

“FY 2011 Military Construction Budget Request”

Statement

of

The Honorable Robert F. Hale
Under Secretary of Defense (Comptroller)

before the

U.S. Senate

Committee on Appropriations
Subcommittee on Military Construction,
Veteran Affairs, and Related Agencies

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Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the Military Construction portion of the Fiscal Year 2011 budget request for the Department of Defense.

On behalf of all of us at DoD, I want to express our gratitude to the Congress for continued support of America's Armed Forces. Thanks to you, they have the resources to carry out their missions and to ensure the security of the United States.

To set the stage this morning, I would like to provide a brief overview of our proposed budget and the amount we are asking for Military Construction. Dr. Robyn, Deputy Under Secretary for Installations and Environment, will follow with details on our Military Construction proposals.

Base Budget

Mr. Chairman, the President's base budget for FY 2011 requests \$549 billion in discretionary authority. That is an increase of more than \$18 billion or 3.4 percent over the enacted level in FY 2010. Taking inflation into account, the real growth in this request is 1.8 percent. Over the five years from FY 2010 through FY 2015, real growth averages 1.0 percent per year.

This growth reflects the Administration's commitment to the modest real growth necessary to equip and sustain a military at war. Before making this proposal, the President carefully considered and balanced our national security needs with our economic security, taking into account the deficit.

The base budget continues the vital reforms that were introduced in the present fiscal year, including our commitment to allocate defense dollars more wisely and to reform DoD's processes. It also builds on the conclusions of the 2010 Quadrennial Defense Review, which established strategic priorities and identified key areas for needed investment.

In the process, the FY 2011 budget reinforces and supports the three major institutional priorities laid down by Secretary Gates for the Department:

- First, it reaffirms our commitment to take care of the all-volunteer force, which the Secretary considers our greatest strategic asset.
- Second, the proposed budget continues to rebalance the Department's programs to prevail in current conflicts by continuing increases in Special Operations forces, providing more rotary-wing capability, and increasing intelligence, surveillance and reconnaissance.

Rebalancing also means maintaining and enhancing capabilities for future conflicts by -- among other things -- providing funds for continued development of the Joint Strike Fighter and procurement of 42 aircraft, development of a new aerial refueling

tanker, buying 10 new ships, improvements in Army ground forces, missile defense enhancements, and a new U.S. Cyber Command.

- And third, the FY 2011 budget request reforms how and what we buy, by promoting a fundamental overhaul of our approach to procurement, acquisition, and contracting.

Specifically, this budget proposes to end seven programs that are either performing poorly or are no longer needed, including the C-17 aircraft and the JSF alternate engine. The budget also continues our commitments to reform acquisition processes, increase efficiency through selective in-sourcing of work now performed by contractors, and slow the growth in health care costs while continuing to provide high-quality health care services.

Military Construction and Family Housing

The Military Construction and Family Housing portion of this request supports these three budget objectives. We are asking for \$18.7 billion for Military Construction and Family Housing, a reduction of almost 20 percent compared with the enacted level in FY 2010.

This change is largely due to a \$5.2 billion decrease in funding for Base Realignment and Closure (BRAC). By law, FY 2011 is the final year to implement BRAC, and as a result, most major capital investments have already been made.

Excluding BRAC and Family Housing, the FY 2011 MilCon request is actually \$1.1 billion higher than the FY 2010 enacted amount, an increase of about 8.4 percent. This increase is associated with facilities in support of new Army Modular Force units, the relocation of 8,000 Marines from Okinawa to Guam, and recapitalization of schools under the DoD Education Activity (DoDEA).

The total FY 2011 budget request for Family Housing is \$1.8 billion, which is about 19 percent or \$436 million less than the FY 2010 enacted amount. Included are funds for new housing, improvements to existing housing units, operation and maintenance of government-owned housing, leasing, the Military Housing Privatization Initiative (MHPI) program, and the Homeowners Assistance Program (HAP).

HAP assists military and civilian personnel who were adversely affected by the downturn in the housing market and who are also facing a necessary move. In FY 2010 Congress added \$300 million to the DoD budget to fund HAP expansion, and its omission in FY 2011 accounts for most of the decrease in the Family Housing budget for next year.

Overseas Contingency Operations

In addition to the base budget, our FY 2011 request seeks funds to support overseas contingency operations (OCO), largely in Afghanistan and Iraq. We have also requested supplemental appropriations of \$33 billion in FY 2010 to cover the costs of the additional 30,000 troops that President Obama ordered deployed to Afghanistan. We are hopeful that Congress will approve that request by spring.

Our FY 2011 OCO request is \$159.3 billion. This request provides our troops with what they need to carry out their mission. It also supports a responsible drawdown of U.S. forces in Iraq and a stronger force in Afghanistan.

The proposed OCO budget for FY 2011 includes \$1.2 billion for Military Construction. The requested amount will be spent in Afghanistan. Given the limited pre-existing infrastructure for our troops in that country, it is necessary to construct facilities to sustain, protect, and house them. Accordingly, this request includes operational facilities, such as runways and parking aprons, as well as associated support facilities, such as utilities, roads, housing, environmental projects, and dining facilities.

American Recovery and Reinvestment Act

Little more than a year ago, the Department received \$7.4 billion in Defense-related funding under the American Recovery and Reinvestment Act (ARRA). That amount included nearly \$4.3 billion for the sustainment and restoration and modernization of facilities, \$2.2 billion for military construction, \$0.1 billion for the Energy Conservation Investment Program (ECIP), \$0.3 billion for Research, Development, Test, and Evaluation (RDT&E), and nearly \$0.6 billion for the Homeowners Assistance Program.

Through this funding we will be able to execute over 4,400 projects in the 50 States, the District of Columbia, Guam, and Puerto Rico. These projects will improve the facilities where our military and civilian personnel work and live, enhance energy efficiency in the recapitalization and construction of facilities, and generate needed jobs to help stimulate the nation's economy.

As of February 17, 2010 -- the first anniversary of the Recovery Act -- the Department had obligated approximately \$4.2 billion (more than 57 percent) of the funds received for more than 3,700 projects. These projects will not only stimulate the economy; they will also improve the quality of life of our Service Members and their families. Additionally, through the funds made available for the Housing Assistance Program, the Department has already been able to pay more than 600 claims to assist military and civilian personnel and expects to pay many more.

In military construction, 97 of 117 projects have been awarded. The remaining 20 projects involve \$1.7 billion of unobligated funds, including \$1.2 billion for two

hospitals that are scheduled for award near the end of the fiscal year – one at Camp Pendleton, California, and the other at Fort Hood, Texas.

Conclusion

I believe that the FY 2011 budget request represents a prudent request that asks for the minimum resources we need to meet our critical national security objectives. Our budget supports a strong Military Construction program. I urge your support for DoD's FY 2011 budget request.

Lastly, Mr. Chairman, I want to thank you and the members of the committee once again for your strong support of the men and women of the Department of Defense. We are very grateful.

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