can, that we have a diversification of
7 supply.

8 And the industry is responding by scaling up and
9 getting those economies of scale that are driving the prices
10 down. We are working very closely with the Defense
11 Logistics Agency on solicitations for mixes of petroleum and
12 biofuel blends. But we are not going to pay a premium. We
13 aren't going to buy anything that isn't cost-competitive.

14 Senator Kaine: Great. Thank you for that.

15 Thank you, Madam Chair.

16 Senator Ayotte: Senator Rounds?

17 Senator Rounds: Thank you, Madam Chair.

18 I was the Governor of South Dakota during the 2005 BRAC
19 round. Ellsworth Air Force Base began on the BRAC list.

20 The challenge that we faced was literally trying to
21 provide accurate data, and making sure that the data that we
22 could provide would be considered by the BRAC commission.

23 Ultimately, it was, and we were successful in getting
24 the Ellsworth Air Force Base off the closure list.

25 But in doing so, we found that there were issues within

1 BRAC that we thought didn't adequately allow for
2 consideration of critical needs long term for our country.
3 And that was the basis upon which we challenged the placing
4 of Ellsworth in the first place.

5 With that in mind, I would just like to go through a
6 couple real quick questions on this. Honestly, the first
7 thing, and I agree with you, Madam Chair. I come with a
8 dislike for the BRAC process to begin with, so this is going
9 to be a case of convincing me that it is the right thing to
10 do.

11 The first thing I look at is you provide an estimate
12 upfront of \$2 billion per year savings with the
13 implementation with a \$6 billion cost, which clearly would
14 suggest that there is a BRAC list, which has already been
15 developed and ready to go. Or if not, how can you come up
16 with those numbers upfront as a fair estimate?

17 Second of all, and this would be to Mr. Conger, we
18 understand the negatives of excess capacity in scoring
19 installations in a future BRAC. But can you tell us some of
20 the most positive qualities you would be looking for in an
21 installation's infrastructure, in terms of military value
22 and readiness?

23 Mr. Conger: Okay, let me take your first question
24 first.

25 Senator Rounds: Sure.

1 Mr. Conger: Where did the numbers come from? It is a
2 reasonable question, and we don't have any sort of a list
3 already in the hopper. What we did was we looked at
4 previous BRAC rounds, in particular the ones from the 1990s.
5 We looked at the efficiency recommendations from the 2005
6 round, the ones that were designed to save money. And we
7 said all right, if we were to reduce 5 percent of our
8 infrastructure, which is not an unreasonable number
9 considering the numbers that we have heard today, the 18
10 percent, the 30 percent, the 24 percent figure that we had
11 in 2004, and we only reduced 3.4 percent in that the BRAC
12 round.

13 So given that 5 percent projection, and the behavior
14 and the spend pattern of previous rounds, we estimated what
15 we would end up with, what that 5 percent reduction would
16 yield us. That was where we got the \$2 billion in recurring
17 savings. It is also where we got the \$6 billion of input
18 costs.

19 Senator Rounds: A SWAG?

20 Mr. Conyers: An estimate based on previous
21 performance.

22 Senator Rounds: So in the 2005 round, I presume that
23 those who were there at that time and the actual closures
24 that occurred, and this was the first round in a number of
25 years, was that the low-hanging fruit?

1 Mr. Conger: I am not sure that I would characterize
2 low hanging or not low hanging. We obviously went through a
3 long process, at that time. And since you were the Governor
4 at the time, you know how painful that can be, and we
5 respect that. It is painful at the base level.

6 We ask for certified data to answer a huge number of
7 questions. We don't assume the data that is in databases is
8 correct. We collect it all and get it certified at the
9 beginning of the round.

10 There is an assessment that is done where you find the
11 excess capacity, where you assess military value, and you
12 try to make sure that the bases that you recommend closing
13 are the ones with the lowest military value. Those numbers
14 change over time.

15 Senator Rounds: So let's slide back in again. Tell us
16 some of the most positive qualities that you would be
17 looking for in an installation's infrastructure, in terms of
18 military value and readiness.

19 Mr. Conger: So those questions are defined by each of
20 the services going into the round. They are not OSD-
21 dictated. So each of the services will have a different set
22 of priorities, a different set of questions that they ask.

23 And frankly, we recently we went through, I will call
24 it a Euro BRAC round, and used the BRAC process. We
25 practiced the BRAC process and developed those kinds of

1 questions.

2 I would defer to my colleagues to talk to the
3 priorities, how they value military value in that. That is
4 probably going to be the most instructive.

5 Senator Rounds: That is fair. I would then ask
6 Secretary Ballentine, for bases with flying missions, will
7 an installation's proximity to a quality aerial training
8 range be one of those positive features that you will be
9 looking for looking for, not only in terms of the BRAC
10 analysis but when evaluating beddowns for new missions,
11 particularly when considering savings in fuel costs?

12 Ms. Ballentine: So all of those details would be
13 developed by the operators and then taken into account by
14 the installations folks. I would say that we are incredibly
15 grateful to the South Dakota codel for the great partnership
16 that we have in developing the PRTC training range, which is
17 going to be an excellent national resource for us.

18 But precisely how the military value will be assessed
19 will be developed by the operators as we go through the
20 process.

21 Senator Rounds: Okay.

22 Secretary Ballentine, once again, in 2005, the BRAC,
23 during that process, the Air Force deviated on criteria,
24 which was used to evaluate a base, from the three previous
25 BRACs. A point system was used in 2005 to determine the

1 ability of a base to receive other missions, versus whether
2 the military value of a base warranted its retention.

3 As a future BRAC would deal less with transformation
4 and more with closure, has the Air Force determined the
5 criteria that it would use for the next BRAC round? I am
6 hearing you say no.

7 Ms. Ballentine: No, not at this time.

8 Senator Rounds: Thank you.

9 Ms. Ballentine: You're welcome.

10 Senator Ayotte: Senator Heinrich?

11 Senator Heinrich: Thank you, Madam Chair.

12 Assistant Secretary Ballentine, as you know, and we
13 talked a little bit about this just before the hearing,
14 Kirkland Air Force Base in Albuquerque, New Mexico, has been
15 mired with a fuel spill that now literally dates back
16 decades.

17 For too long, the cleanup of the spill has been fraught
18 with delays and very little discernible progress. The
19 result of these missteps has been that there has been a
20 crisis of trust between the community and Kirkland Air Force
21 Base.

22 But frankly, under your leadership and that of Ms.
23 Kathleen Ferguson, Mr. Mark Correll, Dr. Adria Bodour,
24 things are now moving in the right direction, and that trust
25 is being restored.

1 We are now seeing all the stakeholders work together in
2 moving forward to meet some very aggressive deadlines in the
3 coming months. And I want to say I can't thank you enough
4 for this progress. But this progress would not be possible
5 without funding and leadership.

6 Therefore, I ask, does the Air Force remain committed
7 to the funding necessary to ensure cleanup and commit to
8 keeping the Air Force Civil Engineers Center's project
9 leader Dr. Adria Bodour, who has done a remarkable job at
10 the helm? So I would just ask, I guess my question is, will
11 the Air Force continue to provide the funding necessary to
12 ensure that this cleanup gets to completion? And can you
13 ensure that the strong leadership that we are now seeing
14 will remain in place?

15 Ms. Ballentine: Sir, first of all, I thank you for
16 your appreciation, and will be sure to pass it on to my
17 team.

18 Senator Heinrich: Please.

19 Ms. Ballentine: I, personally, can take very little
20 credit. They had started this process well before I
21 arrived. But I assure you that I will continue the focus.
22 We will continue the funding. And we are really excited
23 about the robust interim measures we have put in place. I
24 agree with you 100 percent that Dr. Bodour is doing a
25 fabulous job. And I will see you in June, when we cut the

1 ribbon on that first extraction well.

2 Senator Heinrich: I look forward to it. This is an
3 issue that has drag on far too long. And having been
4 frustrated in the past, I just really want to see the
5 current progress and what has become a very positive working
6 relationship be the norm moving forward. So thank you.

7 I was also very pleased to see \$12.8 million in the
8 budget request for some much-needed milcon at Kirkland Air
9 Force Base regarding our space facilities.

10 Kirkland Air Force is home to the Air Force research
11 labs, space vehicles directorate, operationally the space
12 and the space test program. Some of our Nation's most
13 advanced space R&D occurs there at Kirkland.

14 But in the past, one of the challenges is that that
15 work is performed in 11 substandard, inadequate, obsolete
16 facilities that are literally spread over miles and miles of
17 what is a very large Air Force installation.

18 Can you talk a little bit about what value this new
19 facility would bring to the Air Force's overall space
20 programs?

21 Ms. Ballentine: Yes, sir. And you have hit the nail
22 on the head, that nuclear space and cyber are key priorities
23 for Secretary James and Chief Welsh. We just simply cannot
24 have a 21st-century space platform when we are operating out
25 of 1960s vintage buildings. So we are quite excited about

1 the \$12-plus million milcon project at Kirkland, which will
2 allow us to test and develop space components and bring us
3 to a 21st-century space program.

4 Senator Heinrich: Great. Thank you.

5 And with that, I want to also take a moment and thank
6 Assistant Secretary Conger and Assistant Secretary Hammack
7 for all of your work, your time, your engagement, trying to
8 deal with some of the challenges revolving around New
9 Mexico's electrical transmission needs. I would say that
10 your efforts ensured that we can pursue energy independence,
11 the jobs that come with it, but also while protecting the
12 truly unique testing and training assets at White Sands
13 Missile Range.

14 With that, I would just segue into this issue that we
15 have been talking about regarding a potential BRAC round. I
16 come with my own doubts about that process. And I guess
17 what I want to understand is, when you say excess
18 infrastructure, how do we judge that? Can you give us some
19 sort of concrete examples of what would be excess
20 infrastructure in the current environment?

21 And I don't mean a specific location, so much as
22 something that we wouldn't use. And how would you judge
23 what is excess?

24 And also, finally, going back to Ms. Ballentine, would
25 the proximity for things like ground to infinity airspace to

1 an Air Force installation or uniqueness of testing
2 facilities be part of that decision-making?

3 Mr. Conger: Let me try and hit the first two parts of
4 your question first, and then pass to Miranda.

5 We measure excess in a couple different ways. When we
6 do these sort of big picture capacity analyses, we are
7 looking at different types of infrastructure, planes per
8 apron space, ships per pier space, et cetera, in trying to
9 see whether our bases are more empty than they once were and
10 whether we think there is trade space to do a more
11 comprehensive analysis.

12 When we do the capacity analysis within the actual BRAC
13 round, it is based on much more granular data. We go out to
14 each base and ask all these detailed questions. And the
15 best way to look at how that is going to work is to look at
16 our European analysis that we just did, where we searched on
17 excess at each of those installations in Europe. And in so
18 doing, we were able to identify different scenarios of where
19 we might be able to fit missions that are at one location in
20 another.

21 Those are the scenarios that we analyze in more detail,
22 once we have identified what they are based on the excess
23 and the actual military value of those installations.

24 When we analyze those scenarios, we look at the
25 business case, but we also look at the operational impacts.

1 And we want to find a scenario where we are simply being
2 able to do the same thing for less money. We don't want to
3 reduce our operational capability.

4 Now I will pass to Miranda for the specific question
5 you asked her.

6 Ms. Ballentine: I think Secretary Conger described the
7 parametric-level capacity analysis well. So at the Air
8 Force, again, we use nine broad categories. So you can
9 imagine what we do, looking at a simple ratio of a
10 particular type of capacity. So say small aircraft parking
11 aprons to force structure of small aircraft, and apply a
12 ratio based on 1989 levels, using the same process we have
13 used in the prior parametric capacity analyses.

14 Now we would be able to get into much finer grained
15 detail when we do a comprehensive analysis.

16 And 30 percent excess infrastructure capacity does not
17 mean 30 percent excess bases. It doesn't even mean 30
18 percent excess infrastructure. It just means capacity of
19 the infrastructure. So how much of that we would actually
20 consolidate, close, move, we wouldn't be able to identify
21 until we go through that comprehensive analysis, identifying
22 what those operational needs and priorities are.

23 Senator Heinrich: I want to thank you, Madam Chair.

24 Obviously, all of us are somewhat skeptical about BRAC.
25 I think we should be equally skeptical about seeing our

1 bases hollowed out, and that kind of reinforces for all of
2 us why we need to fix the sequestration mess that we find
3 ourselves in. Thank you.

4 Senator Ayotte: Senator Ernst?

5 Senator Ernst: Thank you, Madam Chair.

6 Thank you to our guests today for your time and
7 testimony. I do appreciate this.

8 This is a difficult issue. Any time we face BRAC,
9 there is a lot of trepidation in our communities that go
10 through this, not only with BRAC but also with the changing
11 needs of the military. We have had a mission transformation
12 within the Iowa Air Guard. And just recently, actually,
13 this last weekend, I did have the honor of attending an
14 activation ceremony.

15 We had a fighter wing that has now become focused on
16 ISR. Their mission has changed. We don't have the fighter
17 jets any longer. But we do have a much more technologically
18 based mission.

19 So, Ms. Ballentine, if you would, please, the milcon
20 budget request for our Air National Guard notes the
21 improvement of the air operation group beddown site at the
22 Des Moines International Airport. And the justification
23 data report that had been submitted to Congress last year,
24 according to that, the building where this unit will be
25 housed did not have the required communication, security

1 systems, or backup and standby power required to support the
2 new ISR mission.

3 And I am pleased to see that it has been included in
4 the budget. It is being allocated and that this beddown
5 sight will support a national defense mission in my home
6 State.

7 So what I would like to ask is, does this milcon budget
8 request provide enough for this group to be mission-ready in
9 Des Moines? And how critical is this group site to the Air
10 Force and to our national security?

11 Ms. Ballentine: Thanks, ma'am.

12 I can tell you that ISR is in demand like never before.
13 When the Secretary and Chief go out and ask our COCOM
14 commanders what they need, what they hear is ISR, ISR, ISR.
15 And this is a community that is under pressure in terms of
16 the number of airmen we have doing the job, and the
17 Secretary and Chief are really spending a lot of time to get
18 this community healthy to meet the demand.

19 I am going to have to get back to you on all the
20 specific details that you asked about those particular
21 projects. I will say that we work very hard to make sure
22 that we have total force equity in our milcon budgets and
23 make sure that the Guard and Reserve have their fair share
24 of milcon and FSRM as we go through the year.

25 So I will get back to you on the specific details that

1 you asked about. But, of course, we would be sure to be
2 trying to fund projects to the extent that they are
3 necessary to meet the mission.

4 Senator Ernst: Okay. Thank you very much. I
5 appreciate that.

6 Ms. Ballentine: You're welcome.

7 Senator Ernst: Definitely an exciting transformation,
8 again, a lot of trepidation with these airmen as they
9 transition from their known unit into something that is
10 totally new, much more technologically advanced. But in the
11 course of their training over the past year, they are seeing
12 long-term sustainability with this type of mission and unit.
13 We are proud to have it located in Iowa. Thank you.

14 And I will look forward to having the responses back.

15 I would like to hop back to Mr. Conger, if you could
16 assist me with this one.

17 Something that Senator Heinrich had mentioned earlier
18 with the environmental spills that occur out there. It is
19 my understanding that there are POL spills, petroleum, oils,
20 and lubricant spills, that occur. Whether they are large or
21 small or other types of environmental accidents, when they
22 occur caused by U.S. troops in certain European nations,
23 then the U.S. Government pays a very, very hefty penalty in
24 those situations.

25 If you are familiar with that, could you please explain

1 that process? And maybe how much the government has
2 expended in cleaning up some of these spills and the fines
3 associated with that?

4 Mr. Conger: So in general, our cleanup activities in
5 foreign nations are governed by specific SOFAs. I am not
6 familiar with the fines you are referring to. And I am
7 under the impression that, generally, we don't conduct
8 cleanup activities that don't have a direct threat to human
9 health and the environment on the bases that we reside in
10 overseas.

11 But recognizing that I am not fully apprised to the
12 answer this question, why don't I take it for the record,
13 and get you a more formal answer.

14 Senator Ernst: I would, certainly, appreciate that.

15 I would like to go back, also, Ms. Hammack, very
16 briefly, I am running out of time.

17 Energy and sustainability, you have done a lot of hard
18 work in this area, and I do appreciate that. Your part in
19 establishing the Army's NetZero program, which seeks to
20 minimize energy use on Army installations and offsets any
21 remaining use with renewable energy, can you just please
22 give us a very quick update on where you stand with that
23 project?

24 Ms. Hammack: Thank you very much, Senator Ernst.

25 It has been a very successful program, and so we have

1 expanded it to all Army installations because we found it is
2 a cost-effective means of allocating limited resources to
3 ensure that we don't put renewable energy on an inefficient
4 building. We want to be able to look at efficiency first.

5 We are using a lot of energy savings performance
6 contracts, leveraging private-sector money, not taxpayer
7 money, so that when the energy savings are achieved, we pay
8 the contractor back out of the energy savings. And
9 sometimes we will be able to put renewable energy in there.

10 The intention is to get all of our installations more
11 resilient so that they are using less energy. They are able
12 to make more out of renewable energy. So that we are able
13 to standby and serve this Nation, the State, in case of a
14 natural disaster or otherwise.

15 So the NetZero program is working great, both on energy
16 and water efficiency projects, too.

17 Senator Ernst: That is fantastic. I commend you on
18 that.

19 Thank you so much, Madam Chair.

20 Senator Ayotte: Thank you.

21 I have some follow-up questions, and wanted to ask, we
22 have submitted to you, Secretary McGinn -- there are all
23 kinds of questions for you to follow up. It is great.

24 Mr. McGinn: My staff will be very pleased.

25 Senator Ayotte: I know they will be.

1 A number of questions about security personnel at our
2 shipyards. In fact, I was meeting with some of the
3 management at our shipyard today in Portsmouth.

4 One of their concerns is that it is taking them too
5 long to hire security personnel, and that by the time they
6 train the personnel, given where they are in the
7 classification system, they are training them and then
8 losing them fairly quickly. So I think this is probably not
9 just an issue at Portsmouth but maybe an issue elsewhere, at
10 all of our facilities.

11 So we are, obviously, in light of the tragedy that we
12 experienced on September 16 of 2013 at the Washington Navy
13 Yard, all of us want to make sure that we have proper
14 security at our military installations. So I wanted to
15 follow up on that. If you have any comments on that or if
16 that is one you want to take for the record? I saw
17 Secretary Hammack shaking her head as well.

18 Mr. McGinn: We recognize that we need to do a better
19 job at recruiting, training, and retaining our security
20 personnel, civilian personnel. And we are doing a review
21 with the commander of Naval Installations Command, which the
22 headquarters is located in the Navy Yard, taking a look at
23 the attrition, if you will, of the security personnel.

24 I will be happy to share with you the results of that
25 review, as we go forward. But we recognize that we have to

1 create an attractive career-enhancing pathway for folks in
2 that critical area of discipline. We will make sure we do
3 that, make sure that the pay and compensation and training
4 opportunities are commensurate with responsibilities.

5 Senator Ayotte: Excellent. Thank you.

6 Mr. Conger, I know Senator Ernst asked you and I think
7 Senator Heinrich as well, about environmental cleanups. I
8 think, unfortunately, all of our States have some of those.

9 Let me just applaud the department's efforts and
10 impressive progress. In New Hampshire, 83 percent of our
11 sites have been cleaned up, including Pease, Manchester,
12 Rochester, New Boston, Concord, Langdon, and on Mount
13 Washington. We really treasure our beautiful environment in
14 New Hampshire, as we do across the country.

15 I understand that there are 32 remaining sites in New
16 Hampshire. Obviously, we want to get them all cleaned up.
17 If you can give me an update, this is one you can take for
18 the record, give me a project date of completion of what you
19 estimate in terms of when we might get to these other
20 unfinished projects. I would appreciate it.

21 Mr. Conger: You bet. We have that information. We
22 will be able to get it to you.

23 Senator Ayotte: Fantastic. Thank you.

24 Secretary McGinn, I wanted to ask you about a project
25 in California. This is one that was a \$44 million water

1 project that is going to provide water from Camp Pendleton
2 to the community of Fallbrook, California. One of the
3 issues that I would like some clarification on is that it
4 appears that the benefits to the Department of Navy, it is
5 just not clear to me how much benefit the Department of Navy
6 gets.

7 And the authority that was granted to the Secretary of
8 the Interior for the construction only allows Navy to
9 reimburse costs of the project that the Secretary and
10 Secretary of Navy determine reflects the extent to which the
11 Department of Navy benefits from the project.

12 So what portion of the water from the project will be
13 used by the Department of Navy, versus how much will the
14 State of California or the City of Fallbrook and the
15 Department of Interior be investing?

16 Mr. McGinn: It has a very detailed background that
17 goes to water rights and usage, making sure that we are
18 looking at future demand and doing that in as a water-
19 conserving way as we possibly can.

20 Senator Ayotte: You can appreciate where we don't want
21 to build municipal water projects, but we want to help the
22 Navy.

23 Mr. McGinn: Exactly. Our great marines and sailors at
24 Pendleton need that.

25 We will provide you a briefing on that project as well

1 and provide you the rationale and the numbers, and what
2 exactly our costs are, what our expected benefits are.

3 Senator Ayotte: Excellent.

4 And I, certainly, appreciate, this has been one of the
5 ongoing issues that has been from Congress to Congress, the
6 issue of Guam.

7 Secretary McGinn, the department is requesting an
8 additional \$20 million through the Office of Economic
9 Adjustment to add to the already provided \$106 million to
10 upgrade the civilian water and wastewater infrastructure on
11 Guam, so lest California think that I am picking on them.

12 The department does not provide the same level of
13 support for other local community infrastructure where we
14 have forces, as I understand it.

15 So how much is the Government of Guam investing in its
16 infrastructure? What will be the Marines use of the water
17 and wastewater, versus the residence of Guam, because
18 obviously, our focus is on our Marines as well? And one of
19 the issues, I think, actually, to include in this is the
20 element of housing. As I understand it, there are some
21 additional questions on housing and how much that is going
22 to cost.

23 So could you help us understand what the analysis is to
24 determine the number of accompanied versus unaccompanied
25 personnel stationed on Guam? This has been a continuous

1 issue, I know, from Congress to Congress.

2 Mr. McGinn: I think we are in a pretty good position
3 compared to past years.

4 First of all, the footprint of Marines on this
5 relocation to Guam is much lower. It will be a total of
6 about 5,000 marines, and about two-thirds of them will be
7 unit-deployed marines, so we will have permanent change of
8 station marines with about 1,300 dependants that will be
9 relying on the infrastructure for support there.

10 Since last year, we have worked closely with our
11 colleagues in the Air Force to locate the family housing at
12 Anderson. That provides benefit to us. It provides benefit
13 to the Air Force personnel who are based there.

14 And we are also looking very, very hard at what is
15 driving housing costs there. Obviously, it is a remote
16 location, parts, labor, et cetera, market conditions.

17 I would, on the first part of your question, like to
18 defer to Mr. Conger. He has done a great job in leading the
19 effort by the department on this economic adjustment
20 business. So I recommend John provide some insight.

21 Mr. Conger: Sure. Briefly, the outside-the-fence
22 initiatives -- water and wastewater as the preponderance of
23 the effort -- are driven by requirements to mitigate the
24 impact that we are going to have on the island by
25 introducing additional personnel and the stress on their

1 utility system.

2 The challenge is getting the EIS approved through the
3 intraagency, and there are certain things that the island of
4 Guam had not been in compliance with. So as a consequence,
5 we are stressing an already stressed system.

6 That said, I think that what Secretary McGinn alluded
7 to earlier, in the sense that we have significantly reduced
8 our footprint, therefore, we have significantly reduced our
9 impact.

10 Because we are going from a situation where we have
11 gone from 9,000 marines and roughly the same number of
12 dependents to 5,000 marines and about 1,300 dependents, the
13 impact is much smaller. The housing area is much smaller.
14 The cantonment area is much smaller. And the impacts are
15 much smaller.

16 We are finishing up the SEIS now, but in conjunction,
17 the economic adjustment committee, which is an interagency
18 group, is analyzing those impacts that are identified in the
19 supplemental environmental impact statement, and repricing
20 everything.

21 We have gone from, in 2010, where we had a \$1.3 billion
22 program that was required by the EIS, in order to
23 accommodate the much larger plan, to a figure that is closer
24 to \$200 million or \$300 million. The down-scoping has been
25 dramatic.

1 We will have final numbers to the committee this late
2 spring, early summer. And obviously, any one of those
3 outside-the-fence projects that is required will have to get
4 individual approval here.

5 So we recognize that. We are going to get you the
6 information. But I think it is a good-news story, the
7 requirement dropping significantly. But it is all about the
8 impacts that we are having, by the influx of marines.

9 Senator Ayotte: Thank you.

10 Senator Kaine?

11 Senator Kaine: Thank you, Madam Chairwoman.

12 Two other items of inquiry. In response to one of my
13 questions, but also to one of my other colleagues, I heard a
14 little bit from the Navy side and from the Army side about
15 operational energy investments, power purchase contracts,
16 energy conservation. But I haven't heard from my Air Force
17 witness.

18 And I know the Secretary Ballentine came out of the
19 private sector at Walmart, where your company was one of the
20 real innovators in energy savings on the private sector
21 side. Could you talk a little bit about what the Air Force
22 is doing in this area to reduce energy usage, promote
23 efficiency, and, ultimately, reduce costs?

24 Ms. Ballentine: Yes, thanks for the opportunity.

25 So like our sister services, energy assurance is

1 critical to mission assurance at the Air Force. Energy
2 really is the backbone for all parts of our mission. It
3 launches every sortie, propels every space launch, and
4 powers every bit of our base infrastructure. So energy is
5 absolutely critical to what we do.

6 As we look to build energy resilience in the face of
7 potential supply disruptions, as we look to build diversity
8 of our energy supply, and as we look to reduce energy
9 demand, we have to do all of that in the face of this
10 constrained budget environment that we have all been talking
11 about today.

12 So while in the past, the Air Force has invested more
13 of our own money in energy reduction programs, we really are
14 shifting our strategy pretty dramatically to accelerate the
15 use of the energy savings performance contracts.

16 On the renewable energy side, we have about 300
17 renewable energy projects at about 100 different locations,
18 all of which meet or beat utility prices today. We just
19 completed our largest solar installation to date, 16.4 MW at
20 Davis-Monthan Air Force Base in Arizona.

21 That project is pretty exciting. During peak sunlight,
22 it is producing over 100 percent of the base's power. On
23 average, day and night, it is about 35 percent of the base's
24 power, and saves that base \$500,000 a year.

25 So those are exactly the kind of projects that we are

1 looking at, bringing those electrons closer to home, saving
2 money, building in some flexibility and resilience.

3 Senator Kaine: Great. Thank you very much.

4 Mr. Conger, back to the BRAC question. I think we have
5 all expressed our concerns about BRAC, but we also
6 understand that excess capacity has a cost. And if you have
7 to pay for that cost, it may come out of something else that
8 could challenge you.

9 So I want to ask you to really educate me about non-
10 BRAC means for dealing with excess physical capacity. You
11 used the example in your opening statement, and I think
12 alluded to it once or twice, about the European study that
13 was done, that you viewed as like a test BRAC.

14 DOD did that, reached some conclusions about savings,
15 and has been able to implement and has a pretty good fix on
16 what savings would be.

17 Is there any bar in law right now, if Secretary Carter
18 says to all the service chiefs, I want you to tell me what
19 your excess capacity is, and in your best military judgment,
20 tell me what reductions you would make in your
21 infrastructure in order to eliminate that excess capacity.

22 I recognize that BRAC sets up a procedure that leads to
23 an up or down vote, et cetera. But there is nothing in law
24 that I know, but I could be wrong about this, that would bar
25 the DOD from doing that kind of study about domestic

1 installations and even forwarding recommendations to
2 Congress that would be part of our debate, just like when
3 you forward recommendations to us about personnel practices,
4 end-force strength, or weapons systems.

5 Am I right about that, that if the DOD wanted to
6 forward recommendations not as part of a BRAC, but just
7 based on best military judgment, the DOD would be able to do
8 that?

9 Mr. Conger: So the answer is, "yes, but." Yes, of
10 course, the Secretary of Defense can ask for that study,
11 and, of course, we will do what he tells us to do.

12 But the quandary you are putting yourself in is when
13 you contemplate a future possibility of BRAC, where you
14 adhere to the principle of treating all bases equally, you
15 have just set up a dynamic where we can't do that because we
16 have pointed out, "Now I have a secret list," as Senator
17 Rounds was alluding to earlier.

18 We don't want to have that secret list, because it
19 obviously makes people nervous.

20 There are examples, specific examples in the past
21 several years where there have been proposals that have come
22 up here for consideration, and have ultimately been
23 unsuccessful: the reductions at Eielson Air Force Base, the
24 closure at Pittsburgh that didn't end up happening.

25 There are things that have been proposed and ultimately

1 rejected. It is not a recipe for a successful enterprise to
2 go up and do onesie-twosie types of things, because they
3 generally don't succeed.

4 You are personally familiar with what happened with the
5 Joint Forces command, but that was not a base closure,
6 right? And the location for most of those individuals was
7 technically part of Norfolk Naval Station. And so, as a
8 consequence, you weren't closing a base, you were reducing
9 one. And so, therefore, it didn't come under the same
10 restrictions.

11 There are restrictions as far as what we can and cannot
12 propose.

13 Senator Kaine: But I use that one as kind of a good
14 example of how I think the process could work right. There
15 was the proposal to close that joint operation. Now, it
16 wasn't a full base closure because it was assigned under the
17 umbrella of another. But that was huge and, in the area,
18 extremely unpopular. And it wasn't subject to the BRAC
19 requirements.

20 Everybody pulled together after that proposal was made
21 and tried to make a case to the Pentagon, look, if you
22 completely close this, you are actually going to be doing
23 the wrong thing because you are going to need to re-create
24 it somewhere else. And the Pentagon at the time considered
25 the advocacy by the congressional delegation. I wasn't part

1 of it at the time, but I was governor.

2 They considered the advocacy and concluded, you know
3 what, you are right. We ought to close a lot of it, but
4 there are aspects of it that should be maintained. And
5 everybody walked away thinking, well, we didn't get
6 everything we wanted, but we made our case, and a good
7 decision was made.

8 That was not a BRAC but it was sort of an iterative
9 process where the DOD made a proposal, and folks said we
10 don't like it, we think we you ought to look at it in a
11 different way. And in that dialogue, a synthesis was
12 reached that was neither the thesis or antithesis. But now
13 we have moved on and it seems to be working.

14 And I get your point. The DOD makes everybody nervous,
15 if they think the DOD has the secret list or if the DOD is
16 compiling the secret list. But you make everybody nervous
17 when you do a BRAC, because as soon as you do a BRAC, every
18 last community in the United States has to hire lobbyists
19 and lawyers. Even if there is no danger that that
20 installation actually is going to be closed or downsized at
21 all, you have to do that. That is the burden that the
22 mayors are in.

23 You have to, because everybody else is, hire lobbyists
24 and lawyers. And there is this massive, collective check
25 written out of public treasuries from States and localities

1 to the lobbyist and lawyer community to make the case.

2 And then we go through the whole process and there is a
3 recommendation. I always just thought, well, gosh, I trust
4 the military leadership to make the best recommendation they
5 can. You guys are used to making recommendations that we
6 follow 75 percent of them and don't follow 25 percent.

7 And if you do it on personnel and you do it on weapons,
8 and if you do it on everything else, you could do it on
9 installations. And yes, we would battle about it, and I
10 would fight to protect my thing, and somebody else would
11 fight to protect theirs, and you probably would get 75
12 percent of what you proposed. And on the other 25 percent,
13 you might not get it 100 percent, but there would be some
14 iterative discussions like there was on the Joint Forces
15 command in Norfolk.

16 So I think we can't sit up here and say we want you to
17 solve it. We have to solve our deficit problem, but we
18 can't cut anything. We would be hypocritical to say that.

19 But I think those of us who have had experience with
20 BRAC, we found it to be an unwieldy way to come at what is
21 always going to be difficult. But the DOD always has it in
22 its province at least make recommendations to us about
23 excess capacity that we then take into the political realm
24 and put on our shoulders. And we are going to be held
25 accountable for decisions, as we ought to be. Our voters

1 want us to be accountable.

2 So it is messy, but I am not sure it is any messier,
3 and it may ultimately be closer in terms of accountability,
4 than the way the BRAC processes have been done.

5 That is sort of my critique.

6 Mr. Conger: I respect your viewpoint, and I understand
7 where you are coming from.

8 In the past, before BRAC was invented, there were base
9 closures. And they were often criticized for their
10 political nature. If one party was in charge, then the
11 other party would worry that theirs were being targeted for
12 political reasons. This is in apolitical process.

13 It is an analytical process. It is very number-crunch
14 intensive. And the recommendations that come out have all
15 that analysis baked into them.

16 And I would hope that at least there is some faith that
17 it is not just finger in the wind.

18 Senator Kaine: We have faith in the way you did it,
19 separate and apart from the BRAC. We would know the
20 recommendations the Pentagon would make to us would not be
21 based on this or that party, or this or that committee
22 chair.

23 Now, we might get into a little bit of that up here,
24 and our voters would kind of understand that, and they would
25 either punish us or reward us. But we would have faith that

1 you would use the right analytical tools separate and apart
2 from a BRAC process.

3 That is the way you guys would come at it, in my view.
4 I mean, I would have that expectation.

5 Anyway, I made my point. I hear your critique. This
6 discussion is going to continue. But I didn't leave it just
7 saying, no, you can cut costs everywhere, but we don't want
8 you to cut excess infrastructure costs.

9 Obviously, we have to figure out a way to save on
10 infrastructure. It is just what is the best way to save on
11 infrastructure.

12 Senator Ayotte: I have a few questions that I will
13 just submit for the record.

14 [The information referred to follows:]

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1 Senator Ayotte: But in wrapping this up, I appreciate
2 what Senator Kaine is saying. I mean, let's face it, in
3 some ways, BRAC was created as a copout, so that somehow we
4 wouldn't have to make these decisions. Well, we are making
5 these decisions every day, when it comes to important
6 decisions. That is what we get elected to do.

7 And where I disagree a little bit, Mr. Conger, I think
8 there is a lot of politics to BRAC, too. So we are never
9 going to remove politics from any of this process, because
10 it is the nature of a democracy and elected officials.

11 So I appreciate what my ranking member had to say here,
12 because I think, in some ways -- I wasn't here when BRAC was
13 created, but it is almost like it was to insulate us from
14 having to make hard decisions, and that is what we get
15 elected to do on behalf of our constituents.

16 Mr. McGinn: Kind of like sequester.

17 Senator Ayotte: Exactly.

18 Mr. McGinn: The same kind of copout logic.

19 Senator Ayotte: Yes, that is a good analogy.

20 Absolutely, Secretary McGinn. A very good analogy.

21 Well, thank you all for being here today and for what
22 you do for the country. We really appreciate it.

23 [Whereupon, at 4:01 p.m., the hearing was adjourned.]

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