

KUTAK ROCK LLP
SUITE 1000
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-4374
202-828-2400
FACSIMILE 202-828-2488
www.kutakrock.com

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MEMORANDUM

TO: ADC BOARD OF DIRECTORS
TIM FORD
TODD HERBERGHS
TRISH JONES

FROM: MR. SCHLOSSBERG
MR. PERSKY, LEGISLATIVE ASSISTANT

DATE: APRIL 15, 2011

RE: PRESIDENT TO SIGN FISCAL YEAR 2011 FUNDING BILL, CUTTING
\$6 BILLION FROM MILITARY CONSTRUCTION ACCOUNT

Introduction

By the end of the night, President Obama is expected to sign into law the fiscal year 2011 funding compromise that averted a shutdown last Friday and will fund the government for the next six months. The measure will cut approximately \$40 billion from this year's discretionary spending, including significant cuts to military construction and BRAC 2005.

MilCon Cuts

In total, the measure cuts \$78.5 billion from the President's fiscal year 2011 request and is \$37.6 billion below the fiscal year 2010 level used as a base for the last six months. The measure totals \$73.3 billion in discretionary budget authority for Military Construction, Veterans Affairs and Related Agencies for fiscal year 2011, \$3.3 billion below the fiscal year 2010 enacted level. Within the \$73.3 billion provided for the remaining six months, military construction initiatives would receive \$16.6 billion, a \$6.6 billion reduction. According to lawmakers, this reflects "the completion of military construction associated with the BRAC 2005 program."

In addition to setting funding levels for the remainder of the fiscal year, the measure also includes rescissions to past-year funding. The measure directs \$826.6 million in military construction rescissions "as a result of bid savings" and \$232 million in BRAC 2005 rescissions for the same reason.

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Base Realignment and Closure (BRAC)

The measure provides \$2.35 billion for BRAC 2005 as requested and \$360 million for BRAC 1990, equal to the request. The BRAC 2005 request is \$5.1 billion below the fiscal year 2010 enacted level, “reflecting the scheduled completion of the BRAC 2005 construction program in 2011.”

Active and Reserve Component Military Construction

The measure provides \$10.5 billion to fund military construction projects worldwide, including operational, training, and research facilities, readiness centers, barracks, schools, hospitals, and clinics. The funding level for the active components is \$660 million below the fiscal year 2010 enacted level. Funding for the Guard and reserve components totals \$1.5 billion, \$126.8 million below fiscal year 2010 enacted.

Family Housing

The measure provides \$1.8 billion as requested for family housing construction, privatization, and operating costs, \$436 million below the fiscal year 2010 enacted level, “reflecting the near completion of the military’s housing privatization initiative.”

Global Basing

Besides the end of the base-closure process, other military construction initiatives were slowed down for different reasons. Two projects in Bahrain will be deferred because of unrest in that country, and spending will be curtailed for construction of facilities to support a planned Marine Corps buildup on Guam “due to bid savings, execution delays, and unresolved land-use issues there.” The measure funds military construction in Guam at the authorized level, which is \$390 million below the fiscal year 2011 request.

Energy Conservation Investment Program (ECIP)

The measure provides \$120 million, equal to the request, to continue the Defense Department’s efforts to improve energy efficiency and reduce greenhouse gas production on military installations.

NATO Security Investment Program (NSIP)

The measure provides \$258.9 million as requested to fund the U.S. share of joint U.S.-NATO military facilities.

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If you have any questions concerning this information, please call George Schlossberg directly at (202) 828-2418 or email him at george.schlossberg@kutakrock.com, or call Eli Persky directly at (202) 828-2465 or e-mail him at eli.persky@kutakrock.com.

A handwritten signature in black ink, appearing to read "Eli Persky". The signature is written in a cursive style with a long, sweeping underline that extends to the right.