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HOUSE APPROPRIATIONS COMMITTEE
(MILCON)

Statement of

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Before the

Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies

of the

House Appropriations Committee

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Chairman Edwards, Rep Wicker, and distinguished members of the committee, it is my privilege to appear before you today to testify regarding what is perhaps the most important aspect of our Navy's readiness: our Sailors, civilians, and their families, and the installations that support them.

We are a maritime nation involved in a long, irregular and global war that **extends far beyond Iraq and Afghanistan** to the undergoverned reaches of the world and throughout cyberspace. The threat of terrorism spreads across borders and global commons like a virus, feeding upon hatred, poverty, hopelessness and frustration. **But we cannot allow ourselves to be fixated on one threat alone.** We are also confronted by nation-states determined to develop sophisticated weapons systems, including nuclear arms.

For 231 years we have been sending our nation's finest young patriots to sea, to defend and protect our home waters, to secure our lifelines for trade throughout the world, and to promote the international policies of the United States government. These Sailors come from America's heartland, mountains, deserts and coastlines. They come from every state in the Union and all of our territories. Some of them will earn citizenship through their service. Many of these men and women had never seen an ocean when they volunteered to serve. But as members of the United States Navy, they are all ambassadors of freedom and our front line of defense.

Our national security is, as it always has been, dependent upon a strong Navy that can keep the sea lanes free, deter aggression, safeguard our sources of energy, protect the interests of our citizens at home and reassure our friends abroad. We must never relinquish overmatching capability and capacity.

While our ground forces are engaged in Iraq and Afghanistan, the Navy - with its ability to deliver two unique attributes day to day - **global reach and persistent presence** - will continue to support our day to day responsibilities worldwide and provide a powerful deterrent as a vital element of **our nation's "Strategic Reserve."** As we pace the rapidly changing security environment, there is no alternative to a well balanced Fleet supported by an equally well balanced infrastructure ashore. Without the

right installations and infrastructure, we cannot attract and retain the Sailors and civilians we need to fight and win our nations wars.

Much has changed in the world since I testified before this committee last year. Iran has been emboldened by the Israel/Hezbollah war and continues the overt pursuit of a nuclear production capability. North Korea has test fired long range ballistic missiles and conducted an underground nuclear detonation. China has demonstrated the ability and willingness to conduct out of area diesel submarine operations and their advanced military and space technology development continues apace. The stated desire for, and apparent pursuit of, weapons of mass destruction (WMD) and advanced delivery systems has increased among terrorist organizations and their state sponsors. And within our own hemisphere, some leaders have become increasingly vocal in their opposition to policies of the United States.

I recently returned from a trip to Iraq, Afghanistan, Djibouti, Bahrain, and ships at sea in the Arabian Gulf. I visited with Sailors conducting special operations and combat support in Iraq, flying combat sorties in support of OEF and OIF, providing security protection for oil platforms, conducting civil affairs missions in Afghanistan, participating in Theater Security Cooperation activities in Horn of Africa, and standing watches onboard USS DWIGHT D. EISENHOWER, USS ANZIO, and USS BOXER - reassuring our allies in the region while providing a formidable deterrent to Iran.

Our Navy's readiness is superb and our Sailors are performing at exceptional levels at sea and ashore. The men and women of your Navy are on watch AROUND THE WORLD, AROUND THE CLOCK.

A big part of our Navy's readiness, is "family readiness." We must ensure our Navy families are well prepared for the periodic absences of our Sailors and civilians. The Navy strives to reduce the uncertainty and apprehension experienced by our Navy families in these stressful times, while strengthening the programs and resources available to support them. Maintaining a ready shore infrastructure that paces our afloat programs and supports our families is an area in which I will not accept significant risk. I am committed to a thorough review of our ashore planning and investment portfolio as part of the POM10 process.

This committee deals with many of the issues of most concern to our Navy families - housing, facilities, Veterans Affairs, and Quality of Life (QoL) - and we are most grateful for the terrific support you have provided over the years.

Navy's Military Construction (MILCON) and Quality of Life (QOL) program in this year's budget focuses on three key areas: (1) ensuring we have the right bases with the right capabilities to meet mission requirements; (2) providing quality housing for our Sailors and their families; and (3) investing in the recapitalization of critical shore infrastructure.

Installation Readiness

The Navy's current readiness remains excellent. On any given day, there are approximately 30% of our ships and more than 60,000 of our Sailors deployed world wide: helping to win the global war on terror and any other armed conflict; deterring aggression; preserving freedom of the seas; and, promoting peace and security. There are currently more than 12,000 active and reserve Sailors on the ground in the CENTCOM area of responsibility. Vital to this effort are the Sailors and civilians - the Total Navy - who serve the shore-based infrastructure that underpins our Fleet worldwide. The net effect of this global reach and persistent presence is a safer, more secure maritime commons.

As we strive to provide the nation the continuous readiness of our units, service members, and their families, the Navy must improve its global ashore readiness, quality of service and shore facility standards. Over the course of the last year, I've challenged the Navy Installations Command, Naval Facilities Engineering Command, and my staff to revolutionize our MILCON investment planning and programming process. I've charged them with developing a capabilities-based, collaborative and fully open process that is aligned with the Navy Enterprise construct.

We will build on the success of the Navy's Ashore Vision 2030 (NAV 2030) in shaping the post-Ivan and post-Katrina reconstruction efforts and the Global Shore Infrastructure Planning process. We will add key concepts including

operationalizing shore infrastructure as an extension of our warfighting capabilities, fleet and family readiness, and surge requirements.

MILCON Program

The Navy's FY-2008 MILCON investment strategy focuses on:

- Providing the infrastructure necessary to support new weapons systems and platforms
- QOL initiatives to improve training and quality of service
- Investment in utility infrastructure in Guam that supports existing infrastructure separate and apart from the Defense Policy Review Initiative (DPRI)
- Recapitalizing critical, operational facilities

The FY 2008 Military Construction-Navy (MCN) budget requests appropriations of \$1,126M that includes \$47M for planning and design and \$10M for Unspecified Minor Construction. The Navy Reserve Military Construction (MCNR) appropriation and authorization request is for \$29.5M.

Military Construction - Navy (MCN)

- \$486M for fifteen projects at ten different Navy Installations supporting new weapons platforms and systems that include: the F/A-18E/F Super Hornet Maritime Strike Attack aircraft; the E-2 Advanced Hawkeye aircraft; the EA-18G Growler Electronic Attack aircraft; the Mobile User Objective System (MUOS); and, the Littoral Combat Ship (LCS). The Installations hosting these MILCON projects are listed below.

➤ Cherry Point, North Carolina. Hangar Renovation and Facility Upgrades (Supporting: F/A-18E/F Super Hornet Maritime Strike Attack Aircraft)

➤ San Diego, California. Magnetic Silencing Facility Modification (Supporting: LPD 17 (San Antonio Class) Landing Platform Dock)

➤ Whiting Field, Florida. NOLF Evergreen Runway Extension (Supporting: T-6A Joint Primary Air Training System (JPATS))

- Patuxent River, Maryland. E-2 Advanced Hawkeye Aircraft RDT&E Facility; Aircraft Prototype Facility (Phase 1-3); and Aircraft Navigation Equipment Laboratory
 - Norfolk, Virginia. E2/C2 Aircrew Training Facility; Mobile User Objective System (MUOS) Installation; MH-60 Multi-Mission / Special Operations Aircraft Hanger and Airfield Improvements
 - Whidbey Island, Washington. EA-18G Growler Facility Improvements
 - NB Kitsap, Washington. Trident II D5 Missile Assembly Building 3
 - Panama City, Florida. Littoral Warfare Systems Facility
 - Pearl Harbor, Hawaii. Communications Center; and Sub Drive-In Magnetic Silencing Facility
 - Marianas/Guam. Kilo Wharf Extension (Supporting: T-AKE Lewis and Clark ADC(X) Auxiliary Dry Cargo Carrier)
- \$109M for three QOL initiatives to improve training and quality of service. Navy continues to improve Quality of Life for Sailors by supporting the CNO Sailor Readiness Initiative and maintaining support for the development of the Recruit Training Center (RTC) Great Lakes Recapitalization Program.
 - RTC Infrastructure Upgrades Great Lakes, Illinois (Increment Three of Three). This project, and the capstone project programmed in FY 2009, will complete the RTC Recapitalization Initiative and provide quality barracks and improved standard of service for the Navy's newest recruits.
 - Bachelor Enlisted Quarters Homeport Ashore (Increment Two of Two) Naval Base Kitsap, Washington. Provides the berthing for permanent party E1-E3 Sailors stationed aboard ships home-ported at Bremerton. Program is aligned with our initiative to house single Sailors ashore.
 - Fitness Center Marianas/Guam. Seals, Seabees, and other home-ported and forward deployed Navy personnel regularly deploy from Naval Base Guam to physically demanding missions in Afghanistan, Iraq, the Philippines, and other locations in-theater. These men and women do not have the right physical fitness facility to empower the best fitness possible for

their arduous deployments. Aligned with Navy's emphasis on Sailor Readiness, the proposed physical fitness facility is one of the first such health centers planned to provide Sailors the means to train and focus on life fitness and operational readiness. Through careful siting and engineering, the facility will be "scaleable" for the still undetermined build-up of forces on Guam.

- \$139M for four utility infrastructure projects in Guam and Diego Garcia. In Guam, these projects are a long overdue investment in the existing infrastructure and are not associated with the Defense Policy Review Initiative (DPRI).
 - Marianas/Guam. Wastewater Treatment Plant Repairs & Upgrade, Potable Water Distribution System, and Electrical System Hardening
 - NSA Diego Garcia. Sewage Lagoon. This project will construct an earthen sewage treatment cell to allow for required repair and maintenance without compromising the treatment process or regulatory compliance.

- \$282M for eleven projects in ten areas to recapitalize critical operational facilities.
 - San Diego, California. Pier 5002 Submarine Fender Installation
 - Corpus Christi, Texas. Aviation Trainer/Squadron Operations Facility
 - Kitsap, Washington. Nuclear powered aircraft carrier (CVN) Maintenance Pier Replacement provides adequate and efficiently configured facilities for the upkeep, maintenance and repair of CVNs. Limited Area Storage Complex (Increment four of five) provides funding to continue construction of a special weapons processing and storage facility in the Kitsap area.
 - Yokosuka, Japan. Wharf Upgrades. Includes increment three of three for a project to support CVN homeporting.
 - NSA Bahrain. Waterfront Development Phase I replaces a deteriorated pier and constructs force-protection facilities for Port Operations, Harbor Patrol, and the Entry Control Point.

- NSTC Great Lakes, Illinois. Small Arms Marksmanship Trainer.
 - Naval Air Station Oceana. Outlying Landing Field (Increment four of six).
 - Naval Support Activity Washington. National Maritime Intelligence Center (Increment two of three).
 - Norfolk, VA, Host Nation Infrastructure improvements. Constructs additions to the Supreme Allied Commander Transformation (SACT) Headquarters.
 - Various Locations. Wharf Utilities Upgrade.
- \$22M for three projects in Djibouti that will provide essential infrastructure for CENTCOM's Forward Operating Base for Commander, Joint Task Force Horn of Africa (CJTF HOA).
 - Camp Lemonier Djibouti. Fuel Farm, Western Taxiway, and Full Length Taxiway.

Military Construction - Navy Reserve (MCNR)

The Navy Reserve program will continue to seize opportunities to share facilities with other military Services to reduce facility acquisition and operating costs. Investment in Navy Reserve Facilities capitalizes on joint use with other DOD organizations.

- JRB NAS Ft Worth, Texas Child Development Center. A joint-use project that will benefit all Services on Base.
- JRB NAS Ft Worth, Texas Control Tower. Will support flight operations for all Services on Base.
- Sioux Falls, South Dakota Armed Forces Reserve Center. A joint facility with the Army Reserve.
- Portland, Oregon Inshore Boat Unit. Will share joint facilities with the Oregon Army National Guard.

BRAC V, BAH Impacts of Public Law 110-5

One area of particular concern is our execution of Base Realignment and Closure (BRAC), which is required to be fully funded and completed by September 15, 2011. The Continuing Resolution (CR), House Joint Resolution 20, was voted into Public Law 110-5 in February 2007. This law decreased Department of Defense BRAC V funding from \$5.6B

request to \$2.5B. The FY 2007 Department of the Navy BRAC budget request was for \$690M of which \$674.9M is for Navy BRAC. The amount allocated to Department of the Navy for BRAC under the Continuing Resolution was \$67.647M. Of the amount allocated, \$27.464M has been obligated to date, primarily for BRAC Construction (\$18.6M) and O&M costs (\$8.6M). The amount that would be the Department's "fair share" of the year-long CR would be \$305M. Navy's "fair share" of the \$305M under the year long CR is 97.9% or \$298.6M

This reduction will devastate a program entering the critical stages of execution. Failure to fully fund this account will significantly impact the funding profile and potentially negate our ability to complete the program by the legislatively mandated deadline of September 2011. It will also delay, or in some cases negate, our ability to harvest savings and reap funds from land sales and transfers. These savings are critical to the out year funding of the program.

In addition to reducing BRAC V funding, Public Law 110-5 represents a \$409M shortfall in Navy's Basic Allowance for Housing account. Both of these actions will impact the morale and welfare of our Sailors and civilian personnel by affecting personnel actions, including transfers and reductions. Negotiations with communities and Local Reuse Authorities will have to be suspended or significantly altered as we establish new BRAC execution timelines. BRACON actions will be delayed, resulting in increased future construction costs and delayed realignment and closure actions. This will also force us to expend funds to maintain facilities that were to be closed or realigned, thus impacting other programs and negating savings. Navy is able to execute the full amount of our request if funds are received soon.

Under the proposed funding, we can already project:

- At NSA New Orleans, we will be forced to delay eight administrative and community support projects (\$94.1M) and delay moves to Federal City, resulting in disjointed fleet and family services for the assigned military and civilian personnel. \$81M in projected savings over the FYDP will be delayed or negated.

- Four operational support projects at NWS Seal Beach Detachment Concord will be delayed (\$10.8M), thus precluding our ability to make a timely transfer of property. Transfers of civilian personnel will be delayed and a projected savings of \$75M over the FYDP will be delayed or negated.
- The realignment of the Naval Warfare Development Center at Norfolk (\$28.4M) would be delayed, inhibiting improvements of fleet and joint experimentation warfare innovation and dissemination of doctrine to supported fleet assets.
- Reserve Center projects (\$35.3M) at Rome, GA and Robins AFB would be delayed, thus delaying the transfer of property at NAS Atlanta to the Georgia National Guard and precluding our ability to fully harvest \$107M in savings.
- Delays in funding in support of the realignment of enlisted medical training from three sites across the country to a single site at Fort Sam Houston, TX will not only impact the \$9.6M in savings we expected to accrue from this action, but will also impact other Services' ability to realign their training.

Housing Program

Understandably, our Sailors and their families frequently cite housing as one of the most essential elements of Quality of Life. Safe, affordable, and comfortable housing is a critical enabler of fleet and family readiness.

Navy continues to pursue a prioritized triad to execute our Housing strategy:

- Reliance on the Private Sector. We focus first on the availability of suitable, safe, and affordable housing for our Sailors in the local community. Approximately 75% of Navy families and single Sailors, E4 and above, receive a Basic Allowance for Housing (BAH) and own or rent homes in the community.
- Public/Private Ventures (PPVs). We have been very successful partnering with the private sector to help meet our family housing needs, and we are now piloting

use of the statutory PPV authorities to support our bachelor housing requirements as well.

- Construction. We will continue to use Navy Military Construction where PPV authorities don't apply (such as overseas), or where PPV is not financially feasible. On-base housing is still the primary source of housing for our single E1 to E3 Sailors.

Family Housing

Our Family Housing request of \$430M supports the operations, maintenance, and construction of both Navy-owned, leased and public-private venture housing. It includes \$97.7M for family housing construction and improvements, and \$332.4M for the operation, maintenance, and leasing of Navy family housing. With the help of this committee last year, the Navy programmed funding to eliminate inadequate family housing in its inventory, and expects to have all contracts in place by the end of FY-2007.

From FY 2007 to FY 2008 our operations and maintenance requirements will decrease by \$114M, due primarily to CONUS family housing privatization actions. Our construction request has also decreased from the FY 2007 level, as we transition our efforts from elimination of inadequate family housing to the on-going recapitalization of the military family housing remaining in our inventory, principally at overseas Installations.

As of 1 February 2007, through PPV, we have awarded 15 projects totaling over 32,000 units. As a result of these projects, over 18,000 homes will be replaced or renovated. An additional 4,125 homes will be constructed for Navy families. These 15 projects used \$190M in Navy funds to secure almost \$4.1B in private sector investment, a leverage ratio of approximately 22:1.

During the remainder of FY 2007, our PPV plan will transfer 9,081 homes at three Navy regional locations from Navy-run to partner-run operations. Our goal is to privatize 98% of our family housing in the Continental United States and Hawaii, and by the end of FY

Planned Privatization Projects		
FY	Location	# homes
	Navy	
07	San Diego PH IV	3,254
07	Southeast Regional I	5,501
07	Midwest Regional PH II	326
	SubTotal	9,081

2007, we will have reached 95% of that goal.

During FY 2007, 176 homes in Guam will be replaced and seven homes in Guam and Yokosuka, Japan will be renovated. In FY 2008, we plan to award seven construction projects to replace 73 homes and renovate 215 homes in Guam, Japan, Korea, and Spain.

Navy's Family Housing budget request for FY 2008 reflects our continued commitment to improve living conditions for Sailors and their families by leveraging our partnership with the public sector and maximizing available community housing.

Bachelor Housing

Navy's FY 2008 request of \$47.2M for **Bachelor Housing** construction reflects our commitment to improve living conditions for unaccompanied Sailors. The FY 2008 budget request addresses three goals: ensuring Shipboard Sailors have the opportunity to live ashore when in Homeport; eliminating communal bathroom facilities; and, ensuring bachelor housing meets today's privacy standards. As with our Family Housing, to achieve these goals, we are relying on the use of PPV authorities, construction (where PPV is not feasible), and community housing (for our single Sailors E4 and above).

We are currently executing two of our three authorized pilot unaccompanied housing privatization (UHP) projects in support of our Homeport Ashore program. The first project was awarded in December 2006 in San Diego. This project conveyed 1,032 existing bed spaces and will construct 1,882 bed spaces, targeted for E4-E6 residents. A ground breaking ceremony was held in January 2007, with new apartments scheduled to be available in late 2008. The second project is located in Hampton Roads and is planned for execution in the spring of 2007. The Hampton Roads project will convey 1,313 bed spaces and construct an additional 2,364 bed spaces, targeted towards E1-E3 shipboard



Sailors. New UHP units will be two bedroom, two bathroom market style apartments, complete with kitchen, living and dining areas. Additionally, UHP pilots will provide the following site amenities: Fitness centers; Swimming pools; Playing courts; Multi-media rooms; and Educational facilities. The Navy is continuing to evaluate locations for the third pilot project. These market-style facilities will mirror those available in the local communities.

In all, eleven construction projects have been programmed for the Homeport Ashore initiative at Navy's ten homeports. Four newly constructed Homeport Ashore facilities and many existing Homeport Ashore designated facilities are already providing spaces ashore for shipboard Sailors today. Our FY 2008 budget includes \$47.2M for 396 Homeport Ashore spaces at Naval Base Kitsap-Bremerton, WA which will complete construction programming for the Homeport Ashore initiative.

Through the FY 2007 program, projects are funded to eliminate over 99 percent of bachelor housing spaces with communal bathroom facilities for permanent party personnel. Construction to eliminate the remaining 38 spaces is programmed for FY 2009.

The Family Housing and Bachelor Housing budget requests reflect the Navy's recognition that we cannot expect to recruit and retain our nation's best talent if we don't demonstrate a commitment to their welfare and that of their families.

CONCLUSION

Our nation depends upon a strong Navy with the global reach and persistent presence needed to provide deterrence, access, and assurance, while delivering lethal warfighting capacity whenever and wherever it is needed. Positioning for the challenges of the future while meeting the current demands of the Global War on Terror and serving as a potent deterrent Strategic Reserve, requires the Navy to strategically transform and recapitalize our shore infrastructure to match the agility, sustainability and surge capability of our Fleet. Navy's Fleet and Family readiness depend upon our ability to provide the right bases, in the right places, with the right capabilities, at the right price. This is the essence of the Navy Ashore Vision 2030. The Navy is determined to build and maintain

installations and facilities support that are properly sized, balanced, and priced to best serve our Sailors, their families, the Fleet, and our nation in peace and in war.