

# United States Air Force

Presentation

Before the Senate Appropriations  
Subcommittee on Military  
Construction and Veterans Affairs



## **Military Construction and Housing**

Witness Statement of  
Ms. Kathleen I. Ferguson, Acting  
Assistant Secretary of the Air Force  
(Installations, Environment &  
Logistics)

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# BIOGRAPHY



## UNITED STATES AIR FORCE

### KATHLEEN I. FERGUSON

Kathleen I. Ferguson is the Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C. She is responsible for the formulation, review, and execution of plans, policies, programs and budgets for installations, energy, environment, safety and occupational health as well as weapon system logistics support.

Ms. Ferguson began her career in 1981 as a design civil engineer at Plattsburgh Air Force Base, N.Y. She transferred to Langley AFB, Va. in 1983, and held a variety of positions with the 1st Fighter Wing, Headquarters Tactical Air Command and Headquarters Air Combat Command until 1993. In 1994, she moved to the Pentagon where she worked with environmental and civil engineering programs.



Ms. Ferguson became Chief of the Installation Support Panel with the Office of the Deputy Chief of Staff for Installations and Logistics when the Air Force corporate structure stood up in 1995. From 1997 to 1999 she served on the headquarters staff for the U.S. Air Forces in Europe Command at Ramstein Air Base, Germany. She returned to the Pentagon and the IL office as Chief of the Installation Support Panel with the Office of the Civil Engineer. From 2000 to 2002, she worked for IL as the Combat Support Division Chief for the Directorate of Supply. Prior to assuming her current position, she was the Deputy Assistant Secretary of the Air Force, Installations. Ms. Ferguson is a registered professional engineer in Virginia.

#### EDUCATION

1980 Bachelor of Science degree in civil engineering, University of New Hampshire

1989 Air Command and Staff College, Maxwell AFB, Ala.

1989 Master's degree in public administration, Auburn University

2001 Program for Senior Managers in Government, John F. Kennedy School of Government, Harvard University

## **CAREER CHRONOLOGY**

1. 1981 - 1983, design engineer, 380th Civil Engineering Squadron, Plattsburgh AFB, N.Y.
2. 1983 - 1988, Chief, Engineering Branch; Chief, Contract and Environmental Planning Section; and Contract Programmer, 1st Civil Engineering Squadron, Langley AFB, Va.
3. 1988 - 1989, student, Air Command and Staff College, Maxwell AFB, Ala.
4. 1989 - 1994, Deputy Chief, Programs Division, Headquarters Air Combat Command Civil Engineering; Chief, Military Construction Programs Branch, Headquarters Tactical Air Command Civil Engineering; later, Project Manager for MILCON Design and Construction, Headquarters Tactical Air Command Civil Engineering, Langley AFB, Va.
5. 1994 - 1997, Chief, Civil Engineer Programs and Analysis Branch; Chief, Installation Support Panel; and Environmental Program Manager, Civil Engineer Legislative Affairs Analyst and resource allocation team member, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
6. 1997 - 1999, Chief, Programs and Resources Division, Civil Engineer Directorate, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, Germany
7. 1999 - June 2000, Chief, Civil Engineer Programs and Analysis Branch and Chief, Installation Support Panel, Office of the Civil Engineer, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
8. June 2000 - April 2002, Chief, Combat Support Division, Directorate of Supply, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
9. April 2002 - October 2007, Deputy Air Force Civil Engineer, Headquarters U.S. Air Force, Washington, D.C.
10. October 2007 - September 2012, Deputy Assistant Secretary of the Air Force for Installations, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C.
11. September 2012 – February 2013, Principal Deputy Assistant Secretary of the Air Force for Installations, Environment and Logistics, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C.
12. March 2013 – Present, Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C.

## **AWARDS AND HONORS**

- 2005 Meritorious Executive Presidential Rank Award
- 2010 Distinguished Executive Presidential Rank Award

(Current as of March 2013)

## **Introduction**

As you are aware, the United States Air Force takes great care to project the distinctive capabilities of airpower. From air and space superiority—enabling joint and coalition forces to operate unhindered in the air domain while denying our adversaries the same—to global strike—holding any target on the planet at risk with either conventional or nuclear forces—to rapid global mobility, global intelligence, surveillance, and reconnaissance, and the command and control architecture to integrate full-spectrum joint military operations, the Nation expects our Air Force to provide and employ these enduring contributions from a position of continuing advantage over potential adversaries.

Those contributions are enabled and reinforced by our global network of Air Force installations, and managing those installations involves understanding and balancing mission requirements, risk, market dynamics, budgets, and the condition of our assets. Within the portfolio of installations, environment, and energy, we continually evaluate how to reduce costs while improving the way we manage our real estate, housing and energy demand. We focus our investments on critical facilities; reduce our footprint by demolishing old, energy inefficient buildings; upgrade heating and cooling systems and other energy-intense building systems; leverage third-party financing through public-public and public-private partnerships and the lease of under-utilized portions of the portfolio, where those opportunities exist; and continue to build on our excellence in environment, safety, and occupational health programs.

However, today's fiscal climate challenges our ability to maintain our current suite of capabilities and jeopardizes our ability to fulfill our role in executing the Nation's Defense Strategic Guidance. With this Fiscal Year 2014 budget request, we took great care to align our limited resources with our overall objectives to maintain a high quality and ready force by

investing in readiness, modernization, and Airmen and their families. Proud of our success but realizing the fiscal challenges that lie ahead, we will continue to work hard to identify opportunities and initiatives with high rates of return that will maximize the impact of every dollar. We are committed to charting a path through these challenging times that fulfills the promises made to the American people, our Nation's leaders, and our innovative Airmen and their families. I appreciate the opportunity to provide additional details in this testimony.

### **Installations**

Ready installations are an integral part of ensuring a ready Air Force. We consider our installations "power projection platforms" from which we employ our enduring airpower contributions, increase responsiveness, and ensure global access across the full spectrum of military operations. As such, the health of our installations directly contributes to overall Air Force readiness. Our Air Force installation investment strategy for Fiscal Year 2014 focuses on the Air Force's enduring contributions and on building sustainable installations to enable the Defense Strategy. We will employ a Centralized Asset Management approach to apply our limited installation dollars to our most critical needs. Using a "mission-critical, worst-first" methodology, we will minimize risk-to-mission and risk-to-Airmen, and continue to optimize our processes to increase efficiency. Additionally, we must address the excess capacity we have identified previously to "right-size" our installations footprint to a smaller, but more flexible and agile, Air Force of the future. Continuing to live with more capacity than we need and have resources to sustain is akin to a "hollow force," or in this case, "hollow installations."

Given our strategic intent to build sustainable installations, we established a coherent link between our major installation programs during this year's budget formulation. After researching existing academic studies and analyzing private sector data, we determined we should resource maintenance and repair of our infrastructure programs at two percent of our Plant Replacement Value. As a result, we are funding Facilities Sustainment to 80 percent of the Department of Defense's Facilities Sustainment Model, increasing Restoration and Modernization investments, and increasing military construction (MILCON) funding to near historic levels after our Fiscal Year 2013 deliberate pause. In addition, we adjusted the utilities portion of our Facilities Operations account to meet 3-year historical obligation levels and fully resourced Fire and Emergency Services to meet Department of Defense standards. Taken together, these investments avoid hollowing out our installations—our power projection platforms—in the near term.

In total, our Fiscal Year 2014 President's Budget request contains \$4.31 billion for military construction, facility sustainment, restoration and modernization, as well as another \$465 million for Military Family Housing. For sustainment, we request \$2.2 billion; for restoration and modernization, \$813 million; and for military construction, we request \$1.3<sup>1</sup> billion, which is approximately \$900 million more than our Fiscal Year 2013 President's Budget request. As previously stated, this MILCON increase comes just one year after our deliberate pause. This is intended to bring our MILCON funding closer to historical levels, supporting the Department's strategic priorities, as well as the Service's top weapons system modernization programs, and distributes MILCON funding equitably between Active, Guard, and Reserve components.

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<sup>1</sup> \$1.3B is total force funding request including active, guard and reserve

### *Readiness*

Our Fiscal Year 2014 President's Budget request includes vital facility and infrastructure requirements in support of Air Force readiness and mission preparedness. Examples of this include investments in projects which strengthen our nuclear deterrence posture at Minot Air Force Base, North Dakota and Kirtland AFB, New Mexico. Our budget request also supports Total Force cyberspace and intelligence, surveillance, and reconnaissance projects at a host of locations, including Martin State and Fort Meade, Maryland; Terre Haute, Indiana; Birmingham, Alabama, and the Air Force Weapons School at Nellis AFB, Nevada.

Consistent with National Military Strategy, another key focus area for the Air Force is the Asia-Pacific theater, where we will make key investments to ensure our ability to project power in areas in which our access and freedom to operate are challenged, and continue efforts to enhance resiliency. Guam remains our most vital and diplomatically accessible location in the western Pacific. For the past eight years, Joint Region Marianas-Andersen Air Force Base has accommodated a continual presence of our Nation's premier air assets, and will continue to serve as the strategic and operational nucleus for military operations, originating from, or transiting through, in support of a potential spectrum of crises.

To fully support Pacific Command's strategy, the Air Force is committed to hardening critical infrastructure, including select hangars, as part of Pacific Airpower Resiliency, a comprehensive initiative that also includes dispersal and rapid recovery capabilities after attack. Guam's location also provides ideal environments for training and exercises. In 2014, we plan to continue the development of the Pacific Regional Training Center (PRTC) by constructing a Silver Flag Fire Rescue and Emergency Management training facility and a Rapid Engineer

Deployable Heavy Operational Repair Squadron Engineers (RED HORSE) Airfield Operations facility. These facilities will enable mandatory contingency training and enhance the operational capability to build, maintain, operate and recover a 'bare base' at forward-deployed locations, and foster opportunities for partnership building in this vitally important area of the world.

### *Modernization*

The Fiscal Year 2014 Budget request includes key infrastructure investments to support beddown of the F-35A and KC-46. Our ability to remain on schedule with modernizing our aging fighter and tanker aircraft depend on meeting construction timelines for critical enabling infrastructure—facilities such as aircraft maintenance hangars, training and operations facilities, and apron and fuels infrastructure. This year's President's Budget request includes a \$265 million at three locations to support the KC-46A bed down. This consists of \$193 million at an unspecified location for Main Operating Base (MOB) #1, \$63 million at an unspecified location for the Flight Training Unit (FTU), and \$9 million for land acquisition at Tinker AFB, Oklahoma for the KC-46A depot. Potential facility types at MOB #1 and FTU include a flight simulator facility, 2-bay maintenance hangar, fuel cell and corrosion control hangar, parking apron and hydrant fuel system, flight training center, fuselage trainer, squadron operations and aircraft maintenance unit facilities. Specific site Fiscal Year 2014 Military Construction Project Data forms (DD Forms 1391) will be submitted to replace the unspecified MOB #1 and FTU projects in May 2013 after Preferred & Reasonable Alternative bases are announced. Our Fiscal Year 2014 program also supports vital Combatant Commander priorities, such as continuation of the multi-year effort to recapitalize the U.S. Strategic Command headquarters facility at Offutt AFB, Nebraska, and construction of the new Cyber Command Joint Operations Center at Fort Meade, Maryland.



### *People*

Airmen are the Air Force's greatest asset. Recruitment, quality-of-life, and retention rank among our highest priorities. Our devotion to taking care of our people continues with future plans to provide adequate housing for our Airmen, and their families by budgeting to sustain and modernize overseas housing, privatize all housing in the United States by the end of 2013, and continue investments and improvements in our dormitories. We are proud to say that our persistent focus and investments in our dormitories has allowed the Air Force to surpass the DoD goal that 90% of permanent party dorm rooms for unaccompanied Airmen are adequate by 2017. We request continued support from Congress to ensure we can continue to invest in these areas in order to provide thriving housing and dormitory communities, and more importantly, take care of our valued people.

### *Closures and Realignments*

We do all of this while recognizing that we are carrying infrastructure that is excess to our needs. While we have no recent excess infrastructure capacity analysis from which to draw, our capacity analysis from 2004 suggested that 24 percent of Air Force basing infrastructure capacity was excess to our mission needs. While Base Realignment and Closure (BRAC) 2005 did not make major reductions to the Air Force, since that time we have reduced our force structure by more than 500 aircraft and reduced our active-duty military end strength by nearly 8 percent. So, intuitively we know that we still have excess infrastructure, while we spend considerable time optimizing the use of our facilities and carefully and frugally managing those facilities we know to be excess.

Physical infrastructure is expensive. As discussed, the Air Force spends billions of dollars each year operating, sustaining, recapitalizing, and modernizing our physical plant.

When we account for the additional costs of running our installations, that number nearly doubles. Since the last BRAC round, we have strived to identify new opportunities and initiatives that enable us to maximize the impact of every dollar we spend. Our efforts to demolish excess infrastructure, recapitalize our family housing through privatization, unlock the fiscal potential value of under-utilized resources through leasing, and reduce our energy costs have paid considerable dividends.

Since 2006, we have demolished 38.5 million square feet of aging building space that was excess to our needs. We estimate the resultant savings to be more than \$300 million. To be more specific, we have demolished antiquated administrative facilities, ill-suited for today's technological age and excess to our needs. We have eliminated aircraft operational and maintenance facilities that we no longer need based on reductions to the size of our aircraft fleet. We have demolished old and energy-inefficient warehouse facilities no longer needed due to rapidly evolving supply chains that reduce the need for localized storage.

Like our sister Services, the Air Force is committed to providing quality housing for Airmen and their families. Through housing privatization, the Air Force has invested \$500 million and, in turn, leveraged \$7.5 billion in private-sector funding to provide quality homes for Airmen much more quickly than we could have done with traditional military construction processes. In a similar vein, we have continually sought to improve the stewardship of our real property by leveraging appropriated dollars for private-sector investment. With the authorities provided to execute enhanced-use leases, we are pursuing innovative ways to leverage our underutilized real estate to return value to our installations. As a result of our energy conservation efforts, we have cumulatively avoided more than \$1

billion in facility energy costs since 2003, the funds for which have been redirected to better enable warfighters to complete their missions. We will continue to invest in all of these strategies.

Despite our best efforts and the innovative programs we've just mentioned, we continue to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining our weapons systems, training for readiness, and investing in the quality of life needs of Airmen. Divestiture of excess property on a grander scale is a must.

#### *European Infrastructure Consolidation*

Since 1990, the Air Force has reduced both aircraft and forces stationed in Europe by 75 percent. We operate from six main operating bases that remain critical to our NATO commitments and provide throughput and global access for three unified combatant commands. We recognize that in light of recent evolutions in the national security strategy, there may be further opportunities for consolidation. The Secretary of Defense has directed a capacity analysis to explore additional opportunities for reducing long-term expenses through footprint consolidation in Europe, and the Air Force fully supports this effort. We already plan to draw down 18 Primary Aerospace Vehicle Authorized (PAA) A-10s in Europe in Fiscal Year 2013 and to reduce operations at Lajes Field, Azores, to better match infrastructure requirements to mission demand. Through the Office of Secretary of Defense-led study, we will look for additional opportunities for operations and support cost savings through consolidation and closure.

### *Air Force Encroachment Management Program*

The Air Force needs access to airspace and ranges from its air bases to ensure its ability to conduct test and evaluation and operational and training missions. In some cases communities are unaware that economic or land-use initiatives they are pursuing—such as development right up to the base boundary or under airspace safety zones—have the potential to limit our options for current and future mission needs.

As a result, we have instituted an Air Force Encroachment Management framework to identify and address potential encroachment issues early on. We attempt to identify, address and actively work with community planners and conservation groups to develop compatible uses through joint land use and airspace studies that preserve Air Force options and those of the surrounding communities.

To date the Air Force has worked with 32 community stakeholders in creating Installation Complex Encroachment Management Action Plans (ICEMAPS) as a means to identify current or potential encroachment issues and the actions necessary to resolve these issues to our mutual benefit. These action plans have proved so successful that the Office of Economic Adjustment has indicated they would prefer to accomplish a Joint Land Use Study after an ICEMAP has been completed because it identifies stakeholders and an installation's mission footprint (land area beyond the base boundary like military training routes, special use airspace or drop zones) that has proven key to identifying compatible development strategies. This may include adoption of land use controls in accident potential zones or clear zones, acquisition of easements or key parcels of land affecting access to our airspace and ranges--this includes leveraging the DoD-directed Readiness Environmental Protection Initiative (REPI); addressing line of sight obstructions to critical microwave wireless communication and potential

mitigations; working comprehensive solutions with community stakeholders like the Gulf Regional Airspace Strategic Initiative (GRASI) initiative with communities around Eglin Air Force Base or addressing better use of water resources in areas facing shortages now or in the future.

We are also working with DoD on analyzing the effects of siting the varying types of renewable energy projects and how best to work with developers and communities to minimize or mitigate potential impacts to our Air Force training, test and evaluation missions. Together, with the DoD Siting Clearinghouse and other Services and Agencies, we have cleared more than 1,500 projects for further development. We now have several initiatives underway that should help developers and local communities understand those areas near DoD installations with a high risk of adverse impact and those more suitable for the development of renewable energy or other economic initiatives.

#### *Air Force Community Partnership Initiative*

The Air Force is enthusiastically exploring the potential of installation-community partnerships as a means to reduce operating and service costs in support of the Air Force mission while retaining or enhancing quality. This concept is embodied in the Fiscal Year 2013 National Defense Authorization Act language 10 USC Sec 2336, and this legislation has the potential to increase DoD and the Service Departments' latitude in pursuing creative public-public and public-private, or "P4", partnership initiatives.

Currently, the Air Force is testing a prototype process through which installation and community leaders are motivated to develop creative ways to leverage their capabilities and resources and in the process, reduce mutual operating costs. Through this innovative start-up program, we have agreed to provide support to 13 locations where installation and community

leaders have fully embraced the Air Force Community Partnership concept. We are using these prototype initiatives to drive the development of policy, identification of an oversight framework/governance structure and training requirements, types of potential opportunities and requisite resource requirements and priorities.

## **Conclusion**

During this period of fiscal uncertainty, the Air Force is ready to make the tough decisions required to avoid mission-impacting reductions in installation support that contribute to a hollow force. We recognize it will take strong leadership to ensure a fully trained and ready force, along with the facilities and support to maintain the range of capabilities required to engage a full range of contingencies and threats, at home and abroad.

Our Fiscal Year 2014 budget request addresses our most pressing needs, and it stays true to the five fundamental priorities of our Air Force. We continue to mature our use of centralized asset management principles to mitigate the risk that we accept by deferring recapitalization of current mission facilities. And, we remain committed to caring for our Airmen and their families as we strive to eliminate inadequate housing by 2018, and to complete our privatized housing initiative in the United States by 2013.

While we strive toward remaining ready, capable and viable for the numerous security challenges ahead, we must be clear—the Air Force's Fiscal Year 2014 budget request represents continued risk in our installations programs. We have made hard strategic choices during formulation of this budget request. We needed to slow the erosion in full-spectrum readiness as a result of over 20 years of combat in the Middle East. We needed to sustain our legacy fleet to remain capable of delivering the combat effects our Combatant Commanders require in the near term fight. And we needed to continue modernizing our aging fleet of fighters, bombers and

refuelers that allow us to remain viable over the long term, particularly in the high-end anti-access/area denial environment we expect to fight in the far term. That required us to take continued risk in areas we would choose not to take risk in, such as our installations. We believe this risk is prudent and manageable in the short-term, but we must continue the dialogue on right-sizing our installations footprint for a smaller, but more capable force that sets the proper course for enabling the Defense Strategy while addressing our most pressing national security issue—our fiscal environment.

Finally, we continue to carefully scrutinize every dollar that we spend. Our commitment to continued efficiencies, a properly sized force structure, and right-sized installations will enable us to ensure maximum returns on the Nation's investment in her Airmen, who provide our trademark, highly valued airpower capabilities for the Joint team.