

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE READINESS SUBCOMMITTEE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FISCAL YEAR 2006 MILITARY CONSTRUCTION BUDGET OVERVIEW

**STATEMENT OF: MR. FRED W. KUHN
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(INSTALLATIONS)**

MARCH 15, 2005

**NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

Mr. Chairman, Representative Ortiz, and distinguished members of the committee, the strength and flexibility of airpower and our joint warfighting success in operations around the world is made possible by three interdependent factors; outstanding Airmen, superior weapons platforms, and an agile support infrastructure. The Air Force FY 2006 military construction (MILCON) submission is our commitment to these three factors. It provides our Airmen and their families the proper facilities to work and live, which in turn will enable them to better execute our air and space missions. This year's Air Force MILCON budget request is the largest in 14 years, over \$4.7 billion, with increases across the spectrum of air and space operations and throughout our Total Force. Our FY 2006 Military Family Housing (MFH) submission will keep us on target to eliminate inadequate housing. The Air Force is committed to funding facility restoration and modernization at a 67-year recapitalization rate by FY 2008, and funding facility sustainment consistent with OSD's Facility Sustainment Model (FSM). Sound investment in our installations allows us to take care of our people and their families through quality of life and work place improvements.

INTRODUCTION

Air Force facilities, housing, and environmental programs are key components of our support infrastructure. At home, our installations provide a stable training environment and a place to equip and reconstitute our force. Both our stateside and overseas bases provide force projection platforms to support combatant commanders. Because of this, the Air Force has developed an investment strategy focused on sustaining and recapitalizing existing infrastructure, investing in quality of life improvements, accommodating new missions, continuing strong environmental leadership, optimizing use of public and private resources, and eliminating excess and obsolete infrastructure wherever we can. Our total force military construction, family housing, and

sustainment, restoration, and modernization programs are vital to supporting operational requirements and maintaining a reasonable quality of life for our men and women in uniform and their families.

The Air Force FY 2006 President's Budget (PB) request of just over \$1.3 billion for Total Force military construction reflects our highest construction priorities. It balances the restoration and modernization of current mission facilities, quality of life improvements, new mission requirements, future project designs, and limited funding for emergency requirements. This request includes \$1.07 billion for active military construction, \$165 million for the Air National Guard, and more than \$79 million for the Air Force Reserve.

The Air Force FY 2006 PB request of \$1.2 billion for the Military Family Housing investment program balances new construction, improvements, and planning and design work. It will also advance our Housing Privatization program. But, while we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. We need your support to keep our housing operations and maintenance submission intact.

In FY 2006, we will bolster our operations and maintenance (O&M) investment in our facilities infrastructure. This investment has two components: Sustainment (S) and Restoration and Modernization (R&M), which we refer to together as our SRM program. Sustainment funds are necessary in order to keep "good facilities good." R&M funding is used to fix critical facility deficiencies and improve readiness. In this request we have dedicated \$2 billion to Total Force sustainment. That is 95% of the requirement from OSD's Facilities Sustainment Model. However, in FY 2006 the Air Force's Total Force R&M funds is restricted to \$173 million. This means we must defer some R&M requirements, which has a cumulative effect on Air Force facilities and infrastructure that we must reverse. In the out years we intend to invest more

heavily in critical infrastructure maintenance and repair through our O&M program in order to achieve the Air Force goal of a facility recapitalization rate of 67 years by 2008.

Overseas Military Construction

The quality of installations overseas remains a priority. Even though the majority of our Airmen are assigned in the United States, 20 percent of the force is assigned to extended tours overseas, including 29,000 Air Force families. Overseas base infrastructure is old and progressively deteriorating, requiring increased investment to replace and maintain. Host nation funding helps, but it is not enough. We also must provide supplemental funding to support time-critical infrastructure necessary for the Global War on Terror. The FY 2006 request for overseas construction includes \$193 million for 18 separate infrastructure and quality of life projects in the United Kingdom, Germany, the Azores, Italy, Turkey, Guam, and Korea. All projects are in places designated as enduring locations by regional commanders, as described in the Global Basing Strategy.

In addition, we want to thank you for the essential overseas FY 2004 MILCON funding you approved in the Emergency Supplemental Appropriations Act (H.R. 3289). The supplemental provided essential construction projects in Southwest Asia and at critical en-route airlift locations directly supporting ongoing operations in that region.

Planning and Design/Unspecified Minor Construction

This year's Air Force MILCON request includes almost \$96 million for planning and design (P&D), including \$40.4 million for military family housing. The request includes \$79 million for active duty, \$12.9 million for the Air National Guard, and \$3.8 million for the Air Force Reserve. These funds will allow us to complete the design work for FY 2006 construction programs and to

start the designs for FY 2007 projects, allowing us to award contracts that year. However, P&D funds for Congressional inserts and directed designs are not funded in the President's Budget request. They are accomplished at the expense of other Air Force designs. We would greatly appreciate your assistance ensuring adequate P&D funding for any Congressional inserts.

This year's request also includes \$24 million for the Total Force unspecified minor construction (UMC) program, our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the year, it is not possible to predict the total funding requirements. When UMC requirements exceed our funding request, we augment them by reprogramming available MILCON construction funds.

SUSTAIN, RESTORE, AND MODERNIZE OUR INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our infrastructure. In 2006, we have increased sustainment funding to keep our "good facilities good" and targeted limited Restoration and Modernization (R&M) funding to fix critical facility deficiencies and improve readiness.

Our sustainment program is aimed at maximizing the life of our infrastructure by keeping our facilities in good condition. Without proper sustainment, our infrastructure wears out more rapidly. In addition, commanders in the field use O&M accounts to address facility requirements that impact their near-term readiness.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them "mission ready." Unfortunately, restoration and modernization requirements in past years exceed available O&M funding, causing us to defer much-needed work. The restoration and modernization backlog is projected to grow to nearly

\$9.8 billion in 2006. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our good infrastructure

The Air Force Total Force sustainment funding in FY 2006 is \$2.0 billion, 95% of the amount called for by the Facility Sustainment Model (FSM) and consistent with established OSD goals. The FY 2006 Total Force R&M funding is \$173 million. This budget carefully balances sustainment, restoration, modernization, and military construction programs to make the most effective use of available funding in support of the Air Force mission.

CONTINUE DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are spent on facilities we need, not on sustaining ones we do not. For the past seven years, the Air Force has aggressively demolished or disposed of facilities that are unneeded or no longer economically viable. From FY 1998 through FY 2004, we demolished 18.5 million square feet of non-housing building space. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our infrastructure funding to maintain more useful facilities. While this demolition cost us \$221 million in O&M funding in the short term, it saves us money in the long term. For FY 2005 and beyond, the Air Force will continue to identify opportunities to eliminate unnecessary facilities.

INVEST IN QUALITY OF LIFE IMPROVEMENTS

The Air Force sees a direct link between readiness and quality of life. When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Quality of life initiatives are critical to our overall combat readiness and to

recruiting and retaining our country's best and brightest. Family housing, dormitories, and other quality of life initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, O&M, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our FY 2006 budget request for the family housing investment program is more than \$400 million over the FY 2005 budget. Consistent with Department of Defense Strategic Planning Guidance, the Air Force intends to eliminate inadequate family housing units in the United States by 2007, accelerate funding at four northern tier bases one year earlier than originally planned, and eliminate inadequate overseas family housing units by 2009. We thank you for your assistance in helping keep us on the path to meet these goals.

For FY 2006, the \$1.2 billion requested for our housing investment program will provide over 2,900 new homes at 17 bases, improve more than 2,000 homes at 16 bases, and support privatization of more than 2,200 homes at three bases. An additional \$767 million will be used to pay for maintenance, operations, utilities and leases to support the family housing program.

Dormitories

We are just as committed to providing adequate housing for our unaccompanied junior enlisted personnel. We are making great progress in our Dormitory Master Plan, a three-phased dormitory investment strategy. Phase I, eliminating central latrine dormitories, is complete and we are now concentrating on the final two phases of the investment strategy. In Phase II we are building new dormitories to eliminate our room shortage. In Phase III, we will replace existing

dormitories at the end of their useful life with a standard Air Force-designed private room to improve our young Airmen's quality of life.

The total Air Force requires 60,200 dormitory rooms. It will cost approximately \$711 million to fully execute the Air Force Dormitory Master Plan. That will replace all inadequate permanent party dormitory rooms by FY 2007 and all inadequate technical training dormitories by FY 2009. This FY 2006 budget request moves us much closer toward these goals, requesting \$184 million for eight dormitory projects – creating 1,648 new rooms for unaccompanied personnel at both stateside and overseas bases. With this request, we will reach 47% of our final permanent party goal and 19% of our technical training goal.

Fitness Centers/Family Support Centers

Along with housing, fitness centers are a critical component of the Air Force's quality of life. Our expeditionary nature requires that Airmen deploy to all regions of the world, and into extreme environments. They must be physically prepared to deal with these challenges. Our Airmen must be "fit to fight." Under our new fitness program, Airmen are devoting more time and energy to physical fitness. As a result, fitness center use has increased dramatically. The Air Force Fitness Center Master Plan prioritizes requirements based on need, facility condition, MAJCOM input, Operations Tempo, and a location's remoteness or isolation. The FY 2006 military construction program includes two fitness centers: Charleston Air Force Base (AFB), SC and Vandenberg AFB, CA.

Family Support Centers are also critical to the quality of life of our Airmen and their families. They provide needed support services and ensure a strong sense of community on our bases. This is especially important in overseas locations where our Airmen and their families are

separated from cultural and community support networks they are accustomed to in the United States. For them, our Air Force family becomes their primary support structure, especially when a spouse is deployed. The FY 2006 submission includes a new Family Support Center at Aviano Air Base, Italy.

ACCOMMODATE NEW MISSIONS

Our Airmen are the best in the world, but superior weapons have also played a key role in recent joint warfighting successes in the Global War on Terrorism. Advanced weapon systems enable our combatant commanders to respond quickly in support of national security objectives. The FY 2006 Total Force new mission military construction program consists of 40 projects, totaling more than \$402 million, and supports core modernization, beddown of new missions, and expansion of existing missions. These include Global Hawks at Beale AFB, California; Predator force structure changes at Indian Springs Air Force Auxiliary Field, Nevada; Combat Search and Rescue aircraft beddown at Davis-Monthan AFB, Arizona and a HC-130P simulator facility at Kirtland AFB, New Mexico; a Distributed Common Ground Station at Hickam AFB, Hawaii; and small diameter bomb facilities at RAF Lakenheath, United Kingdom. In particular, two new systems, the F/A-22 Raptor and the C-17 Globemaster III, require extensive construction support.

The F/A-22 Raptor is the Air Force's next generation air superiority fighter, but it is equally capable attacking ground targets or gathering intelligence data. Langley AFB, Virginia, will be home for the first operational F/A-22 squadrons. Flight training, weapons training, and aircraft battle damage repair training will be conducted at Tyndall AFB, Florida, Nellis AFB, Nevada, and Hill AFB, Utah. Our FY 2006 military construction request includes one F/A-22 project at Langley AFB, one project at Tyndall AFB, two projects at Nellis AFB, and one project

at Hill AFB for a total of \$47.5 million. These projects support the F/A-22 initial beddown and training and will not be affected by the final aircraft purchase number.

The C-17 Globemaster III is replacing our fleet of C-141 Starlifters. C-17s will be based at Elmendorf AFB, Alaska; Travis AFB and March Air Reserve Base (ARB) in California; Dover AFB, Delaware; Hickam AFB, Hawaii; Jackson Air National Guard Base, Mississippi; McGuire AFB, New Jersey; Altus AFB, Oklahoma; Charleston AFB, South Carolina; and McChord AFB, Washington. Thanks to your support, the construction funding requirements for Charleston and McChord are complete. The request for FY 2006 includes two projects for \$6 million at Dover AFB, three facility projects for \$12.6 million at Travis AFB, and two facility projects for \$54.8 million at Elmendorf AFB.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

Housing Privatization

We would also like to thank you for eliminating the cap on the Department of Defense Family Housing Improvement Fund. Our Airmen and their families appreciate your staunch commitment to their quality of life. To date, we have awarded thirteen privatization projects providing 10,977 privatized homes for our Air Force families. The Air Force has leveraged an investment of \$173 million with private sector funding to yield \$1.6 billion in total development.

Last year, we completed three privatization projects (Elmendorf AFB, Alaska; Robins AFB, Georgia; and Dyess AFB, Texas) and have three more under construction (Wright-Patterson AFB, Ohio; Patrick AFB, Florida; and Kirtland AFB, New Mexico). We recently awarded five new privatization projects at Moody AFB, Georgia; Little Rock AFB, Arkansas; Buckley AFB, Colorado; Hanscom AFB, Massachusetts; Hickam AFB, Hawaii; and awarded the second phase of

the project at Elmendorf AFB. Two years ago we set a goal to privatize 60% of US-based family housing by 2007. With this budget we are on track to beat that goal by an additional 12%. The FY 2006 request includes \$65 million to start privatizing more than 2,200 units at three more bases: Peterson AFB and the US Air Force Academy in Colorado; and F. E. Warren AFB, Wyoming.

Utility Privatization

In addition to privatizing housing, the Air Force is interested in privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Our installations are key to our operational capabilities. Our network of bases provides necessary infrastructure for deploying, employing, and sustaining air and space operations and re-deploying and reconstituting the force afterwards. Our bases are also the training platforms from which skilled Airmen learn their trades and prepare for deployment. Reliable utility services are essential to operations at every Air Force base.

To date, under OSD's utilities privatization program, the Air Force has conveyed 10 systems, with a plant replacement value in excess of \$230 million. By the time the program is complete, we anticipate as many as 100 of about 500 systems could be privatized. We are on track to meet 95% of OSD's milestone: completing Source Selection Decisions by September 30, 2005. During the course of this process, we expect that many competitive solicitations will end up as sole source procurements from local utility companies.

CONCLUSION

The readiness of our fighting force, now and in the future, depends upon our infrastructure. We will continue to enhance our installations' capabilities and our Airmen's quality of life and ensure Air Force infrastructure remains ready to support our global operations.