



# Torchbearer National Security Report



## Transformed Installations



**Essential for an All-Volunteer,  
Relevant and Ready U.S. Army**



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1 April 2005

The United States Army is undertaking more significant changes than at any other time in the past 50 years. Transforming the force while remaining ready to defend the homeland, deter aggression and execute strategic commitments is daunting. While it is a complex and potentially dangerous endeavor, the Army has charted the right course. The Army's three key transformational initiatives—converting to a modular force, rebalancing force structure and stabilizing the force—are in motion. Two external undertakings—the relocation of Soldiers and families from Europe and Asia back to the United States together with the Base Realignment and Closure (BRAC)—are having major impacts not only on Army Transformation in general but specifically on the Army's Installation Transformation.

In this latest installment of AUSA's signature Torchbearer series, we provide an examination of the competing transformational requirements confronting Army installations while meeting the challenges of supporting the Global War on Terrorism. AUSA is committed to fighting for maintaining effective infrastructure and power-projection platforms. To remain ready now, Army installations must receive adequate resources for the missions they are asked to accomplish. Appropriate levels of funding for infrastructure delivered in a timely fashion are nonnegotiable. Just ask the more than 650,000 Soldiers on active duty. They and their family members will tell you.

We hope you find this report a useful resource and that you will continue to look to AUSA for thoughtful, credible analysis of contemporary national security issues.

Gordon R. Sullivan  
 General, U.S. Army Retired  
 President, AUSA

**Contents**

Executive Summary.....	3
Introduction .....	4
Background.....	4
Installation Transformation.....	7
Impact of Past Challenges.....	9
Impact of Army Transformation to a Modular Force.....	14
Impact of the Integrated Global Presence and Basing Strategy and the Base Realignment and Closure Program.....	16
What is Needed.....	17
What Must Be Done.....	18
Torchbearer Message.....	19

**My number one priority  
 is Soldiers and their families,  
 and I'm going to put words into actions.**

Secretary of the Army Francis J. Harvey,  
 in testimony before the Senate  
 Armed Services Committee,  
 3 March 2005



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## Executive Summary

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Army installations are essential to maintaining the world's premier Army. They serve as flagships, supporting Soldiers where they live, work, train, mobilize and deploy. They enhance power projection and serve as integral components of a battlespace that extends from foxhole to installation by providing reachback capability. The Army is transforming its installation programs and facilities to better support the Joint Team. The overall transformation of the Army into a modular force (see AUSA Torchbearer National Security Report *The U.S. Army . . . A Modular Force for the 21st Century*, March 2005) cannot be realized unless transformation of its installations also occurs. Two of the four Army Transformation strategies demonstrate the vital concept of maintaining installations as "flagships of readiness." Regrettably, funding for U.S. Army installations has not kept pace with requirements and the Army has continuously risked installation programs to support other Army programs. This can no longer continue.

As the Army fights the Global War on Terrorism, it is transforming into a modular force and repositioning units throughout the world via the Integrated Global Presence and Basing Strategy (IGPBS). As the Army implements these two unprecedented undertakings, it is also preparing for a new round of Base Realignment and Closure (BRAC). The task is massive in scope—grow the Army by 30,000, bring home 70,000 Soldiers and 100,000 family members from overseas and consolidate installations and functions across the Army. Failure to execute these tasks in a timely fashion will impact unit readiness and place immeasurable strain on Soldiers and their families. Their quality of life, a critical component to overall unit readiness, is nonnegotiable.

The Army's leadership has recognized the importance of installations to readiness and quality of life and continues to execute its plan to guide installations into the future. In the 1990s, the Army invested more than \$800 million in infrastructure and deployability enhancements to continental U.S. (CONUS) power-projection platforms, to include 15 installations. The Army is in the 12th year of barracks modernization, providing 136,000 single enlisted permanent-

party Soldiers with quality living environments. The Fiscal Year (FY) 2006 military construction budget request includes \$716.3 million for 19 barracks projects providing new or improved housing for 5,190 Soldiers. It also includes funding to privatize 3,606 houses and construct 320 additional houses at privatized locations. In addition, the Army will replace 709 houses and upgrade another 1,112 using traditional military construction. The Residential Communities Initiative (RCI), the Army's Family Housing privatization program, includes 45 installations with a projected end state of almost 84,000 units. By the end of FY 2006, the Army will have privatized 32 installations with an end state of 67,686 homes. The Army's leadership is also moving to improve the overall condition of Army infrastructure with its Focused Facility Strategy. Unfortunately, the Army is insufficiently funded to perform transformational tasks, consolidate installations and provide quality support to Soldiers and their families.

**Congress and the Department of Defense (DoD) must provide a top-line funding increase to the Army's Base Operations Support (BOS) programs.** Annually transferring dollars programmed for facility sustainment to pay "must fund" BOS bills during the year of execution places Army installations at high mission risk. Both BOS and the sustainment, restoration and modernization (SRM) program must be adequately funded and executed as programmed.

**Congress and DoD must fully fund the Army's increasing Military Construction (MILCON) requirement for the Integrated Global Presence and Basing Strategy (IGPBS).** DoD should not direct the Army to pay this \$2.6 billion bill with previously approved Army MILCON funding. Canceling or delaying these projects to pay for IGPBS worsens the recapitalization rate and further erodes the condition of existing facilities.

**DoD must include the Army installation support request of \$1.2 billion in the FY 2005 Supplemental submission and Congress should fully fund it.** Without adequate funding from the start, transformation to brigade combat teams (Army Modular Force) and the support required for the additional 30,000 Soldiers and their families will be at risk.



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## Transformed Installations . . . Essential for an All-Volunteer, Relevant and Ready U.S. Army

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### Introduction

U.S. Army installations are an essential component in maintaining the premier Army in the world. They are the platforms from which the Army rapidly mobilizes and deploys military power and sustains military families. Installations also play a vital role in training the force and reconstituting it upon return from deployment. Moreover, they provide deployed commanders with the ability to reach back for information and other support through advanced communications technology. **The overall transformation of the U.S. Army into a modular force cannot be realized unless transformation of its installations also occurs.** In fact, two of the four strategies that formulate Army Transformation—attaining quality of life and well-being for Soldiers and their families that match their quality of service; and providing infrastructure to enable fulfillment of the Army’s strategic roles and missions—demonstrate how the concept of maintaining installations as “flagships of readiness” is vital to the Army.

Regrettably, funding for U.S. Army installations has not kept pace with requirements. It is no secret that Army installations have received a lower funding priority than other operational requirements over the past decade. The Army has continuously taken risks with installation programs to support other Army programs. Years of receiving only 24

percent of the Department of Defense (DoD) budget have taken their toll on the Army and its installations. While installation commanders have managed the risk, it has not been without detriment to Army facilities, installation readiness and quality of life.

Currently, three significant tasks directly affect and help steer transformation at installations across the Army—the Army’s transformation to a modular force; the Integrated Global Presence and Basing Strategy (IGPBS); and the Base Realignment and Closure (BRAC) program. The undertaking is monumental: growing the Army endstrength by 30,000 Soldiers and returning two divisions of people and equipment from Europe and Korea to the United States, all the while consolidating installations and functions across the Army. Failure to execute these significant tasks in a timely and coordinated fashion will impact unit readiness and will place an immeasurable strain on Soldiers and their families. Their quality of life—a critical component to overall unit readiness—is nonnegotiable.

### Background

In the immediate aftermath of the Cold War, there was a widespread and apparently reasonable assumption of a “peace dividend” and of a new world order in which conflicts would be less frequent and less threatening to the United States. This assumption affected defense planning and budgeting and resulted in a significant decrease in the size and readiness of the Army and a structure that was more reflective of the threats of the past. Unfortunately, because of subsequent events—the attacks of 11 September 2001 and the ensuing Global War on Terrorism (GWOT)—these decisions resulted in a significant funding deficit. But the Army’s senior leaders did not allow this funding deficit to derail efforts to posture the Army, as best as they could, to provide the necessary forces, capabilities, infrastructure and quality of life required for the 21st century environment.





## ***Projecting the Army Worldwide***



- Units not tied to division base.
- Simultaneous deployment from multiple power-projection platforms.

- Basing supports a campaign-quality Army with joint and expeditionary capabilities.
- Power-projection platforms provide full range of support for responsive deployment, employment and sustainment of forces.



Source: HQDA

Regarding infrastructure, to improve the flow of people, equipment and supplies from continental U.S. (CONUS) origins to ports of embarkation, the Army invested more than \$800 million in infrastructure and deployability enhancements to its designated CONUS power-projection platforms—15 installations, 14 airfields, 17 strategic seaports and 11 ammunition plants and depots. Upgrades focused on installation departure airfields, road networks, railheads and port facilities. Included were: modernized arrival/departure airfield control group facilities at Forts Bragg (North Carolina) and Lewis (Washington), and other installations; improved facilities for rapid rail loading at all major CONUS power-projection installations, such as

Forts Stewart (Georgia), Riley (Kansas), Hood (Texas) and Campbell (Kentucky); upgraded and expanded facilities to support the Army's afloat Prepositioning Program at Charleston Naval Weapon Station (South Carolina); and upgraded containerized ammunition port facilities on the West Coast. To speed movement of units and ammunition to CONUS seaports, the Army purchased 1,090 additional railcars for prepositioning at ammunition plants, depots and power-projection installations. To expedite outloading, the Army purchased more than 2,500 additional containers (and a commensurate number of container handlers) for early-deploying units.



**Family Quarters Transferred/Awarded to Residential Communities Initiative**

<b>Seventeen projects (23 installations) have transferred 53,865 homes.</b>	
<b>Installations</b>	<b>Projected End-State</b>
Fort Carson, CO	2,664
Fort Hood, TX	5,912
Fort Lewis, WA	3,982
Fort Meade, MD	3,170
Fort Bragg, NC	5,578
Presidio of Monterey/ Naval Postgraduate School, CA	2,209
Fort Stewart/Hunter Army Airfield, GA	3,702
Fort Campbell, KY	4,455
Fort Belvoir, VA	2,070
Fort Irwin/Moffett Federal Airfield/ Parks Reserve Training Area, CA	2,926
Fort Hamilton, NY	228
Walter Reed Army Medical Center/ Fort Detrick, MD	963
Fort Polk, LA	3,821
Fort Shafter/Schofield Barracks, HI	7,894
Fort Eustis/Fort Story, VA	1,124
Fort Leonard Wood, MO	2,242
Fort Sam Houston, TX	925
<b>Total</b>	<b>53,865</b>
<b>Six additional projects (nine installations) awarded and will transfer 13,821 homes in 2005 and 2006.</b>	
Fort Drum, NY	2,809
Carlisle Barracks, PA/Fort Monmouth and Picatinny Arsenal, NJ	747
Fort Bliss, TX/White Sands Missile Range, NM	3,204
Fort Benning, GA	3,959
Fort Leavenworth, KS	1,586
Fort Rucker, AL	1,516
<b>Total</b>	<b>13,821</b>
67,686 quarters transferred/awarded to RCI to date. Overall goal is to transfer 82,400 (92% of U.S. inventory). Army contributed \$578 million to projects; private sector will contribute \$7.7 billion for initial development.	
Source: HQDA	



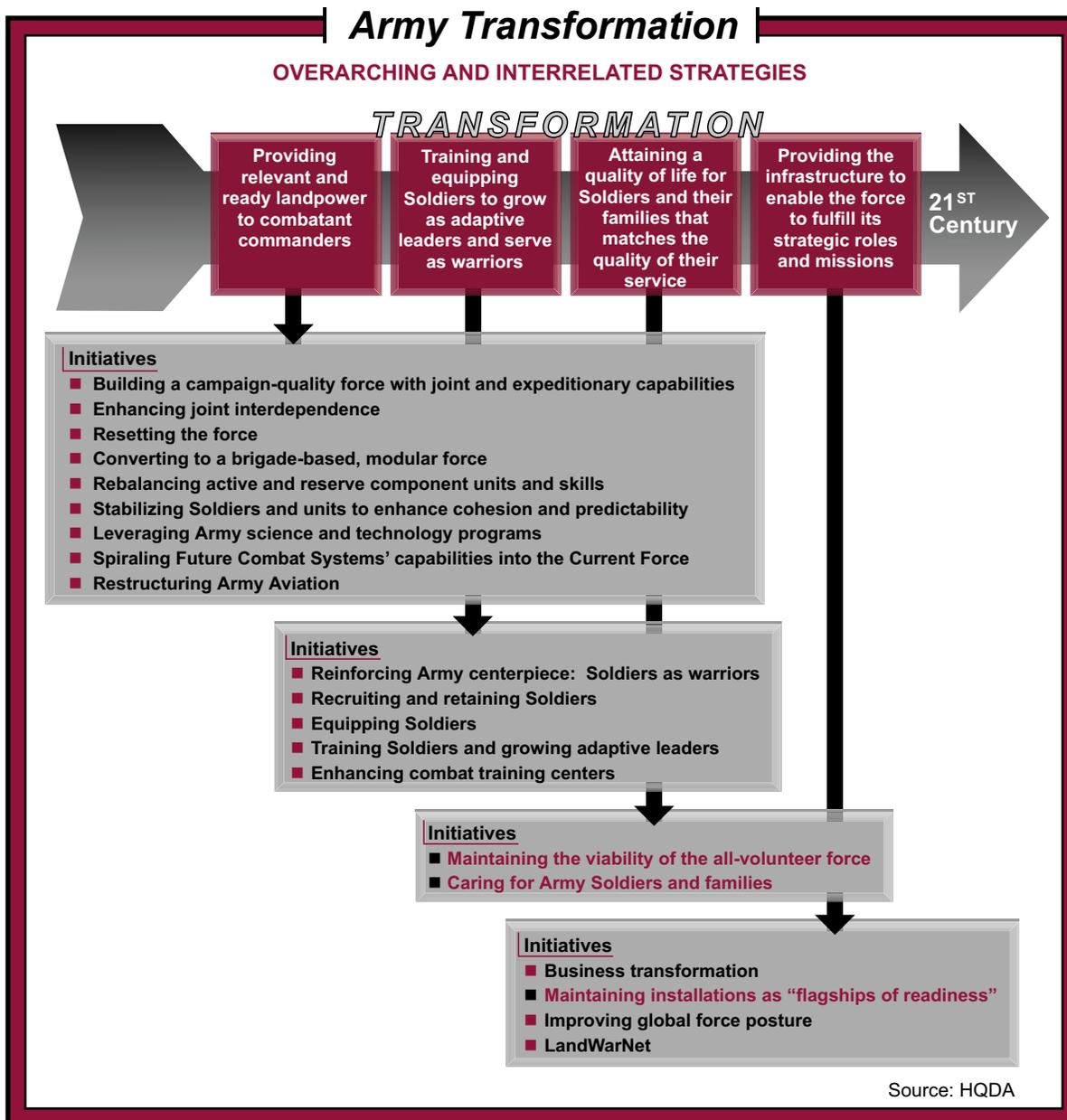
nation (see table at left). The Army intends to transfer about 14,000 more houses in 2005 and 2006. Actions such as these sustain combat power because the Army enlists Soldiers but reenlists families.

To rapidly effect necessary and positive change, the Army in 2003 established immediate focus areas with specific guidance for planning, preparation and execution; one of them was designated “Installations as Flagships.” In keeping with the Defense Strategy of having a force capable of defending the homeland, deterring forward in and from four regions and conducting two overlapping “swift defeat” campaigns, the Army’s senior leadership in 2005 developed four overarching and interrelated strategies (supported by implementation of 20 initiatives) to transform the Army (all components):

- providing relevant and ready landpower to combatant commanders;
- training and equipping Soldiers to grow as adaptive leaders and serve as warriors;
- attaining a quality of life for Soldiers and their families that matches the quality of their service; and,
- providing the infrastructure to enable the force to fulfill its strategic roles and missions.

One of the 20 initiatives was maintaining installations as “flagships of readiness,” i.e., installation transformation.

As for quality of life, one example—the Residential Communities Initiative (RCI)—has proved to be a great success story and continues to be popular with Army families. Since this privatization initiative first began at Fort Carson, Colorado, in 1999, the Army has transferred ownership of more than 53,800 houses at posts across the



## Installation Transformation

Installations serve as flagships able to project power, support realistic training and provide a quality of life for Soldiers, civilians and their families that matches their quality of service. The transformation of installations is part of the greater Army transformation and encompasses many diverse aspects:

- Providing Power Projection Platforms (PPPs) installations from which the Army projects military power and sustains the military family. The Army has 15 PPPs that can strategically deploy one or more high priority active component brigade combat teams (BCTs) and supporting brigades and or mobilize and deploy high-



## Power Projection Platforms (PPP) Installations

Fort Benning, GA
Fort Bliss, TX
Fort Bragg, NC
Fort Campbell, KY
Fort Carson, CO
Fort Dix, NJ
Fort Drum, NY
Fort Eustis, VA
Fort Hood, TX
Fort Lewis, WA
Fort McCoy, WI
Fort Polk, LA
Fort Riley, KS
Fort Sill, OK
Fort Stewart, GA
Source: HQDA



Note: This is the current list of Army PPPs. A decision is pending on the final list.

priority reserve component BCTs and supporting brigades.

- Improving barracks for the 136,000 Soldiers who reside in them to a “1 + 1” standard (a two-Soldier, two-bedroom suite, sharing a central kitchen and bathroom).
- Privatizing utilities to remove the Army investment in non-core competencies. The privatization strategy allows the Army to take advantage of private-sector expertise and financing.
- Eliminating inadequate family housing through a combination of Residential Communities Initiatives, continuing traditional military construction (MILCON) investments, and elimination of out-of-pocket expenses by increasing the Soldier’s Basic Allowance for Housing.
- Implementing the Focused Facility Strategy (FFS) to replace or modernize many C-3 and C-4 rated

facilities to meet the operational needs of a C-1 Army. The FFS focuses on seven facility types for recapitalization:

- general instruction buildings;
- Army National Guard readiness centers;
- Army Reserve training centers;
- tactical vehicle maintenance shops;
- trainee barracks;
- physical fitness centers;
- chapels.

## Focused Facility Strategy (FFS)

Facility Type	Distribution of \$
<b>Active Component</b>	
Trainee Barracks	57%
Maintenance Facilities	28%
General Instruction Buildings	7%
Physical Fitness Facilities	6%
Religious Facilities	2%
<b>Army National Guard</b>	
Trainee Barracks	74%
Maintenance Facilities	23%
General Instruction Buildings	2%
Physical Fitness Facilities	1%
Religious Facilities	Less than 1%
<b>Army Reserve</b>	
Trainee Barracks	79%
Maintenance Facilities	19%
General Instruction Buildings	1%
Physical Fitness Facilities	1%
Religious Facilities	Less than 1%
Source: HQDA	



- Establishing Army Baseline Standards (ABS) to provide a consistent measure for accurately determining Base Operations funding requirements. Through ABS, the Army will provide Common Levels of Support (CLS) to each installation on an equitable basis.

These are in keeping with the Secretary of the Army's seven priorities (especially numbers 1 and 3):

- 1. Soldiers and Their Families – Continually providing for well-being and quality of life of Soldiers and their families.**
- 2. Land Forces Required to Win the Global War on Terrorism** – Effectively managing the force and ensuring readiness and adequate endstrength through recruiting, retaining, rewarding, organizing, training and equipping coupled with a development cycle that results in predictability.
- 3. Transformation – Evolutionary change leading to revolutionary outcomes with major focus on the business side of the Army to keep pace with the ongoing transformation in how we fight.**
- 4. Leadership** – Growing future Army leaders while further enhancing the skills of the current officers in the context of the 21st century security environment.
- 5. Major Acquisition Program** – Successful execution of key programs, particularly Future Combat Systems (FCS), Joint Tactical Radio System (JTRS), Warfighter Information Network-Tactical (WIN-T) and Army Aviation, ensuring that cost, schedule and technical objectives are consistently met, programs are synchronized, adequate resources are available and detailed system migration plans have been developed.
- 6. Financial Resources to Execute the Army Plan** – Executing the Army Plan within the Future Years Defense Program (FYDP) budget while increasing expenditures for the warfighting Army by applying the savings from business transformation.
- 7. Partnership and Relationships** – A “no daylight” partnership with the Army Chief of Staff, coupled with productive and confidence-building relationships with the Secretary of Defense, the Office of the Secretary of

Defense, the Navy, the Air Force, Congress, industry and the retired community.

To sustain the wide variety of services and support installations provide to Soldiers, families and civilians, the Army resources installations in three primary areas—base operations support (BOS); sustainment, restoration and modernization (SRM); and military construction (MILCON):

- BOS comprises services, similar to those of a small city, that keep an installation operating. These include municipal services (trash collection, recycling, pest control and ground maintenance), public works, logistics (transportation, supply, maintenance and food service), utilities, and morale, welfare and recreation. Also included are family programs, environmental support, leases, base communications, audiovisual support and force protection.
- SRM is repair, maintenance and improvements to existing facilities.
- MILCON is construction of new facilities on military installations.

BOS and SRM are funded with Operation and Maintenance (O&M) appropriations. MILCON appropriations include operation and maintenance support in addition to new construction for Army Family Housing.

## Impact of Past Challenges

Even before the Army began transforming to a modular force, challenges existed in maintaining Army installations as flagships. In the distant past, Army installations lived off capital investments made during the buildup of the 1980s while downsizing significantly since the end of the Cold War. Over the past few years, however, BOS accounts provided for only 70 percent of requirements, while SRM was funded at 95 percent. **Since BOS “must fund” requirements exceeded available funding, the Army reprogrammed SRM dollars to support BOS shortfalls.** This created a significant shortfall in SRM funding, and led to a further decay of installation infrastructure.



In Fiscal Year (FY) 2004, the Army reprogrammed \$603 million from SRM to BOS to support funding shortfalls. With the current funding level in the BOS and SRM accounts for FY 2005, the Army expects to reprogram up to \$900 million from SRM to BOS during FY 2005; 1,977 projects will be unfunded to cover the BOS shortfall. The impacts on facility sustainment are real and immediate. For example:

- At Fort Hood, a total of 229 sustainment projects costing \$116.4 million will be negatively impacted by the reprogramming action to support BOS shortfalls. Fort Hood has identified projects to repair and improve 79 vehicle and equipment maintenance facilities and seven aircraft maintenance hangers for units of the 1st Cavalry Division, 4th Infantry Division and 13th Corps Support Command.
- At Forts Stewart and Bragg, a total of 180 sustainment projects costing \$97.4 million will be negatively impacted by the reprogramming action to support BOS shortfalls. Approximately 30,000 Soldiers from the 3d Infantry Division and the 82d Airborne Division are deploying to Operation Iraqi Freedom (OIF) or to Operation Enduring Freedom (OEF) in Afghanistan during 2005. Sustainment projects are identified to repair and renovate more than 150 vacant barracks, headquarters, administration, dining facilities, and vehicle and aviation maintenance facilities while the 3d Infantry Division and units of the 82d Airborne Division are deployed. There is a short 12-month window of opportunity to fix the vacant facilities before Soldiers return from deployments. Timely and adequate funding is essential to getting Army facilities repaired while Soldiers are deployed.
- At Fort Lewis, a total of 44 sustainment projects costing \$10.7 million will be negatively impacted by the reprogramming action to support BOS shortfalls. This includes projects to renovate and improve more than 35 barracks, headquarters and maintenance buildings while units are deployed and facilities are vacant. These repairs support the Chief of Staff, Army's initiative to fix facilities while units are deployed so Soldiers return to better facilities. Projects to repair

and upgrade four ranges critical to rifle qualification, advanced infantry marksmanship and night-firing qualification will also be negatively impacted.

One significant factor of MILCON is barracks construction. Barracks are a fundamental and indispensable component of the Army's infrastructure and comprise one of the largest groupings of facilities in the Army today. Barracks are categorized as permanent party, basic combat training, advanced individual training (AIT), mobilization, transient training, and medical hold in accordance with the status of the Soldiers who occupy them. The permanent party barracks are 85 percent at the "1 + 1" standard. (More investment is also needed in other barracks categories.)

MILCON funding also affects the recapitalization rate of Army facilities. The recapitalization rate reflects a planning timeline to replace a facility, typically understood to be the facility's useful life. The Office of the Secretary of Defense (OSD) target recapitalization rate for an installation facility is 67 years. Shown below are the Army recapitalization rates based upon the Army FY 2006 budget submission.

The Army's senior leadership, clearly recognizing the negative impact to the infrastructure of not adequately

### Army Recapitalization Rates

(based on Army's budget as of 16 February 2005)

FY 2006	112 years
FY 2007	90 years
FY 2008	87 years
FY 2009	76 years
FY 2010	72 years
FY 2011	67 years
Average FY 2006–2011	81 years
Office, Secretary of Defense (OSD) Target	67 years

Source: HQDA



resourcing SRM, took positive steps to correct this problem. On 9 February 2005, in testimony before the House Armed Services Committee, Secretary of the Army Francis J. Harvey stated, “We made the decision [a \$250 million program to repair the Army’s most dilapidated barracks], which will take 20,000 substandard barracks totally up to quality levels in calendar year 2005.”

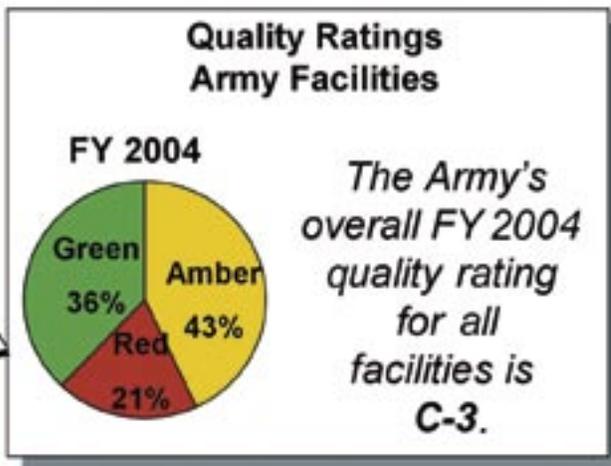
Expanding on Dr. Harvey’s comment, Army Chief of Staff General Peter J. Schoomaker said, “We have 177

barracks that we have identified [that are red under the Installation Status Report, or ISR]. We are going to be repairing on average about 20 buildings a month as we go forward.” The plan is to upgrade those facilities from red to amber within a year. As Secretary Harvey noted, “They deserve it. [Soldiers] should live just like the rest of America lives because they’re defending our country. So I am focused and committed to doing that—that’s where the rubber meets the road in terms of that priority.”

## Installation Status Report

### Condition of Army Facilities

The Army’s annual Installation Status Report (ISR) measures the condition and quantity of Army facilities. According to the Fiscal Year 2004 report, the Army is at C-3 overall. Facility conditions are evaluated as good (green), fair (amber) or bad (red). All Army facilities are grouped into categories that are further grouped into facilities area, as shown below.



#### Installation Status Report—Facilities Quality Ratings

- C-1** Minor deficiencies that have negligible impact on mission performance
- C-2** Some deficiencies that have limited impact on mission performance
- C-3** Significant deficiencies that prevent performance of some missions
- C-4** Major deficiencies that preclude satisfactory mission performance

**Data as of November 2004**

Source: HQDA



The Army's Barracks Modernization has a goal to complete modernization of all permanent party barracks to the "1 + 1" standard by 2008. To accomplish this, the Army is attacking the barracks modernization requirement with two programs: Whole Barracks Renewal and the Barracks Upgrade Program (BUP). In 2004, the Army awarded one BUP and 20 Whole Barracks Renewal projects valued at more than \$697 million. In 2005, the Army expects to award six BUP and 19 Whole Barracks Renewal projects valued at more than \$736 million. Since 1994, the Army has invested more than \$6 billion to modernize barracks complexes, providing more than 100,000 quality barracks spaces in addition to dining facilities, company, battalion and brigade headquarters, and other Soldier support facilities. The Barracks Modernization program is successful because the Army had a long-term strategic plan and Congress provided the resources to execute it.

Military and civilian leaders acknowledge and accept the link between service quality of life and recruiting and retention. The Army's leadership has been consistently committed to providing an acceptable quality of life for Soldiers and their families. Secretary Harvey stated: "Soldiers can rest assured that I'll be back here getting the resources that are needed for quality of life for themselves and their families, their well-being." For single Soldiers, a visible and compelling commitment is the long-term modernization of permanent-party barracks.



### **Barracks Upgrade Program Fort Lewis, Washington**



**BEFORE**  
Close-up of living module,  
flat roof with parapet



**AFTER**  
Pitched standing seam metal roof  
with louvered gable end

The Army is also making great strides toward improving family housing through the Residential Communities Initiative. Leaders are impressed with the improvements RCI has made to family housing. Sergeant Major of the Army Kenneth O. Preston, quoted in a 5 January 2005 Army News Service article, said, "RCI housing provides Soldiers of all



ranks the quality of life they and their families deserve. While touring an open house event at Fort Campbell, Soldiers from the 101st told me they would reenlist to live in RCI housing.”

Soldiers and families say they appreciate the improvements in family housing, as well. For Captain Ryan Bible of Fort Meade, Maryland, living in the new housing is an issue of perception: “I feel like I have a home now, as opposed to living in government quarters.” At Fort Stewart, Jessica Gustavson, wife of a deployed sergeant in Iraq, said about her new RCI housing, “It’s not dreary, it’s not dark, and it’s not depressing. Emotionally it creates a whole better environment. With a deployed spouse, it makes such a big difference.” Kimberly Stutz, whose husband is also deployed, agrees: “[The RCI housing] looks really nice now. I think your housing has a lot to do with whether or not you want to stay [in the Army].”

In addition to barracks modernization and housing privatization, the Army is also reviewing utilities. Owning and operating utility systems is not an Army core competency. The Utilities Privatization Program entails the full conveyance of an Army electric, natural gas, water or waste-water system to the private sector to own, operate and maintain. The program is based on Defense Reform Initiative Directive 21 of January 1998 and subsequent Defense Guidance that directs the privatization of utility-

related infrastructure. The privatization strategy allows the Army to take advantage of private-sector expertise and financing and is the preferred method to upgrade Army utility systems. The Army receives the benefit of upfront private-sector investment to improve the condition of the utility system now; this investment is not affordable within the Army budget. Systems will be privatized only where it is economical to do so. The Secretary of the Army must approve privatization exemptions for systems found to be uneconomical.

The Army currently leads the Department of Defense in successful execution of the Utilities Privatization Program. In FY 2004 the Army spent \$75.9 million of Operation and Maintenance funding on privatized utility contracts. Currently, the Army programmed funding for newly awarded privatized utility contracts is \$95.2 million in FY 2005 and \$87.8 million in FY 2006. Future programmed funding for utility privatization may well increase because of the greater-than-expected success of this program. The Army has privatized 102 of 351 systems, has found 89 to be uneconomical to privatize, and continues to evaluate the remaining 160 systems. The 102 privatized systems represent more than 60 percent of the Army utilities operation and maintenance budget. The Army will complete privatization evaluation of all of its electric, natural gas, water and waste-water systems by September 2006.





Another component of “Installations as Flagships” is the Focused Facility Strategy (FFS). FFS, initiated in 2003, is a focused investment strategy that will raise the overall Army facilities rating to C-2 by modernizing select facility types to a C-1 rating. FFS funding is distributed in three parts: Active Component, Army National Guard and Army Reserve. Each component has a separate appropriation and FFS program. Years of underfunding installation facilities have left Soldiers living and working in substandard facilities. It will cost more than \$12 billion to achieve the Army goal of improving the overall condition of Operation and Maintenance-operated facilities to a C-2 rating. Additional funding is required to make FFS a success and improve installation facilities to the level of quality our Soldiers and their families deserve.



### Focused Facility Strategy Distribution of Funds

	FFS Funding Requirement
Active Component	44.5%
Army National Guard	38.3%
Army Reserve	17.2%

Source: HQDA

### Impact of Army Transformation to a Modular Force

Installation upgrades are a single element of a larger transformational task that also includes increased recruiting goals, personnel changes, equipment purchases and new training requirements. Army installations compete for the limited resources the Army has set aside for its transformation to a modular force. The Army modular force initiative—the major transformational effort—involves the total redesign of the operational Army (all components) into a larger, more powerful, more flexible and rapidly deployable force while moving the Army from a division-centric

structure to one built around brigade combat teams (BCTs). BCTs are stand-alone, self-sufficient and standardized tactical forces of between 3,500 and 4,000 Soldiers who are organized the way they fight. (See Torchbearer National Security Report *The U.S. Army: A Modular Force for the 21st Century*, March 2005.) The operational Army is growing to 77–82 BCTs (active and reserve components). The force above the BCT level will be supported by similarly modular supporting brigades that provide aviation, fires, logistics and other support. Together with rebalancing efforts (between the reserve and active components) to realign specialties of more than 100,000 Soldiers and stabilization of the active component for 36 months using a lifecycle management model, the transformation to a modular force is having a major impact on U.S. Army installations.

For the first time in 20 years, the Army’s endstrength is increasing. With this increase comes a greater demand for long-term installation sustainability, such as facilities, services, utilities, environmental stewardship, housing and family support groups. The FY 2005 National Defense Authorization Act authorized the Army active component a permanent endstrength of 502,400 and also gave the Army the authority to grow to 512,400 through 2009. Army installations must modernize to support these additional Soldiers and family members. New motor pools, barracks,



family housing and family support facilities are critical components of the Army strategy. Support functions such as health care facilities, commissaries and transportation needs will be required. Surrounding communities are significantly affected with impact to the local school systems, public transportation, housing and medical facilities, as well as increased pressure on land use in and around the installation. All of these issues require active community involvement to ensure the long-term sustainability of installations and training ranges. Currently, Army installations are not adequately resourced to prepare for all of these increased demands.

To accommodate the increased troop strength, the Army invested \$251.8 million in FY 2004 from supplemental and reprogrammed funding to provide relocatable buildings for the additional Soldiers and begin the transformation to the new BCT structure. The first four installations to begin the Army Modular Force transformation were Forts Stewart, Drum (New York), Campbell and Hood.

(Note: New construction of modern facilities would be desirable, but the final decision on the permanent locations of the additional brigade combat teams is on hold pending the BRAC 2005 decisions. The Army currently lacks the required MILCON funding, and the constrained timeline for facility occupation precludes new construction as an immediate option.)



To provide space for the new Soldiers and their units, the Army strategy is to use existing facilities when available, making necessary renovations and modifications. As a near-term solution, the Army is acquiring relocatable buildings to fill facility shortfalls on installations. Using budget and supplemental appropriations, the Army is funding site preparation work, permanent utility infrastructure, renovations and the purchase of interim facilities. The Army plans to meet each installation's unique set of requirements in order to support the Army's new modular force structure, Soldiers and families.

In FY 2005, the Army requested \$1.2 billion in supplemental funding for installation support and military construction costs associated with transformation to a modular force and increased Soldier endstrength. The FY 2005 supplemental currently contains \$510 million of the requested \$1.2 billion. This \$510 million will provide only for the site preparation and relocatable buildings for barracks and administration facilities. The FY 2005 Supplemental does not provide for the base operations support of the first four brigade combat teams built with FY 2004 Supplemental funding, nor does it fund the family/child care facilities, environmental mitigation and compliance, and basic information technology infrastructure to support any of the first 10 BCTs.





While the Army is addressing increased troop strength with interim facilities in the near term, it will need additional resources to construct permanent infrastructure. These interim facilities for the new BCTs have a useful life of five to seven years. Without additional MILCON funding, these interim facilities have the potential to become the unacceptable “World War II wood” of the 21st century.\*

### **Impact of the Integrated Global Presence and Basing Strategy and the Base Realignment and Closure Program**

Two significant events external to the Army—the Integrated Global Presence and Basing Strategy and the Base Realignment and Closure program—will have major impacts on Army installations.

In August 2004, President Bush announced that approximately 70,000 Soldiers and 100,000 family members would relocate from Europe and Asia back to the United States within a decade. These Soldiers and their families must be welcomed to their new installation “hometown” and surrounding communities with quality work and family facilities. Additionally, the Army is ensuring former overseas installations are environmentally compliant before being returned to the host nation. Plans call for 1st Infantry Division to return to the United States first, beginning in the summer of 2006, followed by 1st Armored Division after it returns from its upcoming deployment to Iraq. The timeline, however, is subject to change as the war in Iraq, the BRAC process and competing funding priorities play out. As General James L. Jones, Supreme Allied Commander, Europe, said in a 3 March 2005 article in *European Stars and Stripes*, “The plan is on the table . . . we need decisions and we need resources.”

To pay for IGPBS, the Army was directed to internally reprogram \$2.6 billion dollars from FY 2006–11 Military



Construction projects. This reprogramming adversely impacted the recapitalization rate of installation facilities. MILCON projects initially programmed for construction and revitalization were either delayed or cancelled, affecting a variety of maintenance, administrative and support facility projects within the Future Years Defense Program (FYDP). Twenty-nine states and the District of Columbia lost projects due to the reprogramming action to support IGPBS. Providing the \$2.6 billion required to implement the new strategy will restore the MILCON projects that were delayed or canceled and improve the Army facility recapitalization rate.

The second external event—BRAC—applies only to installations within the 54 states, territories and possessions of the United States. BRAC is an essential component of the Army’s installation management and overall transformation. Eliminating unneeded installations allows the Army to reshape its infrastructure to respond to global missions today as well as to posture itself for the future. Reducing unneeded infrastructure saves dollars in BOS and SRM funding through the elimination of excess facilities and garrison staff. Long-term savings will be achieved by eliminating installations and consolidating functions. This will require near-term

\* “World War II wood” refers to temporary facilities constructed during 1939–1945 to meet the needs of the rapidly expanding military of World War II. The facilities’ anticipated useful life was about five years. Many of these facilities have survived, through necessity, 60 years beyond their useful lives. These facilities require enormous sustainment support and do not meet today’s “1 + 1” Army barracks standard.



upfront investments to realign or close installations. Without dedicated resources the Army will be unable to successfully implement decisions from BRAC 2005.

In February 2004, Secretary of Defense, Donald H. Rumsfeld testified before the Senate Armed Services Committee:

DoD needs your continuing support for two initiatives that are critical to the 21st century transformation: the Global Posture Review and the Base Realignment and Closure (BRAC) commission scheduled for 2005. These are important initiatives. . . . We need BRAC to rationalize our infrastructure and the new defense strategy and to eliminate unneeded bases and facilities that are costing the taxpayers billions of dollars to support. And we need the global posture changes to help us reposition our forces around the world so that they're stationed not where the wars of the 20th century happened to end, but rather arranged in a way that will allow them to deter and, as necessary, defeat potential adversaries who might threaten our security or that of our friends and allies in the 21st century. These two are inextricably linked.

The Army's \$5.5 billion investment in the first four rounds of BRAC (1988, 1991, 1993 and 1997) was and is now providing realized cost savings of almost \$1 billion annually. The Army closed 115 installations and realigned

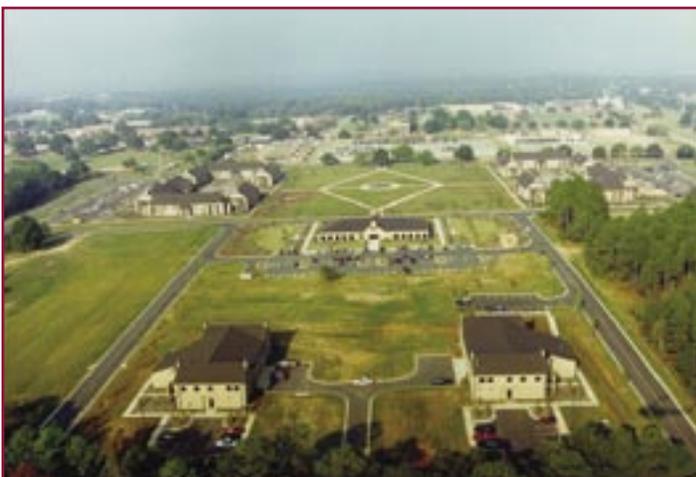
an additional 27 installations. More than 227,330 acres have been eliminated from the Army installation inventory. Property transfers in the past several years were accomplished using a variety of creative transfer mechanisms and authorities—economic development conveyances, public benefit conveyances, conservation conveyances, public sale, early transfers, transfers to other federal agencies and, in some cases, special legislation. This initiative has benefited both operational readiness and relations with partner local communities.

The significant financial impacts of BRAC 2005 are currently unknown and will most likely not be felt by the Army until FY 2007. The Secretary of Defense will submit to the BRAC Commission by 16 May 2005 the list of proposed bases and facilities to be closed. The deadline for a presidential decision to accept or reject the BRAC recommendation is 23 September 2005. If accepted, it becomes final within 45 legislative days unless Congress passes a joint resolution to block the entire package. As a result of prior BRAC decisions, the Army, in FY 2005, will spend \$100.4 million for BRAC—\$8.3 million for property caretaking and \$92.1 million for environmental restoration.

## What Is Needed

What is needed is the recognition that installation transformation is an integral part of the overall Army Transformation to a modular force and requires continued improvement and sustainment over time if installations are to become “flagships of readiness.” **There cannot be a “time out” for readiness at installations.** The Army's senior leadership has recognized the importance of installations to readiness and quality of life for Soldiers and their families and is doing something about it. Now is the time for the administration and Congress to fully resource the Army's plan to transform Army installations into flagships of readiness, i.e., fully fund BOS, SRM and MILCON accounts in a timely, comprehensive fashion.

Specifically, for FYs 2006 and 2007, SRM is at 91 percent of requirement and BOS is at 72 percent of requirement. The largest single item on the Army's unfunded requirements (UFR) list before Congress at this time is \$1.2 billion for





BOS: efforts that directly support readiness include transportation services, law enforcement, Army Community services, child care and fitness centers, and environmental programs. The need for both accounts is 100 percent of requirement. The FY 2006 MILCON budget provides new and renovated military facilities for the active and reserve components. What is needed for MILCON is \$1.9 billion. The Army will require \$2.6 billion to comply with IGPBS decisions; the cost of BRAC 2005 remains to be seen.

Significant sustained resources are required to fix serious funding shortfalls in Army installation programs. In the long run, substantial funds are necessary to support IGPBS, BRAC and the Army's transformation to a modular force. The Army has a strategic plan to guide installations into the next decade. However, adequate and timely funding is essential for this plan to succeed.

## What Must Be Done

The Army must receive both increased top-line funding and additional supplemental funding to properly resource current and future installation transformation tasks. Difficult choices are being made to ensure Army installations can provide both the required support to the deployed warfighters and quality support to Soldiers and their families. Reinvesting in Soldiers, their families and the installation support structure is imperative. Soldiers continue to support and defend the nation. Congress must continue its support of Soldiers and their families by providing additional funding increases for installation base support operations, facility sustainment and military construction for today and the future. AUSA strongly recommends:

- **BOS, SRM and MILCON:** Congress and DoD must provide a top-line funding increase to the Army's Base Operations Support programs. Annually transferring

dollars programmed for SRM to pay "must fund" BOS bills during the year of execution places Army installations at high mission risk. Both BOS and SRM must be adequately funded and allowed to execute as programmed. The Army is committed to providing all Soldiers with an adequate, safe and quality home. The barracks modernization program—the Army's single largest annual military construction investment—is a long-term strategic program providing benefits to Soldiers and their units today.

- **Army Modular Force:** DoD must include the Army installation support request of \$1.2 billion in the FY 2005 Supplemental submission and Congress must fully fund it. Without adequate funding from the start, transformation to brigade combat teams (Army Modular Force) and the support required for the additional 30,000 Soldiers and their family members will be at increasing risk.
- **IGPBS:** Congress and DoD must fully fund the Army's increasing MILCON requirement for the Integrated Global Presence and Basing Strategy. DoD should not direct the Army to pay this \$2.6 billion bill with previously approved MILCON funding. Canceling or delaying these previously programmed MILCON projects to pay for IGPBS worsens the recapitalization rate and further erodes the condition of existing facilities.
- **BRAC:** Congress and DoD must ensure that adequate funding is provided to fully implement the decisions of BRAC 2005 without directing the Army to reprogram internal funding from necessary BOS, Sustainment and MILCON projects. The level of funding required to support BRAC 2005 decisions is unknown at this time.

**As the Secretary of the Army, my top priority will be the well-being of Soldiers and their families. There is no more important aspect of our effort to win the Global War on Terrorism than taking care of our people.**

Secretary of the Army Francis J. Harvey,  
Welcome Ceremony Remarks, Fort Myer, Virginia, 6 December 2004



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## Torchbearer Message

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People are the heart and soul of the Army—Soldiers, civilians, family members and retirees. This Army Family and its well-being are key to increased readiness and are a force multiplier.

The Soldier—boots on the ground and life on the line—is the centerpiece of all Army formations, the reflection of Army values and the most effective, flexible, and adaptable asset America possesses. **Quality of Life enhancements and investment in installations, family housing, base operations and infrastructure are needed to sustain the viability of the All-Volunteer Force.**

During the question-and-answer period of the Senate Armed Services Committee meeting on 3 March 2005, Secretary of the Army Francis J. Harvey stated: “You know, when people ask you what you worry about the most, I say there’s just two words: people and money. That’s what I worry about.” His concerns are justified, especially when they center on maintaining Army installations as flagships of readiness. Army installations are the platforms from which the Army rapidly mobilizes and deploys military power and sustains military families. Installations also play a vital role in training the force and reconstituting it upon return from deployment. They also provide deployed commanders the ability to reach back for information and other support through advanced communications technology.

As stated in the 2005 Army Posture Statement:

To enable the creation of new modular brigades, the Army has greatly accelerated the normal planning, programming and budgeting cycle, requiring installation commanders to find innovative solutions to support additional Soldiers training and living on installations. The Army is using existing facilities when available and making renovations and modifications where feasible. Often, it must acquire temporary structures to satisfy facility shortfalls. [The Army] is also funding site preparation work, permanent utility infrastructure and renovation projects. Each installation has unique requirements to support and sustain the Army’s new modular force.

The condition of installation infrastructure, such as vehicle maintenance and physical fitness facilities, continues to present challenges due to compounding effects of many decades of underfunding. Investment in the installations that are home to Soldiers and families and the workplace for Department of the Army civilians continues to play a vital role in attracting and retaining volunteers to serve.

Army installations compete for the limited resources the Army has set aside for its transformation to a modular force. The Army is growing the operational Army (all components) to 77–82 brigade combat teams (BCTs). Army installations must modernize to support these additional Soldiers and family members. New motor pools, barracks, family housing and family support facilities are critical components of the Army strategy. Support functions such as health care facilities, commissaries and transportation needs will be required. This greatly impacts on the funding streams of base operations support (BOS); sustainment, restoration and modernization (SRM); and military construction (MILCON).

Two significant undertakings external to the Army—the Integrated Global Presence and Basing Strategy and the Base Realignment and Closure program—will have a major impact on Army installations. The Army requires \$2.6 billion to comply with IGPBS decisions; the cost of BRAC 2005 remains to be seen.

As a wise, experienced Soldier/leader/statesman once said, “Time is not the issue; timing is.” The timing couldn’t be more pressing—all aspects of Installation Transformation must receive full funding now. Installation Transformation is a central element of the overall Army Transformation to a modular force. To underfund and/or fail to provide full funding in a timely manner places Army Transformation at risk, thereby significantly impacting the Army’s ability to provide forces and capabilities in support of the Global War on Terrorism. There can be no “time out” for readiness at installations. Likewise, the current All-Volunteer force is watching and waiting to see how their quality of life is affected at installations. They deserve and demand a quality of life that matches their quality of service. Lest we forget, their sons and daughters—the future All-Volunteer force—are watching, too.

*My number one priority is Soldiers and their families, and I'm going to put words into actions.*

Secretary of the Army Francis J. Harvey,  
in testimony before the Senate Armed Services Committee,  
3 March 2005



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