

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY FROM THE GOVERNMENT
ACCOUNTABILITY OFFICE ON PRIVATIZED HOUSING
FINDINGS TO INCLUDE RESPONSES FROM THE MILITARY
SERVICES ON ONGOING REPORTS OF SUBSTANDARD
HOUSING CONDITIONS AND SERVICES.

Tuesday, December 3, 2019

Washington, D.C.

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9
10 U.S. Senate

11 Committee on Armed Services

12 Washington, D.C.

13
14 The committee met, pursuant to notice, at 9:31 a.m. in
15 Room SD-G50, Dirksen Senate Office Building, Hon. James M.
16 Inhofe, chairman of the committee, presiding.

17 Committee Members Present: Senators Inhofe
18 [presiding], Wicker, Fischer, Cotton, Ernst, Tillis,
19 Sullivan, Perdue, McSally, Scott, Blackburn, Hawley, Reed,
20 Shaheen, Blumenthal, Hirono, Kaine, King, Heinrich, Peters,
21 Manchin, Duckworth, and Jones.

1 OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.
2 SENATOR FROM OKLAHOMA

3 Chairman X: The committee meets today to receive
4 testimony from the Government Accountability Office, the
5 service secretaries, the service chiefs on the current
6 condition of privatized military housing.

7 Almost a year ago, I first heard from military
8 families about the dismal conditions they faced. Frankly,
9 if confession is good for the soul, Janet Driver called
10 this to my attention from Tinker Air Force Base. And I
11 thought this was something that was just unique to Tinker
12 Air Force Base, and then I thought no. It is elsewhere in
13 Oklahoma. But then it is also all the way around the
14 country. And so that was the background of how this all
15 started.

16 We have come to learn that it is a problem nationwide.
17 It is a national crisis of proportions we have not seen
18 since the scandal at Walter Reed about a decade ago.

19 Members of this committee, our staff, and myself -- we
20 have all traveled and seen these problems firsthand.

21 This is the third hearing this committee has had on
22 this issue, and I am sure it is not going to be the last.
23 We hope that since our first two hearings in February and
24 March that we would see marked differences by now and be
25 able to use this hearing. In fact, it was set up to

1 discuss the progress that has been made. Well, it is set
2 up to look at the progress, but the progress has not been
3 what we wanted.

4 We continue to hear regularly from the families across
5 the country about questionable practices, poor workmanship,
6 and frankly, in some places about housing contractors just
7 not caring about the families they are supposed to be
8 serving.

9 Additionally, as reported in the press, some of these
10 contractors are now under investigation for defrauding the
11 Federal Government. I am really worried. What else can
12 come out of the woodwork on this? What other problems are
13 out there that we do not know?

14 To our witnesses from the Department, I have to ask,
15 when is enough enough?

16 I have to make one comment, though. Of the eight
17 witnesses that are here, with one exception, they all kind
18 of walked into this blind because this is a new issue that
19 you were not familiar with. So when I am critical and say
20 some things that are critical, I am not looking at you
21 personally but as the Department and who was representing
22 it before you arrived here. So regardless of any potential
23 criminal wrongdoing, we are still receiving complaints on a
24 daily basis showing that you are still failing to fix the
25 problem.

1 The time for talk is over. If these companies cannot
2 get the job done, you owe it to the military families to
3 find a company who will. I say this because this housing
4 problem is really a readiness problem. We do not think of
5 it as being a readiness problem.

6 I had an experience talking about this. We actually
7 had two airmen who had to come back from UAE to handle this
8 problem that should have been handled by the military in
9 their absence.

10 So this is a very important element. These hearings
11 are not to be an indictment on the privatization of the
12 housing system as a whole because in some cases it has
13 worked and worked very well. It is meant to be an
14 indictment on the bad actors that we know are out there.
15 To those who lead our men and women in uniform, I ask what
16 are we going to do about it, since almost a year later we
17 are still hearing about the same problems.

18 As I mentioned earlier, this will not be the last
19 hearing. I am putting our witnesses on notice that we will
20 have another hearing early next year to discuss
21 implementation of our housing reform efforts, and the
22 contractors will be back to answer the hard questions.

23 I had some things I was going to say about Ms. Field,
24 but I think I will go ahead and not use her time. But I
25 think that the GAO has done a great job, and I want to make

1 sure everyone hears from them.

2 But to remediate these and dozens of other problems,
3 we have more than 30 housing-related legislative provisions
4 in the NDAA this year. 30 provisions. That is another
5 reason that the NDAA is important. We have been unable to
6 get -- we did a good job in the Senate. They did not do
7 that good of a job in the House. And we do have those
8 problems that we will be addressing. We cannot afford to
9 ignore this readiness problem.

10 Issues like military housing are why it is so crucial
11 we continue to pass the NDAA every year. The NDAA supports
12 the bipartisan national security of this country, and it
13 should not be held hostage by issues outside this
14 committee's jurisdiction.

15 Unfortunately, because of issues that are not in the
16 Senate Armed Services Committee's jurisdiction, this year's
17 NDAA is not resolved, which means only leadership can clear
18 up this logjam that is out there. Otherwise, the
19 likelihood is greater now than it was that we would have a
20 skinny bill. We are out of time. And I did not mean to
21 deviate from the subject of this committee hearing, but I
22 think it is very important that we bring this up as a
23 critical thing that is taking place right now.

24 I hope that we can move past these issues so that we
25 can remain focused on the promises we made to those who

1 serve our country and get an NDAA signed into law. That
2 should be our priority, and it is.

3 With that, I would like to recognize the military
4 families who have traveled here today to seek answers from
5 you. They are in the back of the room. I want all
6 families that have an interest or who have been affected to
7 stand up right now. All right. Let us give them a round
8 of applause.

9 [Applause.]

10 Chairman X: To our DOD witnesses, as I have said
11 before, these are the people whose trust you are going to
12 have to regain.

13 Senator Reed?

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr.
4 Chairman.

5 I would like to begin by again thanking the vast
6 number of military families who have spoken out about the
7 inadequate conditions of their privatized housing. I
8 especially want to recognize the military families who have
9 traveled here today for this hearing, as the chairman has
10 done.

11 Today we welcome Ms. Elizabeth Field from the GAO and
12 the senior civilian and uniformed leadership of the
13 military services. Ms. Field, I especially want to thank
14 you and your team for your dedicated work thus far.

15 The GAO's findings thus far confirm the alarming
16 trends we have heard from many military families. For
17 example, the GAO found that the often quoted 87 percent
18 satisfaction rate is, quote, misleading and unreliable, and
19 that the records for resident requests for work orders and
20 service calls are questionable.

21 This committee continues to receive complaints
22 directly from military families. While the services have
23 made strides since last February, many unacceptable
24 problems with housing remain. I am still not convinced
25 these private companies are doing everything in their power

1 and investing as much as they can to improve the quality of
2 homes for our military.

3 I also have several questions that I ask be entered
4 into the record that were requested directly by military
5 families on the many issues with military treatment
6 facilities and diagnosing medical problems caused by
7 inadequate housing conditions.

8 [The information referred to follows:]

9 [COMMITTEE INSERT]

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1 Senator Reed: While the conference process is still
2 underway for the fiscal year 2020 NDAA, I remain confident
3 that we will reach an agreement on legislation that will
4 represent the most significant reform of privatized housing
5 since its inception in 1996. We all still have a lot of
6 work to do on addressing the systemic problems that have
7 been discovered with privatized housing, and I thank the
8 chairman for convening this important and timely hearing.

9 Lastly, I want to take this opportunity, with the
10 civilian and military leadership of each of the services
11 present, to express my deep concern about the President's
12 recent interference in war crimes cases involving members
13 of the U.S. military. These comments follow my remarks on
14 the floor of the Senate on November 21st.

15 The President has the power to pardon, but he has a
16 responsibility to use that power wisely, not recklessly.
17 Good order and discipline are critical and time-honored
18 traits of the United States military, not only to enable
19 military readiness and effectiveness, but also to ensure
20 military men and women remain firmly tethered to our
21 nation's moral and ethical principles in the most demanding
22 wartime environments.

23 Some have claimed that these cases were distractions
24 and that the President's intervention has somehow improved
25 the morale of the military. On the contrary, President

1 Trump's disregard for our military justice system risks
2 undermining the confidence of our service members in the
3 rule of law and their chain of command, especially those
4 who were courageous enough to bring allegations of war
5 crimes to light and testify against their teammates. When
6 we do not hold our military personnel to appropriate
7 standards of conduct, it also makes it more likely that
8 they will face similar abuses on the battlefield and less
9 likely that we will be able to hold our enemies
10 accountable.

11 There is no one with more credibility on these issues
12 than former Senator John McCain who stated: "This is a
13 moral debate. It is about who we are. I don't mourn the
14 loss of any terrorist's life. What I do mourn is what we
15 lose when by official policy or official neglect we confuse
16 or encourage those who fight this war for us to forget that
17 best sense of ourselves. Through the violence, chaos, and
18 heartache of war, through deprivation and cruelty and loss,
19 we are always Americans, and different, stronger and better
20 than those who would destroy us."

21 This is the standard we should demand from our
22 military men and women, and I believe the President's
23 interference in these cases has done them a serious
24 disservice.

25 Thank you, Mr. Chairman.

1 Chairman X: Thank you, Senator Reed.

2 Each of the military departments have submitted a
3 statement for the record, which will be made a part of the
4 record. And I would ask each of our military departments
5 through the secretaries to limit your remarks to 5 minutes.
6 We have a full panel today. We have a lot of members who
7 have a lot of questions.

8 So before we turn to the departments, I would ask Ms.
9 Elizabeth Field, Director of Defense Capabilities and
10 Management at GAO, to provide her statement, which I know
11 includes new findings that will be made public for the
12 first time today. Ms. Field?

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1 STATEMENT OF ELIZABETH A. FIELD, DIRECTOR, DEFENSE
2 AND MANAGEMENT, GOVERNMENT ACCOUNTABILITY OFFICE

3 Ms. Field: Thank you, Chairman Inhofe, Ranking Member
4 Reed, Senators, and staff of the committee. It is an honor
5 to be here today to discuss GAO's ongoing work assessing
6 the Military Housing Privatization Initiative, or MHPI.

7 Almost as soon as reports began surfacing last year of
8 problems with military privatized housing, service members
9 and their families began reaching out to us at GAO to share
10 their stories. We heard from military families who
11 reported mold throughout their homes, rodent infestations,
12 and other serious problems like gas and carbon monoxide
13 leaks, and repeated sewage leaks.

14 While these are just some examples of the complaints
15 we received, they are indicative of the types of concerns
16 we heard from military families living in privatized
17 housing at installations across the country.

18 What we wanted to find out, when we began receiving
19 these complaints, was how commonly held they were. Defense
20 Department officials have primarily pointed to two metrics
21 to help answer that question.

22 First, they cite the results of the Department's
23 annual customer satisfaction survey. According to DOD's
24 most recent report, "Evaluating the MHPI Program," tenant
25 satisfaction has remained at 87 percent and is, quote, a

1 critical indicator of overall program success. However, as
2 Senator Reed noted, we have determined that for many
3 reasons, ranging from how the survey question was asked to
4 how the results were compiled and calculated, this 87
5 percent figure is not in any way reliable.

6 Second, the Department points to high occupancy rates.
7 In the same report from May of this year, DOD stated that
8 the fact that occupancy rates remain greater than 93
9 percent program-wide demonstrates -- and I am going to
10 quote again -- a high level of service member satisfaction
11 and overall success in providing suitable and desirable
12 housing. However, through our site visits to 10
13 installations where we conducted 15 focus groups with
14 families, we learned that family members often choose to
15 live in privatized housing for reasons that have nothing to
16 do with the housing itself, reasons such as living in close
17 proximity to medical and education services for children
18 with special needs or a concern that off-base housing is
19 neither affordable nor safe.

20 As part of our ongoing review, we sought a different
21 way to determine the extent of the problems we were hearing
22 about. We collected and analyzed over 8 million work order
23 records from all 14 private partners and all 79 projects.
24 Our hope was that we could use these data to determine the
25 prevalence of certain hazards, to see patterns over time

1 and in different locations, and possibly to assess the
2 timeliness of maintenance conducted on the homes.
3 Unfortunately, we found that because the data in these
4 records are not captured reliably or consistently, they
5 cannot be used to do so.

6 Among other problems, we found anomalies in the data
7 provided by all 14 private partners such as duplicate work
8 orders and work orders with completion dates prior to when
9 they were submitted.

10 The problems I detail are significant not just because
11 they tell us that DOD's statement that the program has been
12 successful overall may not be fully accurate, but because
13 the Department has been using these metrics to reward and
14 incentivize the private partners. I want to acknowledge
15 that the service secretaries, along with officials from the
16 Office of the Secretary of Defense, have taken steps to
17 address these and other problems, from working to
18 renegotiate the performance incentive fee structure to
19 strengthening oversight on the ground to increasing
20 staffing levels in military offices that had seen their
21 resources cut.

22 And I also want to acknowledge the many factors that
23 make this a deeply complex problem, including the
24 Department's inability to unilaterally make certain changes
25 to the legal agreements with the partners. Through our

1 ongoing review, we know that the Department's efforts are
2 headed in the right direction, but it will take sustained
3 attention, likely over a number of years, to work through
4 the many complications of this long-term public-private
5 partnership and to fully meet the Department's goal of
6 providing safe and clean housing for all service members
7 and their families.

8 Thank you, and I look forward to your questions.

9 [The prepared statement of Ms. Field follows:]

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1 Chairman X: Thank you, Ms. Field.

2 What we are going to do is -- we have a lot of
3 participation today. We are going to have 7-minute rounds.
4 Senator Reed and I agreed that we were going to ask our
5 members to stay on subject. There will be a temptation I
6 think in this environment to get into other areas, but
7 housing is it today. So that will be what we will attempt
8 to do.

9 Let us go ahead with our opening statements. We will
10 start with Secretary McCarthy.

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1 STATEMENT OF HON. RYAN D. MCCARTHY, SECRETARY OF THE
2 ARMY

3 Mr. McCarthy: Thank you, Mr. Chairman.

4 Chairman Inhofe, Ranking Member Reed, and
5 distinguished members of the committee, thank you for this
6 opportunity to provide an update on actions taken by the
7 Army since the intensive focus on housing operations and
8 oversight that began in February 2019.

9 I would like to reiterate the Army's serious
10 commitment to providing safe, quality, and affordable
11 housing to our soldiers, civil servants, and their
12 families. It is our responsibility to provide housing, not
13 simply to code but also to quality.

14 We must fix the current housing crisis using a house-
15 to-house approach. We must also fix the governance model
16 and address underlying issues to ensure systemic change.

17 Over the last 10 months, we identified our governance
18 flaws, initiated commander-driven town halls, and created
19 24-hour help lines to hear feedback directly from the
20 families affected. We have empowered the chain of command
21 as part of the solution, created transparency of the work
22 order process, and ultimately sought to regain the trust of
23 the men and women in our ranks and their families.

24 We directed housing as our top quality of life
25 priority and are aligning resources against it. As a

1 demonstration of our commitment to this issue, we assigned
2 housing operations to the four-star commander of Army
3 Materiel Command, General Gus Perna, who has the delegated
4 authority to withhold incentive fees.

5 We developed new incentive fee metrics measuring work
6 order response times, work order repair quality, and
7 resident satisfaction that will allow us to withhold fees
8 for substandard performance. A tri-service resident bill
9 of rights is being finalized to give residents an active
10 voice and avenues for recourse.

11 We are also equally concerned and committed to
12 improving barracks and Army-owned housing. In the last 2
13 fiscal years, the Army has invested \$1.1 billion in
14 barracks sustainment. For fiscal year 2020, projects for
15 new barracks will total \$790 million in R&M and MILCON.

16 While the Army has worked hard over the past 10 months
17 to make significant strides in the way we manage privatized
18 housing, there is much more work to be done.

19 The immediate focus is to fix current housing issues
20 that can be addressed by effective follow-through on work
21 orders and improved management. We owe it to the 45
22 percent of our force who live on post.

23 In addition, we need to rapidly address the needs of
24 families who have been temporarily displaced. Across Army
25 installations, there is a need for standard operating

1 procedures, transparency, and accountability of claims.

2 This must include standardizing rent reimbursement,
3 food cards, and remediation or replacement of household
4 items. Since February, the Army has tracked the
5 displacement of 2,265 families. Currently 182 families are
6 still in temporary housing, while privatized companies are
7 addressing issues in their homes. To displaced families,
8 days can feel like weeks, and weeks can feel like months.
9 These are not simply numbers. These are lives.

10 Currently, we have over 86,000 privatized homes, with
11 one-third of houses in good condition, one-third in fair
12 condition, requiring minor refurbishing, and one-third in
13 poor condition needing to be rebuilt.

14 Right now, General Perna is working on an overall
15 analysis of the Army's privatized housing requirements, and
16 in the spring, we plan to present the findings to the key
17 committees of jurisdiction.

18 In closing, the Army is resolved in our commitment to
19 provide safe, quality, and affordable housing to our
20 soldiers and their families. But much more work remains.
21 We need congressional help in two areas. First, we need
22 the NDAA approved to enact items such as the resident bill
23 of rights. Second, we need a final fiscal year 2020
24 appropriations bill to continue immediate housing
25 improvements.

1 Thank you and I look forward to your questions.

2 [The prepared statement of Mr. McCarthy and General
3 McConville follows:]

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1 Chairman X: Thank you, Mr. Secretary.

2 My staff has reminded me that we will stay on our
3 schedule.

4 Next we will be hearing from Acting Secretary Modly,
5 then Secretary Barrett. Try to stay within your 5 minutes.

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1 STATEMENT OF HON. THOMAS B. MODLY, ACTING SECRETARY
2 OF THE NAVY

3 Mr. Modly: Chairman Inhofe, Ranking Member Reed,
4 distinguished members of the committee, thank you for your
5 continued attention to this very critical issue.

6 For the Navy and Marine Corps team, our people are our
7 most precious resource, and we will always prioritize their
8 safety and their well-being, particularly of our sailors
9 and marines, but also their families who serve alongside
10 them. There is an empty chair at the Thanksgiving table
11 for many of our Navy and Marine Corps families because a
12 father, a mother, a wife, or a husband was deployed
13 overseas. These families served with pride and
14 distinction. On top of the considerable demands of
15 military service, no military family should ever have to
16 contend with chronic maintenance issues or concerns such as
17 mold and pests in their homes. Trust and confidence are
18 the bedrock of effective command, and the sailors and
19 marines in our care must be confident their leadership will
20 advocate tirelessly on their behalf. This is commander's
21 business. The three of us are actively engaged on this
22 issue and have been since the beginning, and we are
23 committed to empowering leaders throughout the chain of
24 command to assess, monitor, and remediate issues of
25 concern.

1 Since the Department of the Navy last addressed this
2 committee, we have diligently pursued three distinct lines
3 of effort: one, active and engaged leadership; two,
4 reinforcing the Department of Navy's oversight of our PPB
5 partners; and three, improving partnerships with privatized
6 housing owners to most importantly restore trust with those
7 families that reside in those housing units.

8 Our written testimony provides more details on these
9 efforts. So we will close with this. While we have made
10 steady progress over the past 6 months, we are not
11 completely satisfied, and we will not rest in our
12 determination to make this right for our sailors and
13 marines and their families.

14 We appreciate the committee's continued resolve on
15 this matter and the committee's efforts to secure the
16 resources we need in this effort by ensuring final passage
17 of the NDAA and the fiscal year 2020 appropriations.

18 Thank you and we look forward to your questions.

19 [The prepared statement of Mr. Modly, General Berger,
20 and Admiral Gilday follows:]

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1 Chairman X: Thank you.

2 Secretary Barrett?

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1 STATEMENT OF HON. BARBARA M. BARRETT, SECRETARY OF
2 THE AIR FORCE

3 Ms. Barrett: Chairman Inhofe, Ranking Member Reed,
4 members of the committee, thank you for inviting us to
5 discuss housing today.

6 The service secretaries and service chiefs work
7 together on this issue. We share ideas of how to improve
8 housing because our soldiers, sailors, airmen, and marines
9 who live on military facilities deserve safe, secure
10 quarters. We are jointly committed to resolving housing
11 issues, and we thank you for your continued attention to
12 this matter of mutual concern.

13 Issues with privatized housing on some installations
14 revealed instances of faulty construction, sub-par
15 maintenance, and late-to-need responsiveness. While many
16 bases have effective privatized housing, others have
17 suffered with project owners who have simply failed. Some
18 project owners have reportedly disregarded maintenance
19 requests, misrepresented timelines, performed partial
20 repairs, and failed to correct the root causes of problems.

21 The Air Force owns part of the responsibility as well.
22 We cut too many personnel who provided oversight of the
23 projects and failed to fully empower the chain of command
24 to own and fix these issues. As a result, housing problems
25 have distracted from the Air Force mission. They have

1 disrupted our airmen and dislocated their families. This
2 is unacceptable. So we are taking steps necessary to hold
3 our project owners accountable for improved performance.

4 During my confirmation hearing before this committee,
5 we discussed some of these issues. Subsequently, my first
6 stop on my first trip as Secretary was to survey base
7 housing. In my first 5 weeks as Secretary, I have examined
8 privatized housing in Wyoming, Oklahoma, Texas, and
9 Mississippi to observe problems and process firsthand.

10 Since my predecessor, Secretary Heather Wilson, and
11 General Goldfein testified on this subject 9 months ago,
12 the Department of the Air Force has fixed many housing
13 issues and made progress toward fixing others. They
14 completed an important Inspector General investigation, the
15 results of which have been shared with this committee.
16 Dozens of recommendations from the IG and from Air Force
17 itself and from families themselves have been fully and
18 partially implemented.

19 Process improvements fall into five broad categories.
20 We are empowering the residents. We are integrating
21 leadership and accountability into all levels of housing.
22 Residents, project owners, and the military chain of
23 command are now communicating directly and candidly.
24 Housing now has local and central scrutiny and oversight.
25 Finally, Air Force policies for housing management have

1 been updated and standardized.

2 Under the leadership of Air Force Assistant Secretary
3 John Henderson and tenacious base commanders, we are
4 establishing resident councils to solicit direct feedback.
5 We are placing new resident advocates at each of our
6 military housing offices to connect residents with
7 resources and to help resolve disputes, and additional
8 personnel will help us achieve 100 percent pre-move-in
9 inspections while enhancing oversight.

10 We have also worked with project owners to fix root
11 causes of recurring mold at the bases with the most severe
12 challenges.

13 Some housing issues invite concern about possible
14 misconduct, including allegations that some project owners
15 manipulated maintenance data to increase their incentive
16 awards. These allegations have been referred to the Air
17 Force Office of Special Investigations which, in
18 coordination with the FBI, will determine whether to press
19 criminal charges.

20 Senator Wicker, last week when you and I visited
21 Keesler Air Force Base in Mississippi, we met Air Force
22 families who had been displaced from their privatized homes
23 as many as four times in recent years. As these families
24 prepared for Thanksgiving, they wondered whether they
25 should decorate a Christmas tree in their temporary homes

1 or rely upon the latest promise that they would return to
2 their permanent homes in time for their holiday. Family
3 disruptions and health challenges are profoundly personal
4 and impactful to these families and therefore to us.

5 We owe it to Air Force families to get this right.
6 With your continued support, we will.

7 I look forward to your questions.

8 [The prepared statement of Ms. Barrett and General
9 Goldfein follows:]

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1 Chairman X: Thank you, Secretary Barrett.

2 We are going to have 5-minute rounds.

3 We have more than a dozen contractors out there
4 providing military housing to our services, and some are
5 better than others. There is one that is kind of notorious
6 at one end of the spectrum, and that is Balfour Beatty. I
7 am very familiar with that because that is where this whole
8 thing started. In my opening statement, I mentioned Tinker
9 Air Force Base. But they also are representing Lackland,
10 Mahlstrom, Travis, and Fairchild. It might be a little
11 unfair since you are the newest one, Secretary Barrett, to
12 give you the first question.

13 If you have a repeater like this and this conduct like
14 this, why is it that they are still there? What do we have
15 to do? How do you pull a plug? How do you get that done?
16 Are there contract obstacles out there? We want to get
17 things done. And you are the newest one out there. What
18 do you think?

19 Ms. Barrett: Senator, that is what we are looking at.
20 Before I was confirmed, the Air Force was taking action on
21 exactly that concern. That company received a letter of
22 concern from the Air Force expressing that the Air Force
23 has lost confidence in their ability to perform under their
24 contract. That letter was issued in September. Since that
25 time, they have not been receiving performance incentive

1 fees. Since that time, all of their contract -- they have
2 the contract on many bases. All of their performance fees
3 have been withheld. So they are under financial penalty
4 right now.

5 In addition to that, it has been requested that they
6 submit an action plan for what they will be doing. That
7 plan is due by the end of the year, and there will be
8 metrics and accountability from that plan or the Air Force
9 will be initiating the elements accessible to us under the
10 dispute resolution procedures, which could lead to anything
11 up to a default on their lease.

12 Chairman X: I guess the short version is you are
13 doing everything that you can do that you inherited all the
14 facilities that you are able to -- changes you are able to
15 make currently.

16 To each of the secretaries, I would like to mention --
17 or I keep hearing that they are talking about these
18 companies said that they would be open to reopening these
19 agreements to ensure transparency, accountability, and
20 performance. They never talk anything about what the cost
21 would be. So I would ask any secretary who would like to
22 respond to the question. Behind closed doors, are
23 companies actually willing to reopen these agreements, or
24 are they just giving you lip service to contractors trying
25 to dig their way out of a bad situation? If they are open

1 to reopening the agreements, have any of them talked about
2 what the cost would be involved to do such a thing? Any of
3 the secretaries.

4 Mr. McCarthy: Mr. Chairman, in our most recent
5 discussions with the RCI partners, there was a discussion
6 about the restructuring of the debt of their companies.
7 The economics, in most cases, for the projects are under
8 1996 interest rates, so 7, 8, 9 percent for these projects,
9 which by changing the scoring model at OMB, we can provide
10 an opportunity for them to go to capital markets and
11 increase the capital for reinvestment.

12 What we have instructed in the Army is for General Gus
13 Perna to come back with an analysis of just how substantial
14 of a project this would entail, and then we would have to
15 negotiate that. But the sense that I had from the most
16 recent discussion in September was there was definitely
17 energy to do that.

18 Chairman X: Any other secretaries?

19 Ms. Barrett: We absolutely would consider reopening
20 the contracts, renegotiating the contracts. It is much
21 more efficient to work under that contract now if they will
22 correct their behaviors, but if not, we will --

23 Chairman X: And much cheaper than trying to start all
24 over again I would suggest too.

25 Ms. Barrett: Exactly.

1 Chairman X: We have gotten some positive results. I
2 know we hear more about the negative results, but I know in
3 the case of Tinker, Colonel Filcek took command of the 72nd
4 Air Wing, and things really started to improve. And one of
5 the things he did -- and I was down there and I heard from
6 other people saying that he actually went to town hall
7 meetings. We are talking about those that are in charge in
8 the chain of command going to town hall meetings and meet
9 with people. He would really get emotionally involved in
10 them. So I would like to at least point out that some good
11 things are happening, and we want to learn from those
12 experiences.

13 Senator Reed?

14 Senator Reed: Well, thank you very much, Mr.
15 Chairman.

16 And let me once again commend Ms. Field and the GAO
17 for their excellent work. You have made the point that
18 many of the statistics that are used particularly for the
19 performance incentive fee structure are erroneous,
20 misleading, not appropriate, which begs the question which
21 Secretary Barrett has already responded to. And I will
22 address it first to the Army and the Navy.

23 Have you withheld performance fees just in general
24 because of the inaccurate data or specifically because of
25 problems you have encountered? Secretary McCarthy or

1 General McConville.

2 Mr. McCarthy: Most recently what we did, Senator, was
3 I had to go back and look at the incentive award fees to
4 ensure that the metrics were such that we had incentivized
5 the appropriate behavior by the contractor in this case.
6 So what General Perna has done is he has revised them. We
7 did get inputs from the GAO and others, but he has revised
8 those. Those will go live here in a couple weeks. But
9 there are specific instances for installations in Fort
10 Benning and I think one other location most recently where
11 we held back substantially. I think Joint Base Lewis
12 McChord withheld substantial fees back from the contractors
13 in this case because of poor performance and work order
14 response time, as well as quality.

15 Chief, do you want to add anything?

16 General McConville: Senator, I would just add that as
17 the Secretary said, the average incentive fee right now is
18 77 percent, but we are taking a much harder look at that.
19 So they are not getting 100 percent. We have had some
20 posts that have got 100 percent, but as low as 11 percent.
21 And we see that making a difference in performance of the
22 contractors in executing their mission.

23 Senator Reed: Mr. Secretary?

24 Mr. Modly: Senator, we in the Navy have not paid out
25 an incentive fee this year. We are looking at those very,

1 very carefully to understand whether or not they have
2 earned them, and we are going through that analysis. But
3 going forward we have also done what the Army has done in
4 terms of changing the way that we are calculating the
5 incentive fee to much more heavily weighted towards
6 resident feedback and their perceptions, to include health
7 and safety issues, which were not part of the incentive fee
8 structure before.

9 Senator Reed: Thank you.

10 Secretary Barrett, do you have anything to add?

11 Ms. Barrett: The Air Force has been looking at
12 restructuring the fees, including a lot more input from the
13 base commanders so that their performance on the base is
14 calculated into the structure.

15 Senator Reed: Let me return again directing questions
16 to each of the services.

17 These contractual agreements you find now somewhat
18 constraining in terms of getting the proper performance.
19 What is the biggest contractual obstacle that you see,
20 Secretary McCarthy, and is there any way we can provide
21 assistance to you to get that modified?

22 Mr. McCarthy: Senator, when the bill of rights is
23 published, I think that dispute resolution is one in
24 particular that we need to put in place as quickly as
25 possible. It is why in many cases that the only mechanism

1 that families have to get results is legal action. So the
2 sooner we can have a dispute resolution in place, it would
3 help improve matters dramatically.

4 Senator Reed: So if there was a meeting of minds
5 between the companies and the services on dispute
6 resolution to benefit the quality of life of soldiers,
7 sailors, airmen, and marines, that would be a positive
8 step.

9 Mr. McCarthy: Yes, sir.

10 Senator Reed: Thank you.

11 Mr. Secretary?

12 Mr. Modly: Yes, Senator. I agree with Secretary
13 McCarthy on this one, but I also would say that one of the
14 other challenges that we have is until now we did not have
15 great visibility into the data. Most of the maintenance
16 data was captured in two different types of IT systems,
17 without getting into the mundane aspects of that. But they
18 were not capturing data in the same ways. And so what we
19 are trying to do is to standardize that so that we can get
20 visibility into that a lot quicker. So we understand if a
21 contractor is not performing properly, we can take action
22 on that a lot more immediately.

23 And I also agree with Secretary McCarthy on this issue
24 of the tenant bill of rights. I think once we standardize
25 that, I think that is really going to help our ability to

1 resolve disputes more quickly.

2 Senator Reed: And you can rationalize the data
3 without any contractual changes? You can do that within
4 the current context?

5 Mr. Modly: Yes, sir. We believe we can do that. We
6 need the partners to enter the data in a way that makes
7 sense to us so that we can compare it across the entire
8 population of homes that we have managed.

9 Senator Reed: And, Secretary Barrett, your comments
10 please.

11 Ms. Barrett: I do not know of any contractual changes
12 that Congress can help us implement, but we will take a
13 look and if that is the case, we would be happy to provide
14 those for the record.

15 Senator Reed: Thank you very much.

16 Thank you, Mr. Chairman.

17 Chairman X: Thank you, Senator Reed.

18 Senator Wicker?

19 Senator Wicker: Ms. Field, who performed this
20 satisfaction survey?

21 Ms. Field: The annual satisfaction survey that I
22 referred to in my opening remarks was conducted by an
23 independent third party group names CEL. I should say we
24 found nothing wrong with how CEL conducted the survey. It
25 is more the questions that were asked and how the results

1 were collected and analyzed and presented to you.

2 Senator Wicker: Okay. Who makes that determination?

3 Ms. Field: Well, there are multiple levels in which
4 there were problems with this.

5 Senator Wicker: So CEL did not devise the questions.
6 They just simply asked what they were told to ask.

7 Ms. Field: My understanding is that the services
8 coordinated with CEL to develop the questions.
9 Specifically they asked how much do you agree or disagree.
10 I would recommend this community to others, which is
11 different than the question that was presented to you.

12 Senator Wicker: Well, I think we should all agree we
13 got bad information, inaccurate information, and we ought
14 to completely rethink how we ask that question so we can
15 find out what the troops are really thinking there. So
16 thank you for that.

17 Secretary Barrett, thank you for coming to Mississippi
18 and visiting with our service members there at Keesler.
19 Senator Hyde-Smith was there with me. Congressman
20 Palazzo's staff was very involved also.

21 And let me give a shout out to Colonel Heather
22 Blackwell, the wing commander there at Keesler, as well as
23 her senior enlisted leadership. I think this particular
24 group of leaders represents, frankly, a mindset change to
25 be very customer-oriented and to be empathetic with the

1 troops and the folks that are trying to make it work in
2 these houses.

3 And frankly, I would contrast that with some of the
4 previous leadership we had at Keesler where one particular
5 person told a member of my staff that by raising these
6 questions, he was simply making matters worse. And I was
7 absolutely delighted to see that there is none of that left
8 at the leadership at Keesler anymore, and there is very
9 much a mindset of knowing what the problem is and that it
10 must be solved for folks that have stepped forward.

11 You have dedicated an assistant secretary to work
12 almost exclusively with this problem. Is that right,
13 Secretary Barrett?

14 Ms. Barrett: Well, Senator, that assistant secretary
15 has a lot of other duties as well, but he is really
16 spending a great deal of his time on exactly this topic and
17 really is devoted to it. John Henderson.

18 Senator Wicker: And that is John Henderson, and he is
19 sitting behind you. So I want to thank him too. And it
20 does occur to me he is spending a lot of time on this.

21 We have an unusual situation at Keesler in that
22 Katrina hit, and almost all of our 1,188 housing units had
23 to be replaced in one fell swoop.

24 It took me a while, but yesterday I finally found out
25 this information. Of the 1,188 residences there, 1,084

1 actually have experienced moisture and mold. Now, we are
2 told this was a mistake with the installation of the air
3 conditioning units and particularly the air conditioning
4 ducts. I would like for you to tell us on the record how
5 many air conditioning companies were involved in this.
6 Were all of them involved in these homes that have had the
7 moisture problems? Why the multiple instances? And you
8 mentioned a family that had had to leave their residence
9 four times, and the problem still has not been solved. Why
10 is it that the remediation is often not getting done? Why
11 are they typically told you are going to be out of the
12 house 2 weeks and typically that turns into 4 and 6 and 8
13 weeks? Are there any houses that are ever repaired in 2
14 weeks? I would like to know that. How often does it, in
15 fact, take 2 weeks? And why is it that neighbors tell
16 these people that their units that have been vacated often
17 go days without workmen being there? And of course, they
18 are out for longer and no work is being done. That cannot
19 be a good use of the time.

20 Many of our troops are asked to move out to hotels
21 because there is not adequate housing for them to be in.
22 One troop said he had to be out by 11:00 a.m., got all his
23 belongings in his vehicle to comply with the 11:00 a.m.
24 checkout, and then mid-afternoon, as he sat in his car, he
25 was told it will be another 2 weeks. You have to move back

1 in. This is called being jerked around by the system.

2 And then one other question. I am over my time, but
3 these need to be answered on the record. In many instances
4 like Biloxi, Mississippi, the homeowners insurance is so
5 high that the basic allowance for housing is not adequate.
6 Now, when I was in the Air Force on active duty, I was
7 happy to go off base, use my VAH, and live well. Do we
8 need to change the statute to account for higher homeowners
9 insurance with VAH?

10 Thank you, Mr. Chairman, for that indulgence.

11 Chairman X: Thank you.

12 Senator Blumenthal?

13 Senator Blumenthal: Thanks, Mr. Chairman, and thanks
14 to you and the ranking member for having this hearing to
15 follow up on our last hearing in March. Most of you were
16 not here for that hearing. I recognize the progress that
17 has been made since then has been encouraging but extremely
18 limited. And I want to thank the military families who are
19 here today, but also the countless military families who
20 have continued to contact us directly and, as well, to
21 advocate for better housing.

22 And I want to highlight, as a matter of fact, one area
23 where we have received complaints, and I would like to know
24 of all the complaints that you have received about
25 retaliation. This issue is one that is most troubling to

1 me, retaliation for legitimate complaints ranging from
2 service members being prevented from attending certain
3 training with their unit or military spouses being
4 disinvited from participating in spouse support groups. We
5 have heard stories about housing company representatives
6 circling homes of military families in cars making verbal
7 threats or moving work orders to the back of the queue for
8 families who are asking for desperately needed maintenance.
9 These reports are absolutely outrageous, and I would like
10 to know in writing of all the complaints received by the
11 services. My time does not allow me to go into them here.

12 These military families report to us conditions that
13 have been chronic, repeated, recurring, endemic to their
14 living. And no doubt loss of incentive fees will spur some
15 improvements, but incentive fees and even the bill of
16 rights -- and I have been a strong advocate for a bill of
17 rights -- in my view lack the impact that rightful criminal
18 prosecution would have. And I note that in none of the
19 statements presented here this morning has there been any
20 mention of an actual referral for criminal prosecution. I
21 am deeply disappointed that there has been no such
22 referral.

23 Secretary Barrett, I thank you for mentioning that in
24 all actions where fraud is suspected, you, quote,
25 immediately notified the Air Force Office of Special

1 Investigations and the Department of Justice. There has
2 been a recent report by Reuters released last month that
3 Balfour Beatty Communities faked maintenance records to
4 pocket performance bonuses at several Air Force bases
5 nationwide. These same reports have been in the
6 misrepresentations and outright lies to every one of the
7 services, and I would like to know from each of the
8 services whether you have referred any cases for criminal
9 prosecution beginning with Secretary McCarthy.

10 Mr. McCarthy: Not at this time, Senator.

11 Senator Blumenthal: Secretary Modly?

12 Mr. Modly: Senator, we have not done that yet, but I
13 would like to say that a couple months ago I made a
14 decision as the under to put a dedicated audit function
15 within the Assistant Secretary for EI&E solely focused on
16 PPB to go out and investigate and to determine whether or
17 not there is any such activity as you mentioned so that if
18 there is such an instance of that, we have the ability to
19 have data, to have evidence, and then turn that over for
20 prosecution if necessary.

21 Senator Blumenthal: Secretary Barrett?

22 Ms. Barrett: As I indicated, we have investigations
23 going on by the Office of Special Investigations of the Air
24 Force, and where fraud has been alleged, those facts have
25 been presented to the FBI and they will be determining

1 whether or not to go forward with pressing criminal
2 charges.

3 Senator Blumenthal: Have there been any referrals for
4 prosecution as yet?

5 Ms. Barrett: Not yet. The investigation is underway.

6 Senator Blumenthal: I really want to urge you -- and
7 I did it in the March hearing as well. It is not a new
8 concern on my part, and in fact, in the NDAA there is
9 language in the Senate-passed version of the NDAA to
10 encourage these investigations which I helped to write. I
11 have also written to each of the service secretaries urging
12 that fraudulent activity be referred to the Department of
13 Justice, and I would like a report within a reasonable
14 amount of time from each of you as to what the status of
15 any investigations are within your departments. Thank you
16 for your attention.

17 Just in closing let me say I know that every one of
18 you wants the best possible housing for the men and women
19 under your command. I have no doubt about your commitment,
20 but I think we need to use every tool, every possible
21 resource to make sure that these private contractors get
22 the message that there is a new era for military housing.

23 Thank you, Mr. Chairman.

24 Chairman X: Thank you, Senator Blumenthal.

25 Senator Ernst?

1 Senator Ernst: Thank you, Mr. Chair.

2 I would like to say thank you to the witnesses today
3 and for your commitment, but even more importantly, I want
4 to say thank you to the spouses, the family members, that
5 are here today. In the 1990s, I was a young Army wife,
6 newly married into the Rangers and had a husband that
7 deployed frequently. So I can only imagine the situation
8 that all of our family members went through, whether you
9 are juggling family, children, child care, school, a
10 civilian job, whatever it was that you had, in addition to
11 that you had housing issues that you had to address because
12 maybe your spouses were elsewhere doing what the United
13 States Federal Government told them to do. So thank you to
14 all of you. I do understand those challenges and we have
15 to make a change. So thank you for being here.

16 So we have talked a lot about this high level of
17 investigations and involvement of our secretaries and so
18 forth. But what I would like to hear from the Commandant
19 and to our chiefs is what are we doing to educate those
20 young commanders. The health and welfare of their troops -
21 - that is up to them. So while we do have other special
22 offices that are involved, what are we doing to educate
23 that chain of command and how they can get engaged with
24 their troops in making sure that housing is appropriate?
25 Secretary Barrett, if we could start with you.

1 Ms. Barrett: We are, in fact, working on training for
2 the commanders of the bases and the squadron commanders on
3 the housing issue and on medical issues so that there is a
4 better understanding. And that will be passed on to each
5 of the members of the military.

6 Senator Ernst: General Goldfein, did you have any
7 more to add?

8 General Goldfein: Yes, ma'am. So after this issue
9 came up, I hosted a conference with all of our wing
10 commanders in the United States Air Force. That is active,
11 guard, reserve, civilian leaders, 278 strong. What I
12 shared with them was that there are certain things that we
13 have to do as leaders that are nothing short of sacred
14 duty, and one of those is ensuring that every airmen that
15 deploys into harm's way is properly organized, trained,
16 equipped, and when they come home, we have taken care of
17 their families while they are gone. You cannot delegate
18 that. That is command team business. So in every echelon
19 of command now, we have training not only on their
20 responsibilities but also on the tools they have available
21 and, to get to Senator Blumenthal's point, to make sure
22 that we have all the tools available and we are pushing
23 decision authority down to where they can make the most
24 difference.

25 Senator Ernst: Absolutely. Thank you.

1 Commandant?

2 General Berger: I think your point, ma'am, about the
3 two chains of command is really important. Both have a key
4 role, as you pointed out. The installation -- this is what
5 they do every day and they focus on it, but I would say
6 accurate prior to this spring they were not educated on how
7 to interface with their PPB partners and what laborers they
8 had when they were not performing.

9 On the unit chain of command, which is what General
10 Goldfein focused on, we did not look the other way, but I
11 am not sure that all of our commanders -- in fact, I am
12 pretty confident most did not understand -- they understand
13 their role in leading their troops in everything they do or
14 fail to do but not when their housing situation is not
15 working right. What are they supposed to do? Now that is
16 part of our commander scores. You could argue it should
17 have been beforehand. Now it is.

18 So on both chains of command, I think your point about
19 education has to be there, but it cannot be one time. It
20 cannot be in 2019 only. It is just something we have to
21 sustain.

22 Senator Ernst: Thank you, Commandant.

23 Admiral?

24 Admiral Gilday: Yes, ma'am. So thinking about the
25 core issue here, really the root cause of what drove us to

1 where we are right now, I think a big part of that was
2 mindset. The Commandant kind of got at this with the fact
3 that we dismissed responsibility for those things that we
4 are accountable for, as General Goldfein said.

5 The other thing that went hand in glove with that was
6 the fact that we never codified roles, responsibilities,
7 including oversight for commanders. And so like the Marine
8 Corps, we now have formalized courses for all of our
9 commanders, executive officers, senior enlisted. But even
10 more importantly right now, recognizing that most of the
11 progress that we made to date is grounded on good
12 leadership, enabling commanders at every level and their
13 senior enlisted to understand what the processes are, what
14 the right levers are to pull so that when a sailor and his
15 family has an issue, we can respond immediately and not put
16 it on the back burner.

17 Senator Ernst: And, General, if you have anything to
18 add briefly, please.

19 General McConville: Yes, Senator. We may have
20 outsourced housing to private contractors, but we have not
21 outsourced responsibility. Our commanders at the lowest
22 level, every leader is responsible and accountable for
23 their soldiers. They understand that and they are back
24 into fixing this problem set.

25 Senator Ernst: Thank you.

1 And again, to our families, I want to thank you for
2 your resiliency and your intestinal fortitude. I truly
3 appreciate it. Thank you.

4 Chairman X: Thank you.

5 Senator Kaine?

6 Senator Kaine: Thank you, Mr. Chair.

7 And thanks to our witnesses.

8 I want to thank the military families who have been so
9 important in this effort.

10 To Secretary McCarthy, thank you. Yesterday Secretary
11 McCarthy asked me to accompany him to Fort Belvoir, and we
12 saw two houses there that had really serious problems.
13 Fort Belvoir has 15 communities in it. Some of the houses
14 were 1940s and 1950s, and some are 10 years old. We
15 visited two communities that were new communities. In one
16 house, we saw a family who were repeatedly told that they
17 did not have a mold problem. The husband has some
18 carpentry skills and he could remove some molding around a
19 shower and find that, no, indeed there was mold. And so he
20 was being told that there was not a problem when there was.
21 Even after the mold problem was discovered by him, he could
22 not get a response until he said the place is so unsafe, we
23 need to move out. And then the housing company jumped into
24 action maybe because there was going to be a financial
25 consequence if they moved out.

1 A second family was having their home repaired. The
2 spouse noticed that they were not bringing any new
3 insulation into the home. They were supposed to clear out
4 a mold situation and put in new insulation. They told her
5 they had done it. She noticed that no new insulation had
6 been brought into the home, and she said open the wall. I
7 think you are lying to me. And the wall was opened up and
8 the old insulation that was dirty had been put back in and
9 it was already soaking wet because not only had they not
10 put in new insulation, they had not fixed the water problem
11 behind the wall. And this is 6 months after we had this
12 hearing.

13 Secretary McCarthy was not happy with this when he
14 heard these stories, nor was the garrison commander.

15 I think we have identified two main problems. The
16 military chain of command abdicated responsibility for this
17 when the contracts were entered into. And I can understand
18 it, especially given the OPSTEMPO of warfighting in the
19 last 15 or 20 years. There were priorities that maybe
20 assumed front of mind and other priorities that did not get
21 attention that they deserve and that they need to now get.

22 But secondly, these housing companies -- they had a
23 double standard, and the double standard was they all
24 operate in the private sphere and they lease to private
25 tenants and they have to compete hard to make sure that

1 they have high occupancy rates because if they treat their
2 private tenants badly, they will go elsewhere.

3 But they treat military tenants like they are
4 captives, like it is a captive audience. People who move
5 from across the country to a place where they do not know
6 anyone, where they do not know anything about the rental
7 market, where they are trying to find new schools and get
8 accustomed to everything else -- there is a natural
9 tendency to want to live on base. And the occupancy rates
10 will be high because of that tendency. And so these
11 companies who would compete hard and try to produce a high
12 quality product in another business unit of the identical
13 company treat these folks as if they are captives and that
14 they do not have to treat them in the same way that they
15 would treat private tenants. And I find that outrageous.

16 I want to ask you, Ms. Field, a question about your
17 testimony because I find a couple things about it pretty
18 shocking.

19 The 87 percent satisfaction. That is in a report that
20 Congress demands, and so it is a report to Congress. And I
21 feel misled, and I am trying to determine whether I am
22 accidentally misled or intentionally misled. So if you
23 read Ms. Field's testimony, pages 12 and 13, you understand
24 her conclusion that the data is unreliable.

25 OSD gave an instruction to the military departments

1 that in the annual satisfaction survey, they were supposed
2 to ask this question: would you recommend privatized
3 housing? And it was yes, no, or I do not know. That was
4 the OSD instruction to the departments.

5 Instead, the departments on the survey -- they did not
6 ask that question. They asked this question: how much do
7 you agree or disagree with the following statement? I
8 would recommend this community to others. I would
9 recommend this community to others. A reasonable person
10 reading that question would not think it was a question
11 about housing. What does that mean? My neighborhood?
12 Fort Belvoir? Fairfax County? Northern Virginia? If
13 people had a problem with housing, it might factor into
14 their answer. But the fact that the answer to that
15 question is 87 percent tells us precisely nothing about
16 what people think about their housing.

17 And if I understand your report correctly, the
18 military departments did not ask the question that the OSD
19 told them to ask.

20 Now, I understand from a footnote that in 2019 finally
21 they are going to ask the question that they should have
22 asked all along: are you satisfied with the condition of
23 your unit? That is the question that you need to ask to
24 have an answer that you can count on.

25 But the answer to the question of would you recommend

1 this community to others tells us exactly nothing about
2 housing. So I definitely feel misled by this 87 percent
3 number, and I do not know whether to feel intentionally
4 misled or accidentally misled.

5 I am going to conclude. Secretary McCarthy, you have
6 raised a really important point that we may need to grapple
7 with as a committee. If the companies, because of the
8 dates they entered into these contracts and their bond
9 arrangements, structured the finances around a 7 or 8
10 percent interest rate and right now, if they could
11 refinance and refinance to a much lower rate and free up
12 capital that could be used to capitalize improvements in
13 military housing, we should be doing what we can in a
14 fiscally responsible manner to allow the refinancing of
15 these contracts with the expectation that some of the money
16 that is freed up with the refinancing could be plowed back
17 into houses. So many of us have probably refinanced our
18 own houses during times of low interest rates, and we have
19 been able to do what the military and what these housing
20 providers should be able to do. So I hope we might explore
21 as a committee if there is a fiscally sound way where we
22 could allow these companies to refinance and then use those
23 monies to perform improvements.

24 Thank you, Mr. Chair.

25 Chairman X: Thank you.

1 Senator Scott?

2 Senator Scott: I want to thank each of you for being
3 here and worrying about the housing for our families.

4 Ms. Field, you said in your testimony that there were
5 changes, that if we could make those changes, that it would
6 have a big impact. Is there legislation that we can pass
7 right now that would force changes that would positively
8 impact housing for these families?

9 Ms. Field: Senator, I think the most important thing
10 that this committee can do is to keep the pressure on both
11 the services, as well as the partners. A lot of the things
12 that are in, for example, the bill of rights are things
13 that could be done right now. They do not necessarily need
14 to be legislatively mandated.

15 We at GAO have been looking at MHPI almost from its
16 inception, and we have found problems throughout. It is
17 really that pressure that you can exert that will probably
18 be most impactful.

19 Senator Scott: So there is no legislation that you
20 need -- that the services need right now that would change
21 the housing.

22 Ms. Field: I do not want to state that categorically,
23 but I would say that some of the things that probably would
24 be most helpful are not things that can be legislatively
25 mandated because they have to do with the legal agreements

1 between the services and the private partners.

2 Senator Scott: But we can pass legislation that
3 required the private companies to change. Right?

4 Ms. Field: I believe that that would still require
5 negotiation with the partners because of the existing
6 standing legal agreements, many of which are 50-year
7 agreements.

8 Senator Scott: So for all the secretaries, what is
9 the limitation on issuing the resident bill of rights
10 today? Is there any limitation?

11 Mr. McCarthy: Senator, there are a couple issues
12 related to the NDAA language that we have that are
13 different than the department's position. Specifically I
14 will cite two examples. With the dispute resolution, we
15 need to hire an outside firm to be a third party mediator
16 where there is a difference of opinion between us and the
17 committee on how to best bring a third party entity into
18 the fold. Another one would be on whether or not the Army
19 could have on-post quality assurance folks to inspect the
20 RCI partners' homes through legal liabilities associated
21 with that because we do not own the assets. We are working
22 through that with the committee, but we could step out but
23 we want to do it in concert with the Congress and have the
24 support of the Congress, sir.

25 Mr. Modly: Senator Scott, just let me add to that

1 that the service secretaries have all agreed on the tenant
2 bill of rights that we have negotiated with the PPB
3 partners. So we are ready to go into signing. We are just
4 being deferential to the committee and what they are trying
5 to put in legislation to make sure that we are in sync on
6 that.

7 Ms. Barrett: Senator, that is exactly the same with
8 the Air Force. We are ready to go, could have issued it
9 earlier, but do not want to issue something today that then
10 lies in contrast with what the NDAA might --

11 Senator Scott: Why do we not just do it and if the
12 committee ever gets it done, then change it?

13 Ms. Barrett: We could, but I think for our troops,
14 our airmen would rather have a consistency of what that
15 bill of rights entails.

16 Senator Scott: So the dollars that have been held
17 back on performance, can you take those dollars and
18 mitigate the problem? Are you allowed to do that? Like in
19 a private contract, if somebody violates the contract, I
20 can go spend the dollars and eventually get the money back.
21 Do you have the ability to do that under existing
22 contracts? So if you want to take the dollars -- any
23 dollars, but take for sure the performance dollars and say
24 I have got 15 homes that need mold repair. I will go ahead
25 and take the money and spend it. Can you do that?

1 Mr. Modly: Senator, I will have to get the answer for
2 that specifically. I am not familiar enough with the
3 negotiations with the PPB partners say. But when the fees
4 are not paid out, they stay within the service. So I have
5 to look and see exactly what our legal rights are in terms
6 of what we can do with that, and I do not know the answer
7 to that. But we will get the answer for you, Senator.

8 Ms. Barrett: I am not sure of the contract language
9 on whether that is held in escrow or withheld but not
10 available to the Air Force. In the Air Force's instance,
11 we have, however, spent \$25 million in remediation that may
12 be brought against the contractor.

13 Mr. McCarthy: Senator, it is my understanding the
14 funding is held in escrow, but I do not think it can be
15 converted for other projects.

16 Senator Scott: Will you find out when you get back
17 and just let me know if you can spend the dollars? Because
18 why would you not spend those dollars if you can do it and
19 take it away from the money you had to pay the companies?

20 Have any companies said to you all that because of
21 their finances, they do not have the financial wherewithal
22 to make the changes?

23 Mr. McCarthy: Yes, sir. I mean, the last discussion,
24 we specifically addressed how do we increase the ceiling on
25 capital for investment because as I mentioned in my opening

1 statement, a third of our housing is going to require
2 recapitalization. So we need substantially more funding.
3 And if you have economics from the mid-1990s, there is like
4 8-9 percent on the bonds.

5 Senator Scott: So they are never going to fix this.
6 If they do not have the capital to do it and they cannot
7 get the capital to do it --

8 Mr. McCarthy: General McConville and I sent a letter
9 to the director of the Office of Management and Budget to
10 change the scoring criteria on projects so that they could
11 go back to the capital markets, get lower interest rates,
12 which they have very much a desire to do that obviously
13 from a business perspective, but to be able to increase the
14 capital so it can be much more aggressive on investment
15 projects.

16 Senator Scott: Thank you, Mr. Chairman.

17 Chairman X: Yes. Senator Scott, let me just
18 interject here that we have had the bill of rights language
19 on the defense authorization bill. Our problem is we have
20 been bogged down mostly because of the House on the defense
21 authorization bill. Now, we are dealing with an absolute
22 deadline now. And of course, that language is in there.

23 It was our thinking at that time to not encourage the
24 bill of rights to be put together until we had a chance to
25 do that in the NDAA.

1 Senator Scott: That makes sense. You sure would
2 think, though, that they could take the money that has been
3 held on performance and go spend it to go fix the problem
4 that these companies are responsible for.

5 Chairman X: That makes sense. Thank you.

6 Senator Heinrich?

7 Senator Heinrich: Thank you, Chairman.

8 I want to start by saying that I share Senator Kaine's
9 frustration with the data that we have been given and
10 frankly how that data has been characterized. And we need
11 to understand, as Ms. Field points out, exactly what the
12 situation is. And the way questions have been asked has
13 really obscured that.

14 So I want to ask each of you, one, are you currently -
15 - as service secretaries, are you asking the question that
16 OSD suggested that you ask that would you recommend
17 privatized housing. And in addition, are you asking the
18 question that was also referenced in the GAO report, are
19 you satisfied with the condition of your housing unit?

20 Mr. McCarthy: Yes, Senator. We are making the
21 changes to the customer survey.

22 Senator Heinrich: And is that current or is that in
23 process?

24 Mr. McCarthy: I believe it is in process, sir.

25 Mr. Modly: Senator, we are looking at that as well to

1 ensure that the surveys are asking the right questions in
2 terms of what has happened in the past. In terms of how we
3 followed the guidance of OSD, I do not have information
4 about that.

5 I will say that we did an out-of-cycle survey
6 immediately after this situation came to the forefront last
7 year, and we discovered that we actually had much lower
8 rates than we had thought before. So I think we are
9 looking at this and we want to make sure -- and this is my
10 point that I made earlier about data and understanding what
11 the data is telling us and making sure we are asking the
12 right questions and measuring these PPB partners properly.

13 Senator Heinrich: Well, I will say that I think that
14 Ms. Field and the GAO were able to get to the heart of a
15 lot of data very quickly and to implement other tools like
16 focus groups to understand the nature of this problem. And
17 all of us up here need to be able to have reliable,
18 consistent data.

19 So for the remaining two secretaries, I would also ask
20 are you asking those two questions today or when will you
21 be asking those two questions?

22 Ms. Barrett: Senator, we are asking the questions as
23 directed by the Secretary in the form that is the requested
24 form.

25 One of the key issues on the data is that we really

1 are challenged when we do not disaggregate the data. When
2 you put it all together, it looks like 87 percent sounds
3 like a really good number. It is 90-plus percent on many
4 bases, but it is much, much lower, and that is where we
5 really need to focus our attention. But when we aggregate
6 the data, it is harder to find the real answers and the
7 real problems.

8 Senator Heinrich: Secretary McCarthy, you mentioned
9 the need to fix the model. I think those were your words.
10 But we also heard a third of housing is in poor condition.
11 So it forces me to ask the question, was privatizing our
12 military housing a mistake? And to put that another way,
13 do we at least need to take a step back and analyze whether
14 this model is actually working for our men and women in
15 uniform.

16 Mr. McCarthy: Senator, if we had not privatized, we
17 would not have been able to bring the investment capital to
18 bear to have the current housing portfolio even the shape
19 that it is in. \$13 billion worth of investment has been
20 put in place since 1996. We would not have had those
21 funds, for example.

22 I think that the challenge is over a 50-year
23 relationship, you have to adjust over time. The
24 flexibility of the contract, the manner in which to
25 restructure debt when economic conditions are better, you

1 have to present these opportunities. So that is where the
2 challenge is.

3 Senator Heinrich: Do we have the tools and the
4 knowledge built into your services to actually implement
5 those contracts, to hold people to account? Because those
6 things happen every day in private real estate business.
7 But that is not an expertise that is necessarily something
8 that I think the services have spent a lot of time thinking
9 about. And if we are not doing that, we certainly owe it
10 to the men and women who live in these homes to get that
11 right.

12 Mr. McCarthy: A great question, Senator. It really
13 hits home to the point Secretary Modly mentioned before,
14 our ability to analyze the depreciating assets, when to
15 make the right investments, are we capturing the
16 appropriate data to know the health of these homes. The
17 oversight, the quality assurance requires substantially
18 more resources, but also to your point, the right skill
19 sets associated to manage that. In many cases, we need to
20 improve across the board in all those areas.

21 Mr. Modly: Senator, I think it was absolutely the
22 right decision at the time to go in this direction, and as
23 Secretary McCarthy said, we would not have been able to
24 recapitalize these homes at the time that we did it.

25 That does not mean that it has worked out great, and I

1 would say that it is not horrible performance, but I just
2 think it is very uneven performance. And from personal
3 experience, I have a son-in-law and a daughter who are on
4 active duty, and they have lived in privatized housing and
5 it was fantastic. I have gone and visited several
6 different bases, and some of it is fantastic and some it is
7 not.

8 And the problem we have right now is really
9 understanding the differences because we do not have good
10 access and visibility into what is actually going on on a
11 unit-by-unit basis. So when you accumulate data and it
12 says 87 percent, well, what about the people that are not
13 happy and how are we finding out about that, and not just
14 finding out about it every --

15 Senator Heinrich: But how are we fixing it?

16 Mr. Modly: Right. But, sir, we are also finding out
17 about it a year after, sometimes a year after it has
18 happened. And so we need to be much more in a real-time
19 monitoring of this problem, and that is what we are trying
20 to do. And we certainly have the tools to do it. Data is
21 being captured. It is just not standardized. Once we have
22 that and we have real-time information, we can act a lot
23 more appropriately and a lot more quickly. And we
24 certainly have the tools to do that given some of the tools
25 that exist because of the revolution of technology that we

1 have seen. So we can address this.

2 I think the model needs tweaking, and as Secretary
3 McCarthy said, there may be some structural challenges with
4 the debt that we need to look at as well, but this is a
5 problem where, when you outsource something, I think there
6 was a cultural shift where people felt that it was not
7 their problem anymore. But it is always going to be our
8 problem to worry about the health and well-being of our
9 military families, and we just have to reinforce those
10 messages and I am sure we will.

11 Chairman X: Senator McSally?

12 Senator McSally: Thank you, Mr. Chairman.

13 And I also want to recognize our military families
14 that are here today. It is hard enough to serve in the
15 military. It is hard enough to be a spouse of someone who
16 serves in the military. But you add onto it the challenges
17 that we are talking about here today and the types of
18 stories that we have heard for what families have had to
19 put up with, and as someone who served myself, this pisses
20 me off. You know, again, what you endure is hard enough.

21 This is a leadership issue. I appreciate our service
22 leaders being here today and your commitment to address
23 this issue.

24 This is also a leadership issue by these companies.
25 You know, in America, we just came past Veterans Day. We

1 are very patriotic. We want to say thank you for your
2 service and all you do. Yet, climate and culture in these
3 companies starts at the top too. And the culture that they
4 have from the top all the way down, whether they are going
5 to be customer service-oriented, whether they are going to
6 be responsive 24/7 to the needs of those families, whether
7 they are going to do whatever they can to make sure that
8 they are addressing the health and welfare of these
9 families, that is a climate issue. So maybe some of the
10 CEOs need to move into some military housing over the
11 holidays. What do you guys think about that?

12 [Applause.]

13 Senator McSally: And see how they feel about trying
14 to figure out where they are going to put up their
15 Christmas tree or where they are going to be serving
16 Christmas dinner.

17 Ms. Field, thank you for all your work on this. I see
18 there are basically 14 companies that have been involved in
19 privatized military housing. Are any of them not acting
20 like slumlords at this point? Are any of them doing a good
21 job? Any of them?

22 Ms. Field: Senator, I would not want to characterize
23 any individual company as good across the board or bad
24 across the board. I would say that at almost every
25 installation we visited, we found that the military housing

1 officials on the ground were extremely frustrated with the
2 private partner personnel on the ground, were getting the
3 cooperation or support they needed. There were some
4 exceptions to that, which I would be happy to talk about.
5 But I think it is fair to say, as we have discussed
6 earlier, whether the tenants are satisfied at an 87 percent
7 rate or not, there is clearly a problem here.

8 Senator McSally: So one thing I read in some of the
9 testimony is that sometimes families were confused when
10 they went to the office as to who was the advocate for them
11 that is paid by the taxpayer and who is actually a
12 representative of the slumlord. So maybe they could wear
13 their own T-shirts that say "slumlord" on them. I am not
14 trying to be facetious here, but actually identify
15 themselves as whether they are with the company or whether
16 they are with the housing office. There has to be some
17 sort of distinguishing factor. I would encourage our
18 service chiefs just to ask them to do that. They need to
19 know who is who, that they are not talking to the
20 contractor when they are making a complaint.

21 General Goldfein, did you want to just say something
22 about that?

23 General Goldfein: Ma'am, I would just offer that
24 there is a trifecta approach to this. There is the command
25 team. There is the housing management officer and the

1 office, and then there is the privatized owner. And all
2 three of those have to be engaged. And where we have good
3 engagement by those three and ownership and responsiveness,
4 it is working. Where one of those is not there, it does not
5 work.

6 Senator McSally: And just the family member, though,
7 needs to know if they are coming in to vent their
8 frustration whether they are talking to somebody who is
9 representing the company versus somebody who is supposed to
10 be their advocate. You guys agree? I am trying to get
11 audience engagement here.

12 But one other factor is we specifically put language
13 in, as you are trying to hire more individuals in the
14 housing offices and to be advocates, is to prioritize
15 military spouses for those positions. I do not think you
16 need NDAA language for that. Is that something that each
17 of the services are looking to do? Because they are at
18 depression level unemployment as well. This is something
19 we have been working on this committee as well related to
20 military spouse employment. But pretty quickly I bet you
21 would have a number of military spouses who would love to
22 serve in that role. I would like to hear from each of the
23 services whether that is a priority.

24 Mr. McCarthy: Secretary Esper prioritized that early
25 on in his tenure to give the opportunities for military

1 spouses to have preference for hiring opportunities on the
2 installation.

3 Senator McSally: Are there positions that are open
4 that are unfilled right now, though, that could quickly be
5 filled with military spouses? Any of the other services
6 want to jump in?

7 Mr. Modly: Senator, we have added 300 additional
8 positions, and this is one of the problems that we
9 discovered in our discovery this last year was that, to
10 your point, we did not feel like we had enough advocates
11 out there. And so we are adding 300. We are in the
12 process of hiring them. We are also waiting on the
13 appropriations bill to pass so that we can fund those
14 positions. But prioritizing military spouses for those
15 jobs is something that we are going to do.

16 Senator McSally: Great, thanks.

17 Secretary Barrett?

18 Ms. Barrett: We have also established 219 new
19 positions for residents advocates, and those would be great
20 jobs for military spouses.

21 Senator McSally: Thanks. I am almost out of time,
22 but I want to just make sure everybody understands that the
23 NDAA is being held up for political games. The defense
24 appropriations bill is being held up for political reasons
25 that have nothing to do with our troops. So I just want to

1 make sure everybody understands that without an NDAA and
2 without the defense appropriations bill, the level that we
3 have agreed to or that we have been fighting for -- this is
4 going to hurt fixing some of these issues that military
5 families are dealing with in military housing. Can I get a
6 yes from everybody? Thank you.

7 So let us get everybody on both sides of the aisle to
8 vote those out and get them done this week. Thank you.

9 I yield back.

10 Chairman X: Thank you.

11 Senator Hirono?

12 Senator Hirono: Thank you, Mr. Chairman.

13 I thank all the secretaries and the chiefs and the
14 families and advocates who are here. This is a continuing
15 addressing of a concern that is going to be ongoing. And
16 as you noted, we have to be vigilant not just today,
17 tomorrow but going forward.

18 So, Ms. Field, you said that the Department cannot
19 make unilateral changes to these long-term contracts to
20 address some of these issues that have been brought forth.
21 Can you give me an example of a limitation in a contract
22 that would make it really difficult for the Department of
23 Defense to unilaterally make a change or require a change?

24 Ms. Field: Sure, Senator. So most of the agreements,
25 although not all, do have a performance incentive fee built

1 into the agreement. What we have determined through our
2 work is that a number of the metrics that underlie those
3 performance incentive fees are not good ways to measure the
4 condition or the quality of the home. So they are looking
5 at things like rewarding the partner for occupancy rate,
6 which again has nothing to do necessarily with the
7 condition of the home, or with things like timeliness in
8 reporting.

9 Our understanding is that to change those underlying
10 metrics, as written in the agreements, the partners will
11 have to agree with the services to make those changes.

12 Senator Hirono: There is no underlying metric for
13 habitability of units?

14 Ms. Field: I cannot say uniformly across all of the
15 agreements because they are all different, but when we
16 looked at them, we found that they were overwhelmingly more
17 focused on the financial health of the project and the
18 partner as opposed to the quality or condition of the home
19 and holding the partner accountable for that.

20 Senator Hirono: So for the secretaries or the chiefs,
21 are any of your agreements relating to habitability of the
22 units -- is there anything that allows you to negotiate
23 regarding habitability in any of your contracts? Anybody
24 can answer.

25 Mr. McCarthy: Senator, the metrics -- the incentive

1 award fees reference -- they are not uniform across all of
2 the installations, first off.

3 Second, with respect to habitability, the question you
4 asked, I do not know if on any of the installations if we
5 have that today. But as I mentioned in my opening
6 statement, we are changing the incentive award structure
7 and starting that on January 1st.

8 Senator Hirono: So you are able to change the
9 incentive structure by focusing on habitability even if
10 somehow there is not reference to that in your long-term
11 contract?

12 Mr. McCarthy: We have gone back to the partners and
13 we are changing the incentive award fees. We had to go
14 back to the partners and do that.

15 Senator Hirono: And are your partners cooperating
16 with changing the metrics?

17 Mr. McCarthy: That has been in negotiation, but that
18 is how we are initiating it on January 1st.

19 Senator Hirono: What about the other service
20 secretaries? What are you doing? Obviously, we are here
21 because of the non-habitability of some of these units. It
22 is a huge issue. And so are you imposing habitability as a
23 factor in your incentive payments?

24 Mr. Modly: Senator, yes. We are going through that
25 process just as Secretary McCarthy said. We have

1 restructured our incentive fee and what we are measuring
2 for an incentive fee, and prior to this, we did not have
3 that sort of health and habitability thing as a factor that
4 we looked at, but now we will. And our partners have
5 worked with us on this, and they are accepting that.

6 Ms. Barrett: We are in the process of restructuring
7 our incentive fees, and that will include elements of the
8 commanders' overview or observation. Habitability would be
9 probably one of the elements that they would put. In
10 addition, 100 percent of our units have had a health and
11 safety review prior to people moving in, and so that
12 habitability would be another word for the health and
13 safety of that --

14 Senator Hirono: Yes. I am using the word
15 "habitability" to cover the broad range of issues of
16 concern to all of us.

17 There was a mention made -- I think it was Secretary
18 Modly -- that the data is inputted in such a way that it is
19 really not terribly helpful in terms of what is actually
20 going on. So what are you all doing to make sure that
21 there is -- for one thing, should all of the contracts,
22 these housing contracts, not be the same in terms of the
23 terms of the contract across the services? Ms. Field, can
24 you answer yes or no on that one?

25 Ms. Field: Because they were entered into at

1 different times and by different services, they created
2 them with different terms and different levels of
3 accountability built into them.

4 Senator Hirono: That is a problem. But okay, be that
5 as it may.

6 What about the data, the insufficiency of the data?
7 Do the rest of you besides Secretary Modly agree that that
8 is an issue? Anybody?

9 Mr. McCarthy: Of course, Senator. We have addressed
10 that at the quarterly discussions, and that process is
11 starting to improve.

12 Ms. Barrett: And we do agree that the data is an
13 issue and disaggregating it, working to improve the quality
14 of the data, is one of the key things that we are looking
15 at.

16 Senator Hirono: May I ask just one follow-up question
17 with Secretary McCarthy?

18 So the condition of the housing that you went to see
19 with Senator Kaine -- very clearly, that if they are
20 putting back molding that should never have been put back,
21 that sounds like fraud to me. So you had testified that
22 you did not refer any matter for prosecution. Is this the
23 kind of thing that you are considering sending on for
24 prosecution?

25 Mr. McCarthy: Senator, after what I saw yesterday, I

1 was very concerned, and it is something that I addressed
2 specifically with General Perna and we are going to take a
3 very hard look at that. Yes, ma'am.

4 Senator Hirono: Please do so, and that goes for all
5 the services.

6 Thank you, Mr. Chairman.

7 Chairman X: Thank you.

8 Senator Perdue?

9 Senator Perdue: Thank you, Mr. Chairman.

10 And I want to thank the chairman and the ranking
11 member for the participation today. I have been here 5
12 years. I have never seen a panel of military leadership
13 that we have today. I think that sends a message to the
14 families but also says how serious this problem is. So I
15 want to thank everybody for being here.

16 I have a question for the panel and your staffs that
17 are here.

18 If you have ever lived in base housing anytime in your
19 career, would you raise your hand please? All right.
20 There is the issue. So these people understand. I grew up
21 in base housing. I understand what it means to be
22 dislocated. This is unacceptable what is happening right
23 now.

24 But I want everybody in this hearing to understand the
25 hypocrisy that you have heard this morning. We are

1 pointing fingers at contractors. Yes, there is culpability
2 there and it needs to be dealt with. There are leadership
3 issues maybe within the DOD. It needs to be dealt with.
4 But the one thing we are not talking about is
5 responsibility we have right here in Congress.

6 This is the third month. This is the end of the first
7 quarter of our fiscal year. We have not funded our men and
8 women in uniform. Period. We can talking about a
9 continuing resolution all we want to, but we have sent a
10 message to Putin and Xi and everybody else in the world
11 that the political games here are more important than our
12 men and women in uniform. That is unacceptable, and it
13 directly affects housing capability.

14 The U.S. Army did a study recently, Secretary
15 McCarthy, that you guys said that specifically right now
16 4,400 new units are being held up from construction because
17 of this continuing resolution. By the way, this is like
18 the 10th -- out of 11 years, this is the 10th year that the
19 first quarter has been spent under a continuing resolution
20 where no contracts can be let, no follow-up can be made, no
21 accountability can be accomplished.

22 And my question is, are these numbers right? I think
23 there are 269 other maintenance housing units for something
24 like \$69 million, which I do not understand those numbers.
25 That is \$250,000 a unit. So somewhere offline I want to

1 get at these numbers because it does not make any sense.

2 But would you give us an update as to the impact that
3 continuing resolutions have on this specific issue of
4 getting this problem fixed?

5 Mr. McCarthy: Specifically on military construction
6 for barracks projects, Senator, we have about \$239 million
7 held up: Fort Sill, \$73 million; Joint Base Langley
8 Eustis, \$55 million; Jackson, \$54 million. So barracks is
9 being impacted across the force. The family housing
10 projects overseas --

11 Senator Perdue: Look, if I could interrupt you. I am
12 sorry to interrupt. We can do this all day. I do not want
13 to give you guys a pass, but I want full accountability
14 here. And we bear the brunt of this at the very get-go
15 here. Had we funded this prior to September, the
16 continuity of the programs that you guys have already
17 started could be continuing right now. I just want the
18 people who have been affected to understand that the fix
19 cannot be accomplished as long as these political games are
20 being played right now. And that is the point I want to
21 make.

22 So can you give us the other impact that may be caused
23 by this insidious practice that we have here? 187 times
24 since the Budget Act was put in place in 1974. This is our
25 187th continuing resolution that this Congress has used,

1 and it devastates you guys and it hurts these families. So
2 can you give us a little more detail around that?

3 Mr. McCarthy: A \$1.1 billion request specifically on
4 housing restoration and modernization is being held up
5 right now.

6 Senator Perdue: What does that mean?

7 Mr. McCarthy: We cannot start the projects. We can
8 initiate the projects. We do not have the funding.

9 Senator Perdue: So the projects that are already
10 underway -- does it affect any of those?

11 Mr. McCarthy: In some cases, yes, sir.

12 Senator Perdue: So all projects that are being
13 directed toward this problem are being affected right now
14 during this 3-month period. Is that correct?

15 Mr. McCarthy: Any new projects and then existing ones
16 are being funded at the previous levels. So the buying
17 power is reduced. Yes, sir.

18 Senator Perdue: Thank you.

19 General McConville, I visited Benning. It is one of
20 our great heritage sites in the country really. It happens
21 to be in my home State of Georgia. I have got red clay
22 under these nails like you do I am sure from your time in
23 that part of our State.

24 I just met with General Brito down there, and he is
25 doing a fabulous job. You have a different problem in

1 Columbus. You have these historic homes, and of course,
2 they have lead. They probably had asbestos before and all
3 that. And some of this has been dealt with in the past.
4 Give us an update on how that lead problem is being dealt
5 with.

6 And by the way, you know, we deploy a significant
7 percentage of our men and women in uniform today, from Air
8 Force, Marines -- we have a significant percentage across
9 more than 100 countries right now today. So most of people
10 who are on these bases have a spouse overseas.

11 And so can you help us understand the progress being
12 made there and the displacement that we have incurred there
13 and what we can expect?

14 General McConville: Yes, I can, Senator.

15 First of all, on the historical homes, we have taken
16 the philosophy old is not historical. And what I mean by
17 that is, you know, we have homes. We have to replace them
18 or restore them to the level they were at. It may be a
19 house that is 100 years old that a captain lived in. We
20 have a whole bunch of these type homes, somewhere from 50
21 to 100 years old. We do not want to have to go back and
22 restore them with the original materials and those type
23 things that are sometimes required. So we are working our
24 way through that right now. We think we have a way ahead
25 so we are not going to have to go back and get original

1 materials. We can actually modernize some of these homes
2 so they are not living in old homes.

3 I grew up in an old home, 100 years old, but it is
4 old. It is not historic. And what we need to do for these
5 homes is modernize them so they are what we need for the
6 families.

7 As you know, we are going through the homes right now.
8 Lead is a huge issue. We are very, very concerned with our
9 families. We are going back and getting these homes and
10 remediating the homes, but it just takes time. I think we
11 are working about eight to nine homes a week, and it is
12 going to take us some time. It is going to take us 2 to 3
13 years with these homes to get them to the level that we
14 want them to be.

15 Senator Perdue: Would you get your staff just to keep
16 us updated each month about the progress of that project
17 specifically? Because I think that is a bellwether for the
18 rest of all of the bases out there.

19 General McConville: It is, Senator, and we will.

20 Senator Perdue: Thank you.

21 Thank you, Mr. Chairman.

22 Chairman X: Thank you.

23 Senator Jones?

24 Senator Jones: Mr. Chairman, with the chair's
25 permission, I am going to yield a couple minutes to Senator

1 Manchin who has got to leave for a committee hearing.

2 Senator Manchin: Thank you so much, Mr. Chairman.

3 I thank all of you.

4 And this is to the secretaries and Ms. Field to you.

5 Just listening to everybody and the concerns we have, there
6 is not a person up here -- and I am sure you all feel the
7 same way -- who are not concerned. Service members should
8 have better quality of life and their families, and they
9 should not be in this jeopardy.

10 A homeowners association is something I am familiar
11 with, and a homeowners association works this way. You are
12 the developer. You are the developer. Any of you all are
13 the developers. And basically when you have the covenants
14 and turn it over after a period of time to the homeowners,
15 then we have a responsibility to basically evaluate are you
16 doing your job or not. Have you lived up to your part of
17 the bargain when it was turned over? And we have the right
18 to bring civil actions against you.

19 Why can we not do the same here? Every member of the
20 service and their family that moves into one of the homes
21 basically would be part of a homeowners association. That
22 association develops their own board, and they are able to
23 bring a civil suit if they have not performed. That is the
24 best way to do it, much better than what the military and
25 everybody else. We will spend millions and millions of

1 dollars for the people on the front line that could tell
2 you immediately. And if you are the contractor that is
3 awarded basically one of these exclusive contracts for 50
4 years, then you have a responsibility. If that is the
5 responsibility and you have not lived up to it, let them go
6 to civil court, not through the military court. Let me
7 them go directly to the civil court. You will never have
8 this problem. This will eliminate and remedy this
9 immediately.

10 And we can put this right into the bill of rights.
11 Mr. Chairman, we could do this as we are going right now,
12 and it will basically take care of, I think, a remedy of
13 how you can cure this quickly. And they will step up to
14 the plate. They do not want these civil lawsuits brought
15 against them.

16 That is my input. Thank you, Mr. Chairman.

17 Chairman X: Thank you.

18 Senator Jones?

19 Senator Jones: Mr. Chairman, thank you. Thank you,
20 Mr. Chairman. Thank you, Senator Manchin.

21 Two comments before I ask a couple of questions.

22 Number one, I agree with Senator Perdue completely
23 about the CR and about where we are in the politics in the
24 NDAA and appropriations. I just do not want there to be
25 any impression of anybody in this room that the politics

1 that are being played is only one side of the aisle. That
2 is a process that is ongoing, and there is too much
3 politics being played not only in Congress but with the
4 administration as well. We need to get it done. I
5 completely agree with him in needing to get it done.

6 The second thing I would like to comment on is I am
7 hearing a lot in these hearings where these companies are
8 being referred to as our partners. They are not our
9 partners. They provide a service. We pay them for their
10 service. They are not a partner where there is a give and
11 take and issues like that. They are providing a service to
12 these people and their military and their families. And we
13 should be demanding and make sure that we are demanding
14 that they deliver the excellent services that we are paying
15 them for and that we do not consider them a partner like I
16 would my spouse or a law partner. They are providing
17 services.

18 Now, just with the time remaining, I would like to ask
19 each of the secretaries. Secretary McCarthy, you have
20 mentioned General Perna. I am a big fan of General Perna.
21 So I commend you for getting him engaged in this because he
22 can get it done.

23 When we had the companies here, one of the things I
24 asked them if they would agree to withhold incentive fees,
25 and I think you mentioned in your testimony that General

1 Perna is working on that. Has any incentive fees been
2 withheld yet, or is that still part of the process that is
3 ongoing?

4 Mr. McCarthy: Yes, sir. We have withheld fees at
5 Fort Benning and Joint Base Lewis McChord, and we will be
6 doing it at others here in the very near future.

7 Senator Jones: So you already got a process in place
8 for that?

9 Mr. McCarthy: Yes. It is being formalized on the 1st
10 of January, but some of these instances were pretty extreme
11 and we have done that here just in the last couple months.

12 Senator Jones: How about the Navy?

13 Mr. Modly: Senator, we have not given an award for
14 the incentive fee this year. We are evaluating all those
15 individually to determine what they earn.

16 Senator Jones: Is there a process in place to
17 withhold incentive fees that you have got in place now?

18 Mr. Modly: There is.

19 Senator Jones: All right. Thank you.

20 How about the Air Force?

21 Ms. Barrett: Senator, we are withholding all fees
22 from one contractor on the basis of misperformance or
23 performance problems on some of their bases. And the other
24 contractors -- we are observing their performance and they
25 are aware of the contract withholding -- the process, the

1 fact that we are withholding fees on others.

2 Senator Jones: All right. Well, thank you all three.
3 I think that is a good step.

4 I will say, Secretary Barrett, I am still hearing
5 issues. I visited the Maxwell Air Force Base, and there
6 are particular issues with historic properties and I get
7 that. But I am still hearing from constituents down there
8 who are having serious problems. So please take a look.
9 Thank you.

10 Thank you, Mr. Chairman.

11 Chairman X: Thank you.

12 Senator Tillis?

13 Senator Tillis: Thank you, Mr. Chairman.

14 Thank you all for being here and a special thanks to
15 the military families who are in attendance.

16 Back in March when we had the last hearing, I did not
17 have a very happy discussion because we had a revelation
18 come up about these nondisclosure agreements that the
19 housing providers were requiring the tenants to sign onto
20 before they would settle anything that seemed to be a
21 legitimate tenant complaint. And at that time, I asked
22 everybody to go back and make sure over the next 30 days to
23 have all of those NDAs rescinded, and if there was any
24 private property housing provider that thought they had a
25 great case to call me up and come to my office and explain

1 to me why they should have these nondisclosure agreements.
2 I had nobody come to my office.

3 I thought that I was assured that these had been
4 rescinded, but this week I got an email and another
5 nondisclosure agreement from Monterrey Bay where the
6 practice has continued at least up until August. And,
7 Secretary McCarthy, we will have a discussion about this
8 because it is in your lane.

9 But look, Ms. Field, I think when you were responding
10 to Senator Kaine's question about the satisfaction surveys,
11 if you have a nondisclosure agreement that says you cannot
12 speak even about the existence of the agreement and you
13 cannot speak disparagingly about the housing provider, then
14 how does the answer to that question go?

15 Ms. Field: That is a great question.

16 Senator Tillis: Right, which is why these damn things
17 have to be eliminated.

18 [Applause.]

19 Senator Tillis: Now, I want to ask you all right now,
20 can I get your assurance that you can go through your chain
21 of command and go to your housing providers and say this
22 ends immediately? And if you think you have a legitimate
23 reason for having one, contact me. I would love to hear
24 the basis for that. I do not think there can be one, and I
25 want your assurance that we are going to move forward with

1 this. This is a part of the problem.

2 Look, I have tried to be balanced every time I come in
3 here. If you look at it when these contracts started
4 getting initiated back in 1996, you were moving. You were
5 conveying property that was owned by the government to a
6 private housing provider. They were to fix some of them,
7 the old units, maybe up-fit them. They were to build new
8 units. And they had to make a financial decision that
9 ultimately resulted in an investment that the private
10 sector investors invested in. Great. Hopefully they made
11 a good decision.

12 Now, it may have been that in some cases they simply
13 did not know what they were buying. You know, everybody
14 that flips a house, sometimes you buy something and it
15 worked out well, and sometimes it did not work out so well.
16 There may be a rational basis to go back to some of these
17 housing providers and say, look, we may have sold you a
18 bill of goods and we have some responsibility for trying to
19 smooth out the economic consequences of that decision.

20 In other cases, they built houses that are the subject
21 of the problem. We owe them not a dime to fix that. That
22 is on them.

23 So my question to you all is, when is enough enough?
24 When do we finally look at these contracting vendors,
25 consistent with what Senator Inhofe opened up with, and say

1 you know it is time just to recognize that you are in
2 breach of contract? We got to go a different way. Or your
3 business practices are to a point where we have got to go
4 to a court of law and settle this. When is enough enough?
5 Secretary McCarthy?

6 Mr. McCarthy: We might be there right now, sir.

7 Senator Tillis: Secretary Modly?

8 Mr. Modly: Senator, I think that in certain cases we
9 may be there. In other cases, I think there is a pretty
10 heavy responsibility on the Navy and Navy leadership over
11 the last couple years in terms of not paying attention to
12 it.

13 Senator Tillis: Secretary Barrett?

14 Ms. Barrett: Senator, enough is enough. We have had
15 enough. On some of these properties, they have worn out
16 the patience of the Air Force. In other instances, they
17 are doing a great job and we are happy.

18 Senator Tillis: I agree. I do not want to go too far
19 over time, but I want to be fair. I do not want to, all of
20 a sudden, let our passions sweep up private housing
21 providers that seem to be doing a good job, trending in the
22 right direction. But we probably need to make an example
23 out of a couple of them and just draw the line and move
24 forward, and in the other cases, go back and figure out --
25 I think you are right. If we do not look at

1 recapitalization -- I am not one who thinks that we should
2 take this back over and go to the old ways because it was
3 not working. And then Senator Perdue's point is well
4 taken. Then all of a sudden you guys have to rely on us to
5 give you resources, and how has that worked out for you?

6 So I think it makes more sense to provide some
7 certainty by having these contracts in place, but we have
8 to look at recapitalization. We have to go back and
9 rationalize what should be a consistent model, to Senator
10 Hirono's point. I know that these contracts were
11 negotiated over time and there were differences. Some of
12 them we are learning from the past contracts. But at some
13 point, we have got to go back and reopen this and
14 aggressively pursue it.

15 And I am going to leave you with this. I do not know
16 what other members have done, but I have had town halls at
17 Camp Lejeune. I have had town halls at Fort Bragg. I have
18 had multiple sessions. I have literally met with hundreds
19 of military families down on those two bases. And things
20 are improving there. But I had at least one military
21 spouse drive up from Fort Benning, and she said we were
22 here when you all started really shining a light down at
23 Fort Bragg. But now I am at Benning and it is not so good.
24 It sounds like it is improving.

25 But I would encourage all of my colleagues in the

1 Senate and in the House to go on base and cast light on
2 these folks. It makes a difference. We are making
3 progress, but we are not making it nearly as quickly as we
4 should. And I really do believe it is time to draw a line
5 with some of these vendors and some of these contracts and
6 say enough is enough.

7 Thank you, Mr. Chair.

8 Chairman X: Thank you.

9 Senator King?

10 Senator King: Thank you, Mr. Chairman.

11 Ms. Field --

12 [Applause.]

13 Senator King: I do not want to step on your
14 recognition, Senator Tillis, which is appropriate.

15 Ms. Field, I want to get to the sort of basic
16 question. Are these contracts adequate or inadequate? Is
17 the problem the contracts or the enforcement of the
18 contracts?

19 Ms. Field: I think it is both, Senator. In many
20 cases, the contracts were not written in such a way that
21 the services could truly hold the partners accountable for
22 everything they should be holding them accountable for.

23 Senator King: Let me stop you there, though. I want
24 to follow up on Senator Hirono's question. I cannot
25 believe that the fundamental nature of the contract does

1 not require that the contractor -- and by the way, I agree
2 with Senator -- these are not partners. They are
3 contractors. Banish that word, will you? Quit referring
4 to them as partners. They are contractors. I cannot
5 believe the basic requirement of that contract was not safe
6 and healthy, habitable units. What were we buying?

7 Ms. Field: The companies -- pardon me -- are required
8 under all of the projects to comply with all federal,
9 State, and local environmental health and safety codes. So
10 that is a requirement that is in all of the contracts.

11 And to your second point, I think part of what we have
12 found through our ongoing review is that these services at
13 many of the installations have not done everything they
14 could to perform oversight to make sure that that was
15 happening.

16 When it comes to things like incentives to really get
17 the companies to pay attention, that is where there are
18 problems in the contracts.

19 Senator King: But I do not think they should be paid
20 even the basic rent if they are not renting safe and
21 habitable units. Forget about incentives.

22 [Applause.]

23 Ms. Field: The services do have the option of
24 rescinding these contracts, and that is an option available
25 to them.

1 Senator King: My experience in this kind of work is
2 that implementation is as important as vision. And my
3 sense is there are differences in the contracts, but
4 clearly, as you say, there are basic provisions that they
5 have to be safe and healthy. They have to meet codes. And
6 I believe, not having seen the contracts myself, but I
7 believe that this is really mostly an implementation
8 problem. Then my question is, who is in charge? Is it the
9 base commander? Is it a base housing officer? Is it the
10 Secretary of the Navy? Is it the Secretary of Defense?
11 There has got to be somebody who can be held accountable
12 here in what looks like endemic non-enforcement.

13 Ms. Field: If I may, it is the service secretaries
14 that signed the agreements with the companies. So I would
15 say that the service secretaries are ultimately
16 responsible.

17 Senator King: Ultimately responsible means not so
18 responsible. I want somebody that can be fired.

19 Ms. Field: Well, I think that would have to be done
20 on a case-by-case basis.

21 But I do want to point out two examples of where there
22 was a break in leadership. At Camp Lejeune, for example,
23 and at Tinker Air Force Base, we learned from the military
24 housing offices that they had recommended to senior
25 leadership, to NAVFAC and to AFCEC, to withhold either part

1 or all of the performance incentive for years and had never
2 gotten support for that. So that is an example of where
3 there was a break in leadership.

4 Senator King: So was that a break -- was that the
5 base command or was it regional command? I think part of
6 something you all should do -- the secretaries -- is assign
7 somebody who is in charge of this and hold them
8 accountable. And I do not know whether it can be one person
9 at each base or it can be somebody in the department or in
10 the Army or the Air Force, the Navy. We have this diverse,
11 diffuse responsibility, and therefore nobody really is held
12 responsible.

13 Secretary McCarthy, you have talked about the bill of
14 rights. Can that be imported into these agreements without
15 permission, if you will, or negotiation with the
16 contractors? Is that something that can just be stuck into
17 the agreements?

18 Mr. McCarthy: We had to work through the language
19 with the companies in question, Senator.

20 With respect to your earlier comment, it is the chain
21 of command on the installation. Those installation
22 commanders in the Army's case had not been empowered.

23 Senator King: Would that not be the logical place?
24 It seems to me the base commander would be the logical
25 place to lodge this responsibility.

1 Mr. McCarthy: The senior commanders are now back part
2 of the process, and they rate the garrison commander who
3 manages the housing relations --

4 Senator King: Is that true in the other departments?
5 I am getting a yes. Let the record show affirmative nods.

6 Ms. Barrett: Yes.

7 Senator King: A final question, sort of a detailed
8 question on this refinancing. I do not understand why they
9 need our permission to refinance. I mean, people refinance
10 all the time. If interest rates have gone down, they can
11 go in, raise more capital. What is the holdup there?

12 Mr. McCarthy: So in the contract, they have to have a
13 scoring criteria for the projects, and that is managed by
14 the Office of Management and Budget. What we referenced
15 earlier is we would like to rescind the Raines memorandum
16 from the 1990s so that we can adjust the scoring criteria
17 so that they can go back to the capital markets to raise
18 the capital.

19 Senator King: So this is something that is within the
20 control of the government. We can fix that. Does it take
21 an act of Congress?

22 Mr. McCarthy: No, Senator. We are working with the
23 Office of Management and Budget on that.

24 Senator King: Would you please let us know if that
25 gets bogged down? Because that would be one way to get a

1 lot of new capital into these projects.

2 Mr. McCarthy: Yes, sir, I will.

3 Senator King: Please.

4 Thank you all very much.

5 And I would like for the record statements from the
6 secretaries about where you are lodging the responsibility
7 for the enforcement of these contracts, the name of the
8 person, the position, and what the arrangements are to be
9 sure that the enforcement takes place. You can have the
10 best contract in the world. If it is not enforced and
11 implemented properly, people are going to suffer for it,
12 and that is exactly what has happened in this case. Thank
13 you.

14 Thank you, Mr. Chairman.

15 Chairman X: Do any of you feel that is an
16 unreasonable expectation? Okay. We recorded the nods.

17 Senator King: Affirmative nods.

18 Chairman X: Yes.

19 Senator Hawley?

20 Senator Hawley: Thank you, Mr. Chairman.

21 I want to start by also thanking the military families
22 who are here, first of all, for your service to this
23 country. Thank you for the sacrifices that you have made.
24 Your service members, your family members, thank you for
25 doing what you have done to defend this country. Thank you

1 for being here today. Thank you for making the trek and
2 for showing up and for advocating.

3 And I just want to say that what you have been
4 through, after the service that you have rendered to this
5 country, is absolutely outrageous and it is absolutely
6 unacceptable. It would not be acceptable for anybody to be
7 treated like this in this way. But for you as service
8 members and families who are sacrificing day in and day out
9 for this country, to have been through what you have been
10 through is really a breach of faith in what this country
11 owes to you. So thank you for being here. I am sorry for
12 what you have been through. And you have my commitment
13 that my office and I will do everything we can to see that
14 this does not continue. So thank you for being here.

15 Let me ask a few questions specifically about Fort
16 Leonard Wood and Whiteman Air Force Base in my home State
17 of Missouri. I want to start by saying that many military
18 families in Missouri are worried that base housing on those
19 installations may still be at risk. I want to thank the
20 base leadership at both of those installations for doing
21 their part to ensure that our service members are getting
22 high quality on base housing.

23 But let me ask about some of the concerns that
24 military families in the State have expressed to me. In
25 particular, military families in Missouri have raised

1 concerns to me that as Balfour Beatty and other companies
2 shift their attention to fix problems in other States, that
3 those companies might take their eyes off the ball in
4 Missouri and let things slip.

5 So, Secretary McCarthy, Secretary Barrett, let me ask
6 you in particular. What are your services doing to ensure
7 that Fort Leonard Wood and Whiteman, respectively, will not
8 be short-changed as these companies reallocate resources to
9 address these glaring deficiencies elsewhere. Go ahead,
10 Secretary Barrett. We will start with you.

11 Ms. Barrett: Well, Balfour Beatty has had very poor
12 performance in some settings, but very fine performance in
13 others.

14 The base commander having responsibility and authority
15 over the housing topic will mean that there will be careful
16 attention given to the local base by the local leadership.
17 So distractions at other bases will not be a distraction
18 from performance at Whiteman.

19 Senator Hawley: Thank you.

20 Secretary McCarthy?

21 Mr. McCarthy: We are watching it very closely,
22 Senator, and we will ensure that there is no change with
23 the performance, if anything to improve it.

24 Senator Hawley: Thank you.

25 Let me ask both of you again. Secretary McCarthy, we

1 will start with you maybe this time. Families in my State
2 have also raised concerns about insufficient tenants'
3 rights for service members who live off base. With that in
4 mind, I want to ask you what the Army is doing to ensure
5 that military families have access to high quality off-base
6 housing in Missouri and elsewhere. Can you address that?

7 Mr. McCarthy: Specifically to Missouri, I would have
8 to get back to you on that, sir. But in other instances
9 like yesterday at Fort Belvoir, with respect to Fort
10 Benning and Bragg and others that I visited over the last
11 90 days, 100 days, they work very hard with the local
12 communities to get additional opportunities for off-post
13 housing. So we are doing this in all of our installations.
14 And I will get back to you specifically on what we are
15 doing at Fort Leonard Wood, sir.

16 Senator Hawley: Thank you. I would appreciate that.

17 Secretary Barrett, can I ask you the same question as
18 regards Whiteman?

19 Ms. Barrett: Off-base housing is covered -- there is
20 an allowance that members get. And maybe the chief would
21 have further detail on that.

22 General Goldfein: Yes, sir. As you know, we do
23 routine housing allowance surveys, and we also go out and
24 look at the basic allowance for housing.

25 The service secretaries all signed a memo to governors

1 last year. It was a really important memo that said as we
2 are looking at your bases, there are two issues that are
3 top shelf for our families, and that is, number one,
4 reciprocity of licensure for spouses so as they move around
5 the country, they can continue to work, and the second is
6 the quality of their schools. And that letter has had a
7 fairly significant impact. And so I want to thank this
8 committee for all the work that has been done because it
9 has definitely improved the quality of life for our
10 spouses.

11 Senator Hawley: Thank you.

12 In my time remaining let me just, Ms. Field, ask you.
13 At the current rate of decline of the housing inventory, I
14 am wondering if you think the MHPI program is financially
15 viable and will survive the full 50-year term.

16 Ms. Field: The Department has determined that the
17 MHPI portfolio across the board is healthy. We issued a
18 report last year where we found that while the services had
19 good mechanisms in place to assess the financial strength
20 of the projects in the near term, they do not in the long
21 term. So I think your concern is well founded.

22 Quite frankly, though, what concerns me more is that
23 there are more mechanisms in place for the services to
24 assess the financial health of the projects and hold the
25 partners accountable for financial health than there are

1 for assessing and holding the partners accountable for the
2 quality of the housing.

3 Senator Hawley: Thank you for that. That is a very,
4 very important point and something I think that we have
5 absolutely got to rectify.

6 Thank you, Mr. Chairman.

7 Chairman X: Thank you.

8 Senator Duckworth?

9 Senator Duckworth: I just do not buy this argument
10 that the chain of command cannot really be held accountable
11 in the past because we have not empowered them to enforce
12 these contracts because by nature of being in command or
13 especially being a garrison commander, you are responsible.
14 I mean, if you had troops in barracks where they come to
15 complain that the ceiling is collapsing and hurting these
16 soldiers and that garrison commander did nothing about it,
17 you would hold him accountable. If you had a tank gunnery
18 range, an aerial gunnery range, or outdoor gunnery range
19 that was constantly hurting the troops who were operating
20 that range and that range was not up to standard, that
21 garrison commander would be held responsible for whether or
22 not he -- whatever contractor that was running that range
23 for you and keeping it safe for our troops to use. So I do
24 not understand why not a single garrison commander to my
25 knowledge has yet been fired over a failure to maintain

1 these standards.

2 [Applause.]

3 Senator Duckworth: Period. And so okay, that is the
4 past. Let us look forward.

5 I would like to ask each of the service chiefs is
6 maintaining the highest quality of housing for your troops
7 and their family members a line item on every person's
8 evaluation report, all the way up the chain from garrison
9 commanders up to and including yourself right now.

10 Mr. McCarthy: Senator, it is not.

11 Mr. Modly: It is at the flag level. We are looking
12 at doing that down at the O-6 level and below.

13 Senator Duckworth: So not so far.

14 General Berger: No.

15 Senator Duckworth: How many years has it been? Why
16 is it not? Sorry, General.

17 General Goldfein: No.

18 Senator Duckworth: Well, I would like to recommend
19 that it be on there for every single garrison commander and
20 all the way up to and including the service chiefs because
21 until you are being evaluated on it, you can just walk
22 away. And I have looked. I cannot find a single person who
23 has been fired over this.

24 Ms. Field, you look like you want to say something.

25 Ms. Field: I do. Thank you.

1 With all due respect to Secretary McCarthy, because I
2 know this was not a decision that you made, I think it is
3 important to point out that in 2013 the Army issued clear
4 instruction to installation commanders and garrison
5 commanders not to perform inspections of homes for the
6 life, health, and safety of those service members. That
7 has since been reversed, but to me I can see how commanders
8 during that time period would have been confused about what
9 it was that they were and were not supposed to do because
10 they were getting an instruction that told them not to
11 perform inspections.

12 Senator Duckworth: Well, I think that is a good
13 point. And since that has been reversed, that is good, but
14 that is not enough. I think it should be on their OERs
15 that they will be evaluated on this, period, for every
16 single person up the chain.

17 I want to touch on one other topic which is the family
18 members who live in this housing -- there is no safe level
19 of lead especially for children to be exposed to. None.

20 [Applause.]

21 Senator Duckworth: Are we doing anything to track the
22 children who have lived -- the family members who have
23 lived in these housing units? And are we keeping and
24 maintaining a database so that we may track their health
25 over the course of their lifetime so that they can

1 themselves receive benefits and/or health care over the
2 course of their lifetime? Because we know that children
3 cannot be exposed to any level of lead safely. So what are
4 we doing to protect the children and the family members in
5 general who have lived in all of these housing units? Mr.
6 McCarthy?

7 Mr. McCarthy: Senator, we have the Army health
8 registry. So when the family members come forward and put
9 that into the database, we can capture that data and then
10 track each of these cases.

11 Senator Duckworth: Does that come as part of the
12 briefing for every single family member who moves into
13 housing, that you should come forward?

14 I feel like you should know and be able to track and
15 have records of every single family member who has lived in
16 every single one of these units in order to track them. I
17 do not see why we are putting the responsibility on the
18 family members. They have got enough on their plates. The
19 services should be doing this, and we have those records.

20 [Applause.]

21 Senator Duckworth: Certainly the contractors do --
22 right -- because we are paying them for it. So they know
23 who lived in these housing units. Why are we not
24 maintaining this? Have we done this for any of the
25 services -- a database?

1 Chairman X: You are out of time.

2 Mr. Modly: We are capturing that --

3 Senator Duckworth: I am so sorry. Go ahead.

4 Mr. Modly: Senator, we are capturing that information
5 in the individual health record for members and their
6 families. The challenge we have is if they go out and they
7 go outside of the military health system for their health
8 care, we do not have an ability to get that. So we are
9 looking at developing a database to do that.

10 Senator Duckworth: I am not talking about on the
11 health care side. I am talking about you know who has
12 lived in every single one of these housing units. You can
13 go back into the housing records, not into the medical
14 records, but into the housing records and make a list of
15 every single person. We know every single person who has
16 been stationed at Fort Bliss, at Fort Bragg, at wherever.
17 Why do we not have a list of every single person that has
18 lived in these units? We have them. Do not put it on the
19 family members and on the medical side to wait until the
20 health condition happens. Do it on the front end so that
21 everybody can -- later on some child comes up and has a
22 problem, they can say, hey, I was at Fort Bragg. They are
23 in the system without them having to come forward.

24 Mr. Modly: We will do that.

25 Senator Duckworth: I am out of time. I yield back.

1 Chairman X: Thank you, Senator Duckworth.

2 Anything further? Any other member? Any other
3 comment?

4 [No response.]

5 Chairman X: All right. First of all, as I mentioned
6 in my opening statement, we will have another housing
7 hearing as early as possible next year. At a minimum, we
8 need the companies back, maybe even some of the new ones
9 that seem to be part of this problem, and the services so
10 that you can let us know and we can reflect on, if we ever
11 get our NDAA passed, the language. And we are out of time,
12 so that is a serious problem.

13 First, I do want to thank all the -- it is a very
14 large number of people who went to a lot of inconvenience
15 to be here. And you have been heard and you have heard us.
16 And so I appreciate very much your being here.

17 The record will stay open until close of business
18 Wednesday, December 4th, for any additional questions.

19 Now, what I would ask of our witnesses respond no
20 later than Friday, December 20th. Do I have your
21 commitment to respond to the committee's additional
22 questions by that time? All of you nod.

23 Mr. McCarthy: Yes, Senator.

24 Mr. Modly: Yes.

25 Ms. Barrett: Yes, sir.

1 Chairman X: That is good. I appreciate it very much.
2 I appreciate your testimony, and I thank you very much.

3 And we are adjourned.

4 [Whereupon, at 11:34 a.m., the hearing was adjourned.]

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