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SENATE ARMED SERVICES COMMITTEE**

**TESTIMONY OF THE
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ASSISTANT SECRETARY OF THE AIR FORCE
(INSTALLATIONS, ENVIRONMENT AND LOGISTICS)**

**BEFORE THE
SENATE ARMED SERVICES COMMITTEE
READINESS SUBCOMMITTEE**

THURSDAY, MARCH 2, 2006

Mr. Chairman, Senator Akaka, and distinguished members of the committee, as the Air Force continues to transform, we have three major priorities: winning the war on terror, developing and caring for our Airmen, and recapitalizing and modernizing our air and space systems. The Quadrennial Defense Review (QDR) guides and supports Air Force transformation and enables us to deliver more sovereign options for the defense of the United States of America and its global interests. We will fund transformation through organizational efficiencies, process efficiencies, and reduction of legacy systems, which will ultimately reduce our manpower requirements. Our military construction (MILCON) and Base Realignment and Closure (BRAC) programs are vital to achieving our vision to develop and care for our Airmen, as well as optimizing our weapon systems' capabilities and effects. Quality bases, facilities and homes are the foundation of developing and caring for our Airmen.

The Air Force FY 2007 MILCON submission represents our commitment to these three priorities. A key and essential enabler in Air Force transformation, MILCON continues critical weapon system beddowns and improves the Quality of Life (QOL) of our Airmen. This year's Air Force MILCON budget request is the largest in 15 years, over \$1.3 billion, with increases across the spectrum of air and space operations and throughout our Total Force. Our FY 2007 family housing submission will keep us on target to eliminate inadequate housing and enables us to exceed the OSD goal to privatize 60% of our CONUS housing by the end of FY 2007. We are accepting risk in both facility recapitalization and facility sustainment in FY 2007. We will narrowly miss the OSD goal of a 67-year facility recapitalization rate in FY 2008. The risk taken in facility recapitalization and facility sustainment allows the Air Force to better fund other priorities in transformation and weapons modernization.

Sound investment in our installations allows us to take care of our people and their families through quality of life and work place improvements. We believe the FY 2007 President's Budget (PB) proposal will provide the construction bedrock for continued success of our mission.

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 supporting QDR transformational decisions, providing quality dorms for Airmen, providing quality family housing for our families, implementing BRAC, proactively supporting the environment, properly sustaining our infrastructure, striving to recapitalize our aging infrastructure, and working to build an appropriate installation support baseline. Our total force MILCON, family housing, and sustainment, restoration, and modernization programs are paramount to supporting operational requirements and maintaining a suitable quality of life for our men and women in uniform and their families.

The Air Force FY 2007 PB request of just over \$1.3 billion for Total Force MILCON reflects our highest construction priorities. It balances transformation, QOL improvements, new mission requirements, future project designs, and limited funding for emergency requirements. This request includes \$1.16 billion for active MILCON, \$126 million for the Air National Guard, and more than \$45 million for the Air Force Reserve.

The Air Force's FY 2007 PB request of \$1.18 billion for the Military Family Housing investment program balances new construction, improvements, and planning and design work. Combined with our highly successful privatization program, we think this is a good news story

for Airmen and their families. 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 2007, we will bolster our operation 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 \$1.68 billion to Total Force sustainment. That is 86% of the requirement from OSD’s Facilities Sustainment Model. Additionally, in FY 2007 the Air Force’s Total Force R&M funds is only \$310 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 hope to invest more heavily in critical infrastructure maintenance and repair through our O&M program in order to achieve the Department of Defense goal of a facility recapitalization rate of 67 years by 2008 and to fully fund facility sustainment by 2008.

ACCOMMODATE TRANSFORMATION

Our Airmen are without a doubt the best in the world, but superior weapons have also played a key role in recent joint warfighting successes in the Global War on Terror. Transformational and advanced weapon systems enable our Combatant Commanders to respond quickly in support of national security objectives, and the military construction budget directly supports many of the transformational QDR decisions. The FY 2007 Total Force military construction program consists of 29 projects that are essential to transformation, totaling \$544 million. The Global Hawk beddowns in Guam and Europe, and Predator beddowns at Creech

AFB, Nevada; March ARB, California; Ellington Field, Texas; and Hector IAP, North Dakota support QDR decisions to vastly increase Unmanned Aerial Vehicle coverage and to boost Intelligence, Surveillance and Reconnaissance (ISR) capabilities to identify and track moving targets in denied areas. The Combat Search and Rescue Group headquarters at Davis-Monthan AFB, Arizona helps to enable our Special Operations Forces to perform the most demanding and sensitive missions worldwide. The Distributed Common Ground Systems at Langley AFB, Virginia; Beale AFB, California; and Osan AB, Korea harness the power of information and allow us to conduct integrated, net-centric warfare that our enemies cannot match. The C-130J tactical airlift beddown at Ramstein AB, Germany improves our Joint Mobility capability to operate in irregular warfare environments. Depot Maintenance Reengineering and Transformation at Hill AFB, Utah, and Robins AFB, Georgia is transforming our industrial base to support warfighter requirements more effectively. Integrated Global Presence and Basing Strategy projects at Andersen AFB, Guam provide the foundational infrastructure for our joint air strike and reconnaissance capabilities in the Pacific. F-22A Raptor aircraft beddown at Elmendorf AFB, Alaska; Hill AFB; and Tyndall AFB, Florida ensures fifth generation stealth capabilities are available when and where they are needed.

The Global War on Terror has changed the role of Airmen in how we provide effects and capabilities to Combatant Commanders. Our Airmen now work and live “outside the wire”, and to ensure our Airmen have the right skills and more efficiently wage the war on terrorism we are standing up the Common Battlefield Airmen Training Complex. Training will include weapons proficiency, land navigation, small units tactics, physical conditioning, and further instill the warrior mindset in our Pararescuemen, Combat Controllers, Tactical Air Control Party personnel, Battlefield Weathermen, and other Battlefield Airmen career fields. Additionally, to

ensure seamless integration into the joint battlefield, we are constructing Tactical Aircraft Control Program facilities at Fort Bliss, Texas, and Fort Knox, Kentucky.

A significant portion of our 2007 MILCON budget goes toward expediting our transformation into a fully integrated (joint and coalition) planning and operational environment. These facilities enable and enhance QDR requirements for improved Joint Command and Control capabilities. Strategic Planning facilities at Hurlburt Field, Florida for Air Force Special Operations Command, and Andrews AFB, Maryland for the National Capital Region are key links to our highly networked, virtual environment that enables real-time collaboration and rapid production of high quality planning products. At MacDill AFB, Florida the Air Force is constructing a consolidated Joint Intelligence Center for United States Central Command (USCENTCOM). USCENTCOM's area of responsibility is the geographic and ideological heart of the Global War on Terror. A war without borders, it spans 27 countries in the Central Asian region of the world. The Joint Intelligence Center provides the USCENTCOM Commander with the situational awareness and long range analysis needed to defeat adversaries within the AOR, promote regional stability, support allies, and protect US national interests.

BEDDOWN NEW MISSIONS

In addition to the transformational new missions, we continue to beddown missions that capitalize on existing capabilities. One of the key enablers of the national defense is our strategic airlift capability. We are continuing our investment to beddown C-5s at Memphis IAP, Tennessee, and Martinsburg, West Virginia. The extensive beddown program for the C-17s continues at Elmendorf AFB; Travis AFB and March ARB, California; Dover AFB, Delaware; Hickam AFB, Hawaii; Jackson Air Guard Station, Mississippi; and Lakehurst Naval Air Station,

New Jersey. Thanks to your support, the construction funding requirements for Charleston AFB, South Carolina, and McChord AFB, Washington are complete. The request for FY 2007 includes thirteen C-17 beddown projects worth over \$184 million.

CONTINUE TO INVEST IN QUALITY OF LIFE IMPROVEMENTS

The Air Force sees a direct link between readiness and quality of life. We strive to provide quality family housing for our families, quality Dorms-4-Airmen, functional fitness centers, and safe child development centers. When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Our QOL initiatives are critical to our overall combat readiness and to recruiting and retaining our country's best and brightest. Our QOL initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our housing MILCON, O&M, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our FY 2007 budget request for the family housing investment program is \$1.9 billion, the largest in Air Force history. Department of Defense Strategic Planning Guidance is to eliminate inadequate family housing units in the United States by 2007 and overseas family housing units by 2009. The FY 2007 budget request completes our efforts to meet the goal in the CONUS, and continues our progress overseas. In FY 2007 our installations in Germany, Japan, and the United Kingdom have housing projects that not only support our Airmen directly, but also spur additional private investor interest to provide quality housing for years to come. We thank you for your assistance in helping keep us on the path to meet these goals.

For FY 2007, the \$1.18 billion requested for our housing investment program will provide approximately 2,300 new homes at 10 bases and improve more than 2,200 homes at 13 bases. An additional \$755 million will be used to pay for operations, maintenance, 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 the QOL of our young Airmen.

The total Air Force requirement for dormitory rooms is 60,200. With the FY 2007 proposal, we are on track to replace all inadequate permanent party dormitory rooms by FY 2007 and all inadequate technical training dormitories by FY 2009. This request includes \$159 million for nine dormitory projects – creating 1,426 new rooms for unaccompanied personnel at both stateside and overseas bases. We anticipate our requests in FY 2008 and FY 2009 to only include technical training dormitories.

Community Support

Our MILCON program also supports the Air Force holistic approach to wellness. The four pillars of Air Force Wellness are social, emotional, physical and spiritual aspects of life. Our “Dorms-4-Airmen” design underpins on our Wingman concept by keeping our dorm residents socially and emotionally fit. Our fitness centers are a critical component of the Air

Force's QOL and mission accomplishment. Our expeditionary nature requires that Airmen deploy to all regions of the world, and into extreme environments, and they must be physically prepared to deal with these challenges. In 2007, we will construct a fitness center at Eielson AFB, Alaska. Spiritual wellness is the fourth pillar of wellness. We are keenly aware of the establishment clause in the Declaration of Independence, which prohibits endorsement of any religion; however, we are committed to "free exercise" clause as well. Many of our Airmen and their families find spiritual fulfillment through our chapel programs. The 2007 MILCON submittal includes a project to replace the chapel center at Eielson AFB.

SUSTAIN, RESTORE, AND MODERNIZE OUR INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our infrastructure. As I stated previously, in 2007, we have focused sustainment funding on preserving our existing investment in facilities and infrastructure and targeted limited R&M funding to fix critical facility deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our infrastructure and preserving our existing investment. 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 mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and MILCON funding to make them "mission ready." Unfortunately, R&M requirements in past years exceeded available O&M funding, causing us to defer much-needed work. 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 FY2007 sustainment funding is \$1.68 billion and R&M funding is \$310 million. This budget carefully balances SRM, and MILCON programs to make the most effective use of available funding in support of the Air Force mission.

I am concerned about the potential impact of a change in the appropriation acts that separates the SRM Account from the rest of the O&M appropriation. This would, in effect, create a fence around SRM. In past years, all O&M was funded from the Defense Appropriation. Commanders used the flexibility to move money between O&M accounts to effectively manage budget shortfalls and unexpected requirements such as utility rate increases, natural disasters, infrastructure failures, or mission-driven requirements. Without legislation that would permit the movement of funds between all O&M accounts, Commanders would face serious challenges addressing these emergent requirements. Let me say, I share the concern expressed by members of Congress about the use of SRM or Base Support accounts as “bill payers.” However, for 19 of the past 21 years the Air Force has obligated more in SRM than was requested in the President’s Budget. Air Force Commanders are committed to taking care their mission, people, AND facilities. Accordingly, I believe combining legislative language allowing free movement of funds among all O&M accounts, with obligation floors for SRM and Base Support is the most effective solution. In this way, Commanders will have the ability to manage their O&M requirements to meet mission needs, including support for critical facility repairs.

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 focused on facilities we need, not on sustaining ones

we do not. For the past eight years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From FY 1998 through FY 2005, we demolished 20.3 million square feet of non-housing facilities and infrastructure at a cost of \$238 million in O&M funding. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our infrastructure funding on facilities we need for the long-term mission. For FY 2007 and beyond, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

MISSION SUPPORT

The Air Force MILCON program is carefully shaped to reflect the most urgent priorities. We have decentralized the process for existing mission projects so that MAJCOM Commanders have more input into which construction priorities get executed. We provide them a funding target based on their percentage of Air Force Plant Replacement Value, and they have flexibility in prioritizing the projects which are most important to their mission. This is appropriate because they are closer to the missions and uniquely situated to determine priorities. The 2007 MILCON program has 16 mission support projects worth \$155.3 million. These projects range from the most basic electrical and water distribution infrastructure on one end of the spectrum to high tech space test and evaluation facilities on the other end of the spectrum.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes \$124.6 million for planning and design (P&D), of which \$13.2 million is for military family housing. The request includes \$87.5 million for active duty, \$18.8 million for the Air National Guard, and \$5.1 million for the Air Force Reserve.

These funds will allow us to complete the design work for FY 2007 construction programs and to start the designs for FY 2008 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes \$25.5 million for the Total Force unspecified minor construction program which is our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the course of the year, it is not possible to predict the total funding requirement. When unspecified minor construction requirements exceed our funding request, we augment them by reprogramming available MILCON construction funds.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

Housing Privatization

Air Force Airmen and their families appreciate your staunch commitment to their quality of life. We have used privatization authorities to accelerate our housing program. To date, we have awarded 17 privatization projects providing 16,200 privatized homes for our Air Force families. That translates to the Air Force leveraging an investment of \$209 million with private sector funding to provide \$2.4 billion in total development, yielding a leverage of approximately eleven dollars of private investment for each public tax dollar.

Since last year, the Air Force completed construction of our fifth privatization project, Phase I of the Wright-Patterson AFB, Ohio, privatization project, joining the four previously completed projects at Dyess AFB, Texas; Elmendorf AFB (Phase I); Lackland AFB (Phase I), Texas; and Robins AFB (Phase I), providing a total of 3,856 homes for our Air Force families.

Additionally, the Air Force has eight projects under various stages of construction at Buckley AFB, Colorado; Elmendorf AFB (Phase II); Hanscom AFB, Massachusetts; Hickam AFB (Phase I); Kirtland AFB, New Mexico; Little Rock AFB, Arkansas; Moody AFB, Georgia; and Patrick AFB, Florida. When these eight ongoing projects are complete, we will have 12,352 more new homes available for families. Recently, the Air Force awarded four more privatization projects at Dover AFB, Hill AFB, Offutt AFB, Nebraska, and Scott AFB, Illinois, which are mobilizing for construction this Spring.

Three years ago the Air Force committed to a goal of privatizing 60 percent of US-based family housing by 2007; we are proud to say we will eclipse that mark by an additional 15-percent and will privatize 75 percent of our (government-owned) housing in the United States and its territories. In total, the Air Force will leverage \$575 million in MILCON dollars, yielding total construction development expenditures on and around Air Force installations exceeding \$7.9 billion and providing over 47,000 quality homes for our Air Force families.

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, the Air Force has conveyed 16 utility systems: 10 under OSD's utilities privatization program (10 U.S.C. 2688) and 6 under previous efforts. Some 275 systems are

currently in the competitive process. By the time the program is complete, we anticipate as many as 100 of about 500 systems could be privatized. During the course of this process, we expect that many competitive solicitations will end up as sole source procurements from local utility companies.

BASE REALIGNMENT AND CLOSURE 2005

The Secretary of Defense transmitted his recommended closures and realignments, to include those recommendations developed by and affecting the Department of the Air Force, to the Defense Base Closure and Realignment Commission and to the Congress on May 13, 2005, and published them in the Federal Register on May 16, 2005, pursuant to Public Law 101-510, as amended. The Air Force recommendations reaffirmed the Department of Defense's commitment to defend the homeland, to establish a capabilities-based defense strategy, and to challenge the military departments to transform themselves to better meet new threats in a changed security environment. Consistent with the goals outlined by the Secretary of Defense, the Department of the Air Force established four BRAC goals to support right-sizing of its force and to enhance its capabilities:

- Maximize warfighting capability efficiently,
- Transform the Total Air Force by realigning infrastructure to meet future defense strategy,
- Maximize operational capability by eliminating excess physical capacity, and
- Capitalize on opportunities for joint activity.

These goals were formulated with a Total Force perspective—active duty, Air Force Reserve and Air National Guard—to optimize operational capability in response to a projected

declining force structure given a 20-year view. In turn, these facilitated ongoing transformation within the Air Force to meet the challenges and opportunities of the 21st Century, and restructure important support functions that capitalize on advances in technology and business practices. Of the 222 recommendations submitted by the Secretary of Defense, the BRAC Commission accepted, without change, about 65 percent. In all, the Commission revised 34% of the recommendations regarding the Air Reserve Component, and 37% of the Joint Cross-Service Group recommendations that affected Air Force installations. While the Commission's final decisions fell short of the Air Force's overall goals for BRAC—particularly in eliminating excess physical capacity—they did, however, help us take a major step towards reshaping our Total Force structure. For example, as a result of BRAC, Air Reserve Component flying squadrons are increased to a more effective operational size, such as from 15 aircraft per fighter squadron to 18 per squadron after BRAC, and from 8 aircraft per mobility squadron to 12 after BRAC. This increases the percentage of Reserve Component squadrons that are optimally-sized from the current 4% to 59%. Additionally, the Air Force will cease flying operations at 23 locations in response to a declining fighter and mobility force, and the Air Force will realize new operational synergies through Joint recommendations that pair Air Force and Army forces at locations such as Eglin AFB, Florida and Shaw AFB, South Carolina. As the Air Force continues to transform, BRAC is but one tool we will use to align our force to future defense strategy.

BRAC IMPLEMENTATION

The Air Force has begun to develop an implementation schedule for its BRAC 2005 recommendations, and is working in close partnership with the Air National Guard, the Air Force

Reserve, and our active duty major commands to further develop and refine this schedule. In the previous four rounds of BRAC, the Commission recommended 22 major closure and 17 major realignment actions of Air Force installations. In comparison, the 2005 BRAC Commission recommended 5 major closures and 12 major realignments of Air Force installations.

Additionally, there were numerous other smaller realignment actions at Air Force installations, many of which were transformational in nature. Given the transformational nature of this BRAC round, these types of recommendations, particularly those that consolidate or co-locate joint activities, or those that establish joint operations, pose new implementation challenges for the Air Force. To implement these joint recommendations, and to best realize their full intent and operational payoff, we are working hand-in-hand with our sister Services, the affected defense agencies, and the Office of the Secretary of Defense. As directed by the Under Secretary of Defense (Installations and Environment), we are developing 64 BRAC Business Plans to effect those actions for which the Air Force was designated as the lead military department for implementation. These Business Plans serve as a high-level foundation to outline required actions, the timing of these actions, and the associated costs and savings associated with implementing each recommendation, and will ensure our BRAC 2005 recommendations are implemented efficiently and effectively.

The Department of Defense recently delivered its budget justifications reports describing the specific programs, projects, and activities for the \$1.46 billion appropriated in FY 2006 to begin implementing its BRAC actions. This figure includes \$231 million for Air Force BRAC 2005 activities during FY 2006, which will begin the P&D phases and requisite National Environmental Policy Act (NEPA) environmental studies that precede the construction and renovation of facilities needed to relocate functions, missions, and weapons systems

Our FY 2007 BRAC MILCON program includes a robust 77 projects totaling \$508.8 million for FY 2007, including P&D and the Air Force share of Joint Cross-Service Group projects,

With respect to the BRAC Commission's language on Cannon AFB, New Mexico, the Air Force is leading the Department of Defense's review on potential reuse of the installation. This action is consistent with the Commission's recommendation that Cannon "shall remain open until December 31, 2009 during which time the Secretary of Defense shall seek other newly-identified missions with all military services for possible assignment to Cannon Air Force Base." The Air Force has aggressively pursued the Commission's direction to seek re-use, and expects to provide the Secretary of Defense with its findings and recommendations this summer.

As the Air Force begins to gauge the impact of other processes external to BRAC, such as the results of the QDR and the Air Force's Total Force Integration implementation plan, it will continue to refine its facility requirements needed to implement BRAC actions as a direct result of these and other transformational influences. While it is yet unknown what impact the projected end strength reductions might have, or the exact facility requirements that are needed for emerging Total Force missions, be assured the Air Force will continue to adjust its infrastructure footprint to best align its infrastructure as efficiently for the future in full compliance with all statutory obligations.

Downsizing infrastructure during BRAC was a difficult task, as all Air Force bases are outstanding installations that stand as a credit to our Nation and to the exceptional communities that support them. However, we had to make hard infrastructure decisions to posture ourselves for new security challenges, and to preserve limited resources for readiness and modernization. As such, the Air Force recognizes it has an obligation to assist its partner communities affected by BRAC 2005. In previous rounds of BRAC, the Air Force established an excellent record of

closing bases as quickly as possible. This aggressive approach provided the quickest savings to the Air Force and assisted local communities in their efforts to begin economic revitalization. The Air Force will continue to maximize savings at closure installations and work closely with local communities to facilitate a prompt transition and the best reuse opportunities. The Defense Economic Adjustment Program will continue to assist communities to plan for the civilian redevelopment of available real property, and implement local adjustment actions to assist impacted workers, businesses, and other affected community interests. The Air Force also recognizes the importance of ensuring that those communities whose Air Force installations gain new missions under BRAC have the capacity to support these new missions with adequate planning, housing, education, infrastructure, and community services. The Air Force is working with these communities to plan and carry out adjustment strategies that will enhance their ability to support both our Airmen and other uniformed men and women at the receiving installations.

ENVIRONMENTAL CLEANUP AND PROPERTY TRANSFER

Environmental clean up and transfer of BRAC real property is often technically challenging and has involved extended timeframes to complete. At the end of FY 2005, the Air Force has deeded approximately 75% of 87,000 acres of BRAC property. Our real property disposal efforts have led to the creation of over 54,000 reuse jobs in the affected communities. To complete the clean up and transfer of the remaining property, the Air Force is attempting to leverage private sector experience in developing former industrial property similar to Air Force facilities. Privatization and guaranteed fixed price contracting are two promising examples of this type of process innovation.

As we transfer BRAC real property for civic and private reuse, the Air Force has a continuing responsibility for environmental clean up from past industrial activities. The Air

Force takes our responsibility to protect human health and the environment seriously, and, since 1991, we have spent more than \$2 billion on environmental clean up at our BRAC installations. For FY 2007, the Air Force is requesting \$116 million for clean up activities.

At our remaining non-BRAC facilities, the Air Force is reshaping our infrastructure to meet the demands of the 21st century. The Air Force will utilize new tools to optimize our resources and obtain value from our excess capacity. We are developing enhanced use leasing as a means of returning value from underused Air Force property and as a flexible alternative to property disposal or demolition.

ENVIRONMENTAL PROGRAM TRANSFORMATION

The Air Force continues to be a leader in environmental management by enhancing mission capability and sustaining the public trust through prudent environmental trusteeship. To date, the Air Force environmental program has been a good news story as our current processes have served us well. In the Installation Restoration Program, the Air Force is on pace to having 100% of its cleanup remedies in place by FY 2012 while saving hundreds of millions of dollars through cutting-edge processes and technologies. The Air Force will have its cleanup remedies in place a full two years before the DoD goal of FY 2014. In FY 2005, the Air Force avoided over \$60 million in waste disposal fees due to an aggressive solid waste diversion program, provided over 38 billion gallons of safe drinking water, and because of Eggerts Sunflower recovery efforts at Arnold AFB, Tennessee, the plant was removed from the Threatened and Endangered Plants List. At Hill AFB, the elimination of hexavalent chromium in aircraft pre-painting operations resulted in an EPA Award for Environmental Excellence. Through FY 2005, the Air Force has reduced hazardous waste disposal by 57%, managed over 8 million acres of land including over 575,000 acres of forests, 234,000 acres of wetlands and habitat for over 70

threatened and endangered species, and conducted controlled burns of over 100,000 acres to reduce the risk of wildfires while improving the health of the ecosystem. However, emerging challenges such as increased encroachment and significantly greater state emphasis on munitions related and unregulated contaminant issues suggest we need to build upon our success and transform our programs.

Therefore, the Air Force is transforming its environmental program to a more proactive approach, versus a past reactive system, that seeks to sustain, restore and modernize natural infrastructure to maximize mission capability. The ability of the Air Force to effectively train, test, and operate requires access to a finite set of natural infrastructure resources (land, air, water, air space, etc.). Our installations, ranges, and airspace are critical national assets that allow the Air Force to test equipment, develop new tactics, and train our forces to be combat-ready. While our primary focus is to manage this natural infrastructure asset base to support operational requirements, meeting environmental legal obligations is inherent in all our efforts. Throughout this transformation, Air Force efforts continue to maximize protection of human health and the environment while maximizing mission capability.

The *U.S. Air Force Transformation Flight Plan* defines this transformation as a process by which the military achieves and maintains advantage through changes in operational concepts, organization and/or techniques that significantly improve its warfighting capabilities or ability to meet the demands of a changing security environment. All Airmen must frame their objectives in support of the larger goals of the Department, or face irrelevancy.

Our environmental programs, similarly, must be re-framed to identify deficiencies and opportunities that either impede or must be seized upon to create military value for the Air Force warfighter. A construct the Air Force has developed is the recognition that there are key assets

in the environmental management domain that provide critical access for Air Force test, training and operational needs, as part of a larger infrastructure vital to developing and maintaining a dominant military advantage for the Air Force, our Joint Forces, and coalition and allied partners. While built infrastructure assets and the capacities and capabilities they provide are more clearly recognized and identified, we are undertaking efforts to identify, inventory and assess *natural infrastructure assets* and their capacities and capabilities in order to perform effective, efficient and comprehensive *operational asset management*.

The mutually beneficial relationship between the Air Force and the natural infrastructure within which it operates is easy to recognize. Measuring and managing the state of that relationship, however, is not as easy. We now understand the importance of directly relating environmental management to military capability.

We know that Air Force basing and training requirements often require significant land, air, and water resources in locations where there is significant competition or regulation constraining access to the natural infrastructure. This competition and regulation is increasing. At the same time, Air Force leadership is faced with difficult decisions concerning force structure and location as we transform, consolidate, and realign the Air Force. Now more than ever, the Air Force must be able to provide support for planning and decision-making with defensible cost/benefit, operational risk, and compliance risk analyses of different natural infrastructure asset management alternatives.

A SYSTEMS-BASED APPROACH TO AIR FORCE ENVIRONMENTAL MANAGEMENT

A systems approach to executing environmental programs allows the Air Force to view mission/environment interdependencies and intersects holistically, and to align and optimize environmental management program objectives to meet military mission strategic goals and

objectives. In conjunction with this systems approach and through operational asset management, we are:

- inventorying natural infrastructure assets (to include regulatory- or procedurally-based rights-of-access to assets, such as permits and easements),
- assessing asset capacities, capabilities and values,
- comparing these assets with mission requirements to identify significant aspects and positive and negative impacts,
- benchmarking other asset managers' best practices,
- creating value propositions to address deficiencies and opportunities,
- prioritizing and selecting compelling value propositions, and
- making value-conscious investment decisions to sustain, restore and modernize assets in order to optimize military capability and value.

A COMMITMENT TO GOOD GOVERNANCE IN AIR FORCE ENVIRONMENTAL PROGRAMS

Our operational asset management, systems-based approach clearly supports the President's Management Agenda and Executive Order 13327 (*Federal Real Property Asset Management*) by improving our ability to deliver results that matter to the American people, while promoting the efficient and economical use of America's real property assets. Integrating performance and budgeting, emphasizing results over process, allocating scarce resources to programs that deliver results—these hallmarks of good governance are the same hallmarks our systems approach reflects.

COMPLIANCE ASSURANCE IN AIR FORCE ENVIRONMENTAL PROGRAMS

Traditionally, our environmental programs have centered on achieving and maintaining compliance with statutory and regulatory requirements or other binding agreements.

Commitment to and application of sound management principles for protecting human health and the environment have served us well as a military department, as a federal agency, as a federal land-manager, and as a neighbor to the communities and land-holders adjacent to our Air Force installations and ranges. We are proud of our record as an environmentally conscious, considerate, and compliant Air Force, and fully committed to sustaining and improving as we transform. Our commitment to environmental *compliance assurance* is not negated—it is in fact enhanced—by our transformation.

OPERATIONALIZING AIR FORCE ENVIRONMENTAL MANAGEMENT

The U. S. Air Force provides exceptional environmental management for over 800,000 Air Force active duty, reserve, guard, and civilian personnel at over 180 installations worldwide. We are the proud trustee of over eight million acres of federal property, including forests, prairies, deserts, rivers, streams, wetlands, and coastal habitats.

The Air Force is proud of its successes in environmental management and is transforming to exceed past performance. The shift to natural infrastructure management will enable us to reduce environmental burdens and risks, and sustain and/or enhance mission capabilities while maintaining compliance assurance as the foundation of our programs.

By integrating environmental programs into the overall Air Force mission objectives, we *strengthen* our environmental performance. By recognizing the operational asset value in our natural infrastructure we *strengthen* our commitment to effective, efficient and compliant environmental management. By aligning environmental management objectives to help deliver

Air Force military mission objectives, we *operationalize* Air Force environmental management. By defining mission requirements, inventorying and assessing capacities and capabilities, identifying deficiencies and opportunities, developing prioritized value propositions, then investing and managing assets to sustain, restore, and modernize our mission infrastructure—we *create value for the Air Force warfighter, and deliver military capability.*

AIRMEN SAFETY AND WORKFORCE HEALTH

In our discussion of infrastructure programs and sustainment, I would be remiss in not talking about our most valuable asset—our workforce. Just like our facilities, our workforce needs to be sustained and restored and our means to do that modernized. To this end, we are diligently implementing an Air Force-wide environment, safety, and occupational health management system by leveraging the great work already accomplished in establishing our environmental management system.

Our workforce must have the right skills and be available to support our mission. All of our workforce -- civilian and airmen, deserve to be provided a working environment free from recognized hazards that are likely to cause death, injury or illness. Injuries and illnesses detract from workforce availability and hinder mission accomplishment. As we mature our ESOH management system, we will develop methods to holistically view safety, occupational health, and environmental risks to provide the knowledge needed to support our enterprise management process. In order to meet this objective, we strive to consistently anticipate, evaluate and control safety and occupational health and environmental hazards, both at home and when deployed. To this end, we are developing a fully integrated ESOH Management Information System to provide all levels of leadership and management the knowledge necessary to ensure the availability of our workforce by preventing illness and injury.

CONCLUSION

In conclusion, Mr. Chairman, I thank the committee for its strong support of our military construction, housing, transformational efforts and environmental programs. The near and long term readiness of our Airmen depends upon this infrastructure. We will continue to be good stewards of our installations' assets and the environment and will continue to work hard to ensure Air Force infrastructure is properly distributed to optimize military readiness as well as meet our Nation's defense needs. I would be pleased to take your questions.