Military Construction: Process and Outcomes

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Summary

Military installations often provide the most tangible evidence of the economic impact of the Department of Defense (DOD) on local communities and demonstrate American commitment to foreign countries. Congress provides DOD with a military construction appropriation of several billion dollars annually and authorizes the Secretary of Defense and the military departments of the Army, Air Force, and Navy to plan, program, design, and build the runways, piers, warehouses, barracks, schools, hospitals, child development centers, and other facilities needed to support U.S. military forces at home and overseas. This military base footprint, from the largest base to the smallest reserve center, reflects both a federal investment in local communities and a local investment in national defense.

This report outlines the end-to-end military construction process by which DOD and Congress act together to build that footprint, beginning with the realization of the need for a facility and ending with its dedication and the opening of its doors for occupancy. The process encompasses several steps:

- determination of need by the local installation commander and engineering office,
- vetting and prioritization of construction projects within the military chain of command and the military department,
- consolidation and budgeting within the Office of the Secretary of Defense to create the infrastructure construction portion of the multi-year Future Years Defense Program (FYDP),
- inclusion of the final budget year list of projects in the President’s annual budget request to Congress,
- review and adjustment of the list by the congressional defense committees,
- consideration and passage of the necessary appropriation and authorization bills and their enactment by the President, and
- execution of the approved construction program by the military services’ executive agents — Naval Facilities Engineering Command (NAVFAC), Army Corps of Engineers (ACE).
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Introduction

Military construction (MILCON) is defined in law as “any construction, development, conversion, or extension of any kind carried out with respect to a military installation, whether to satisfy temporary or permanent requirements, or any acquisition of land or construction of a Defense Access Road (DAR).”¹

The military missions of units and organizations drive the need for facilities and the supporting infrastructure on any given military installation. Therefore, as the missions assigned to those organizations change, as organizations move to or away from an installation, or as buildings age or become obsolete, facilities and supporting infrastructure may need to be replaced or be reconfigured. While minor construction and repairs may be funded by operation and maintenance (O&M) funding, substantial alteration or the construction of new facilities that exceed $1,000,000 must be funded by military construction appropriations.² A typical military construction project is granted a multi-year appropriation that allows five years or more to move from initial concept to completed facility. Low-priority construction, however, may not be completed for a number of additional years.

Military Construction Projects: Guidance and Requirements

Military construction (MILCON) projects must meet guidance requirements issued by the Secretary of Defense and the secretaries of the military departments. The military construction process itself comprises four phases: planning and programming, budgeting, design, and construction. The realization of need, planning, prioritizing, and programming into the President’s budget could take three or more years. Furthermore, it is important to note that only those projects that have been assigned priority high enough to fit within the anticipated appropriation allocation appear in the President’s annual budget request. Lower-priority construction, even though validated as necessary, are listed for future consideration. The process of constructing military facilities – from initiation to completion – may require five or more years.

The need for a particular construction project may be part of a top-down initiative, such as the creation of new missions for a given installation or the movement of units or offices between installations, or be the result of needed modernization or replacement of existing buildings. In either case, the process begins with a facility requirements evaluation by the installation’s engineering staff.

Installation engineers evaluate the future need for facilities, such as training classrooms, firing ranges, barracks, and family housing, and compare them to the facilities that already exist. ³ If

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¹ 10 U.S.C. §2801.
² 10 U.S.C. §2245 - Operations and Maintenance (O&M) funds may not be used to purchase any item (including any item to be acquired as a replacement for an item) that has an investment item unit cost that is greater than $250,000. O&M funds may finance things such as headquarters operations, civilian salaries, travel, fuel, minor construction projects of $1M or less, training and education, and depot maintenance, and base operations support. O&M appropriations are normally available for obligation for one fiscal year and are provided by the annual Defense Appropriations Act. Appropriations for military construction are provided under the annual Military Construction and Veteran’s Affairs, and Related Agencies Appropriations Act.
³ Installation engineers are the principal offices responsible for providing authoritative analysis and strategic program recommendations for Military Construction needs and priorities. Installation engineers may be referred to in various (continued...)
they discover or anticipate a shortfall, the engineers will weigh the costs and time required to rehabilitate or alter structures on site against the cost and time required to replace them. Funding for additions or alterations to existing buildings and the construction of new buildings where costs exceed $1,000,000 is provided through annual military construction appropriations. Facility repair at a military base is supported through the operation and maintenance (O&M) accounts in the annual defense appropriation bill, and is not addressed further in this report.4

After engineers determine that a specific military construction project is needed, the prioritization of prospective military construction begins at the meeting of the installation’s Facility Utilization Board – the conference between the engineers and representatives of all major resident organizations and other installation tenants – that convene periodically. The result of these conferences, a prioritized list of construction needs, is presented to the installation’s senior military commander, who then accepts or adjusts the priorities to create a final list of proposed projects for submission up the chain of command.

The substance of that submission can be seen in a Department of Defense Form 1391 (DD 1391), Military Construction Project Data Sheet (see an example DD 1391 at Appendix D, created for each proposed project by the installation engineers. The DD 1391 includes a cost estimate, a description of the proposed construction, the specific requirement creating the need for the project (such as a change in mission or deterioration of facilities already in use), the current facility situation at the installation, the impact on installation mission if the project is not approved, and any other needed justification information. A DD 1391 form will accompany the construction request throughout the executive and legislative process.

MILCON’s Diverging Paths

These prioritized lists, once they leave the installation commanders’ offices, follow distinctly different paths, depending on the military component responsible for managing any given installation. These paths are graphically depicted in Figure 1.

(...continued)

4 The Operation and Maintenance sub-accounts associated with this type of maintenance work are referred to as Facilities Sustainment, Restoration, and Modernization, or FSRM. Construction estimated to exceed $1,000,000 must be funded through military construction appropriations.
Figure 1. Military Construction Process

**Office of the Secretary of Defense/Military Service**
- Issue construction project guidance

**Installation Engineers**
- Identify Facility Requirement
- Choose appropriate solution (repair, replace, reallocate)

**O&M, Privatization, etc.**
- MILCON if solution is construction

**Start Timeline**
- 1 Year – 1 Year, 6 Months
- Generate DD Form 1391s
- Create prioritized project list

**2 Years, 3 Months**
- Office of the Secretary of Defense
  - Review, prioritize, and consolidate projects from all services
  - Incorporate consolidated projects into defense portion of President's Budget

**2 Years, 8 Months**
- Office of Management and Budget & President
  - Make final revisions to President's Budget
  - Submit President's Budget to Congress

**3 Years, 3 Months**
- Congress
  - Congressional add submission
  - Review President's Budget request
  - Authorize and appropriate funds

**3 Years, 6 Months**
- Office of the Secretary of Defense
  - Allocate funds to military services
  - Execution by ACE or NAVFAC

**5+ Years**
- Facility Complete

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**Army**
- Installation Management Command Region (IMCOM)
- Assist, Chief of Staff for Installation Management (ACSIM)

**Air Force**
- Major Command or equivalent
- Deputy Chief of Staff for Logistics, Installations, and Mission Support

**Navy**
- Navy Region
- Assist, Chief of Naval Operations

**Marine Corps**
- Assist, Secretary of Navy for Installations, Energy, and Logistics

**National Guard (ANG & ARNG)**
- Fleet Marine Force
- Adjutant General
- National Guard Bureau
- DOAF (for ANG)/DOA (for ARNG)

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**Source:** DOD information, CRS graphic.
Department of the Army

The Secretary of the Army reorganized Army property management in 2002 by creating the Installation Management Agency (IMA) and transferring to it the responsibility for maintaining the physical infrastructure of all Army posts and depots. This change was followed by a further reorganization in 2006 when the IMA was folded into a new Installation Management Command (IMCOM), whose commanding general reports directly to the Army Chief of Staff.

IMCOM is divided into four regions – Central, Atlantic, Pacific, and Europe. Construction projects from Army posts are forwarded to the appropriate IMCOM regional headquarters, where the submissions from all the garrison commanders at installations within its jurisdiction are reviewed and prioritized into a single consolidated list. Prioritized lists resulting from this review are then submitted to Headquarters, IMCOM (HQ, IMCOM), which is located at Ft. Sam Houston in San Antonio, TX. HQ, IMCOM consolidates, considers, reviews, and reprioritizes the project list and submits it for further review to the Army’s Assistant Chief of Staff for Installation Management (ACSIM), the service’s senior officer responsible for setting installations-related policy.5

At this point, responsibility for managing the Army’s construction requests shift to the civilian Army Secretariat, the staff supporting the Secretary of the Army and his assistants. In the case of military construction, responsibility for further review and consideration falls to the Assistant Secretary of the Army for Installations, Energy, and Environment. Once approved by the Assistant Secretary, the Army’s proposed construction projects are ready to be sent to the Office of the Secretary of Defense for consolidation with those of the other services and defense agencies into a prioritized DOD master list.

Department of the Air Force

The Air Force Installation and Mission Support Center (AFIMSC) is the department’s near-equivalent to the Army’s IMCOM. The AFIMSC was established during August 2014 to standardize construction and civil engineering support across all Air Force installations. The center provides program management, resourcing and support activities previously supplied by each of 10 major commands, two direct reporting units, and multiple field operating agencies. Historically, the day-to-day management of Air Force facilities has been exercised by the Air Force’s major operational commands, such as Air Combat Command or Air Mobility Command.

At a typical Air Force base, the senior operational officer is typically also the base commander. The base commander reports to his or her relevant major operational command, not a separate installation management organization. For example, the commander of the 375th Air Mobility Wing is a subordinate of the commanding general of the Air Force Air Mobility Command (AMC). The 375th Air Mobility Wing Commander is also the base commander at Scott Air Force Base in Illinois. The Base Civil Engineer develops and submits the base’s DD 1391s through the base commander to the relevant major command (Air Mobility Command in this instance) for consolidation and prioritization.

5 In late 2016, the Department of the Army announced a realignment of IMCOM’s domestic regions, Atlantic and Central, from a regional to a mission-oriented organization. These two regions are being replaced by three directorates that will manage domestic Army garrisons regardless of their location. IMCOM Support Directorate Readiness headquarters is collocated with Army Forces Command at Ft. Bragg, NC. IMCOM Support Directorate Training is collocated with Army Training and Doctrine command at Ft. Eustis, VA. IMCOM Support Directorate Sustainment is collocated with Army Materiel Command at Redstone Arsenal, AL. The new structure became effective on November 1, 2016. See Drew Brooks, “Army Changing Way It Manages Installations,” Fayetteville Observer, October 4, 2016.
Headquarters staff at each major command (or MAJCOM) reviews, consolidates, and prioritizes the submitted projects before forwarding them to AFIMSC. There, the AFIMSC reviews, consolidates, and prioritizes the list across the major commands. The AFIMSC Commander reviews and approves the projects before submitting them to the civilian Assistant Secretary of the Air Force for Installations, Environment and Logistics (ASA (IE&E)). The Assistant Secretary’s office then performs a final Air Force review of construction projects before submitting the department’s list to the Office of the Secretary of Defense.

**Department of the Navy**

Like the Army, the Navy centrally manages its facilities. Each base or station is assigned to a Navy Civil Engineering Corps Resident or Regional Officer in Charge of Construction (ROICC) who takes on the responsibilities of installation engineer and develops the necessary DD 1391s.

Each Navy shore installation is assigned to a Navy Region. The engineering staff at each Navy Region headquarters reviews and prioritizes the submitted construction projects, forwarding the resulting list to Navy Installations Command, located at the Washington Navy Yard in the District of Columbia. Navy Installations Command consolidates, reviews, and reprioritizes the projects before submitting them to the Chief of Naval Operations (CNO) through the Deputy Chief of Naval Operations (Fleet Readiness & Logistics). Upon evaluation and approval, the CNO’s staff passes the list to the Assistant Secretary of the Navy for Energy, Installations and Environment for submission to the Office of the Secretary of Defense.

**Marine Corps**

The Marine Corps does not have its own installation engineering staff. Instead, it relies on the Navy’s ROICCs to plan and administer construction on its installations. Nevertheless, the Marines do channel their construction requests through their own chain of command for requirements screening and prioritization.

After installation construction requirements are determined and the requisite DD 1391s are created and prioritized, they are forwarded to the appropriate Marine Corps Installations Command headquarters for screening and consolidation. There, the proposed military construction projects are reviewed, reprioritized and forwarded to their respective Fleet Marine Force (FMF) headquarters. After the FMF headquarters review, military construction projects are submitted to Headquarters, Marine Corps, in Washington, DC, where a final prioritized list is compiled and submitted to the Assistant Secretary of the Navy for Energy, Installations and Environment for presentation to the Office of the Secretary of Defense.

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6 Navy Regions considered to lie within the Continental United States (CONUS) include Naval District Washington and Navy Regions Mid-Atlantic, Northwest, Southeast, and Southwest. Outside of the United States (OCONUS) lie the Navy Regions of Europe, Africa, and Southwest Asia (all included as one region); Hawaii; Japan; Korea; Joint Region Marianas; and the Singapore Area Coordinator.

7 The Commander, Navy Installations Command (CNIC) provides oversight on all shore installation management, exercises authority as the Budget Submitting Office for installation support, and acts as the Navy point of contact for program execution oversight and installation policy.

8 There are four Marine Corps Installation (MCI) Commands: the National Capital Region (MCINR), Pacific (MCIPAC), East (MCIEAST) and West (MCIWEST), each responsible for the major Marine bases and air stations within their respective geographic areas.

9 FMF is roughly equivalent to an Air Force major command. There are two FMFs, Atlantic (FMFLANT) and Pacific (FMFPAC), commanding the deploying Marine Expeditionary Forces. FMFLANT is headquartered at Naval Station Norfolk, Virginia, while FMFPAC is headquartered at Camp H.M. Smith, Hawaii.
National Guard

The National Guard (Army and Air) is a state-based reserve component of the armed forces. Unless the Guard is federalized, each state’s National Guard is its own distinct military organization, with the governor as its commander in chief and the Adjutant General (TAG) as its senior military officer. Each National Guard is a joint organization under the TAG, but its Army and Air construction requirements are handled somewhat differently.

Army National Guard

Within the state’s Army National Guard (ARNG) organization, Construction and Facilities Management Officers (CFMOs) develop the Master Planning – Long Range Construction Plan (LRCP), a project priority list of the state’s requirements for military construction. The CFMOs are the installation engineers of the ARNG, who act as the principal advisors to the Adjutant General on all Army Guard military construction projects. CFMOs operate under general guidance issued by the TAG to assess need and program military construction projects, submitting them to the TAG for prioritization and approval. Upon review completion, the TAG sends the project list to the National Guard Bureau (NGB), an agency that acts as the liaison between the state National Guards and DOD.

The Army programs and budgets for ARNG military construction projects and receives each state’s requests through the NGB. Each state is limited by Department of the Army in the number of construction projects it may submit each year for possible inclusion in the President’s budget. Therefore, the TAG must carefully consider the state’s priorities before forwarding projects to the NGB. The NGB Army staff, in turn, reviews the ARNG projects from all jurisdictions and incorporates those with the highest priority into an Infrastructure Requirements Plan (IRP). The IRP serves as the prioritized list of Guard military construction candidates for federal funding.

The Chief of the National Guard Bureau sends the ARNG project list to the Army Staff in the Pentagon, where it is reviewed by the Assistant Chief of Staff for Installation Management (ACSIM). From this point, the ARNG project list follows the same review and approval process as the Army list.

Air National Guard

The Base Civil Engineers (BCEs) for each state’s Air National Guard (ANG) installations initiate military construction projects in a process resembling that of their ARNG colleagues. The state’s Air Staff compiles and prioritizes the projects according to the TAG’s general guidance. After TAG approval, the state’s ANG highest priority projects are sent to the Air Staff within the NGB for consolidation and reprioritization. The Air Staff combines and refines the list, coordinates a final project list with their ARNG counterparts, and proposes the highest priority projects to the

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10 There are 54 distinct National Guard organizations, one in each state, Guam, U.S. Virgin Islands, Puerto Rico, and the District of Columbia. The National Guard Bureau (NGB) is a “joint activity of the Department of Defense” (10 U.S.C. 10501). The National Guard was created out of the former state militias by the National Defense Act of 1916 as a reserve component of the U.S. Army. Though a number of National Guard units conducted air operations, the Air National Guard was not established as a distinct organization until the U.S. Air Force came into being in September 1947. For more information regarding reserve components, see CRS Report RL30802, Reserve Component Personnel Issues: Questions and Answers, by (name redacted) and (name redacted).

11 With the exception of the District of Colombia, territories (including Guam, U.S. Virgin Islands, and Puerto Rico) also have elected governors.
Air Force’s Air Staff in the Pentagon. From that point, it follows the same review and approval process as the Air Force list.

**The Translation from Requirements to Budget Request**

The Office of the Secretary of Defense (OSD) consolidates the military construction lists from the military departments and various defense agencies into a single submission, which it then forwards to the Office of Management and Budget (OMB) as part of the overall defense appropriations request for the upcoming fiscal year. OMB makes final revisions and sends the President’s Budget to the President for approval. Subsequently, the President forwards the approved budget to Congress.

Not all submitted projects are included in the President’s annual request for appropriations. Only those with the highest priority that will fit within the budgetary guidance provided by OMB will find their way into the coming year’s submission. Those projects assigned lower priority are placed into the Future Years Defense Program (FYDP), which is the five-year plan for defense spending. Therefore, some construction projects may survive the screening process only to be placed in the budgeting queue for a future year’s submission. Even then, because budget levels fluctuate and the entire construction list is reviewed annually, a given project’s priority may change.

**Appropriations, Authorizations, and Enactment**

Legislation to appropriate funding for military construction originates as a bill in the Military Construction, Veterans Affairs, and Related Agencies subcommittees within the Committees on Appropriations for both the House and the Senate. As is the case with the annual National Defense Authorization Act (NDAA), which authorizes these appropriations, the committee

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12 Defense agencies such as the Defense Health Agency or Defense Logistics Agency, like the military departments, submit their military construction requirements to OSD for consolidation and review. For more information on OMB's role in developing the President’s annual budget request, see CRS Report RS20167, *The Role of the Office of Management and Budget in Budget Development*, by (name redacted).

13 The Office of Management and Budget (OMB) is part of the Executive Office of the President and plays a major role in implementing and enforcing Presidential policies in the areas of budget development and execution, management, coordination, and review of all significant Federal regulations by executive agencies, legislative clearance and coordination, as well as overseeing executive orders and Presidential Memoranda to agencies and officials. The President’s Budget is a comprehensive annual federal budget that the President submits to Congress. See CRS Report RS20268, *Agency Justification of the President’s Budget*, by (name redacted), for more information on the role of agencies in the President’s annual budget submission.

14 10 U.S.C. §221 requires that the Secretary of Defense submit, at about the same time as the President’s annual budget request, a “future-years defense program … reflecting the estimated expenditures and proposed appropriations included in that budget. Any such future-years defense program shall cover the fiscal year with respect to which the budget is submitted and at least the four succeeding fiscal years.” DOD develops its FYDP according to policies and procedures outlined in Office of the Under Secretary of Defense (Comptroller), Department of Defense Directive 7045.14, *The Planning, Programming, Budgeting, and Execution Process (PPBE) Process*, January 25, 2013. See CRS In Focus IF10429, *Defense Primer: Planning, Programming, Budgeting and Execution Process (PPBE)*, by (name redacted).

reports accompanying the appropriations bills may provide useful information in addition to that found in the bills themselves.

**Figure 2** shows the legislative path of military construction legislation.

While the committees and subcommittees exercise jurisdiction over the legislation required to set policy, authorize actions, and provide the budget authority needed by DOD, they also usually provide opportunities for individual Members of Congress not assigned to the committees of jurisdiction to provide input regarding specific construction projects. During the period when legislation is being drafted, the committees may also issue guidance to Members wishing to submit input to the committee in considering military construction matters. The guidance might suggest additional documentation that could prove helpful to the committee in its deliberations and may also set a deadline for submission of such information. Often that deadline is set for late March, when the subcommittee staffs begin to prepare for markup of the necessary legislation.

**Figure 2. Legislative Process / Congressional Operations**

![Diagram of legislative process]

*Source: House and Senate committee websites, CRS Report RS21363, Legislative Procedure in Congress: Basic Sources for Congressional Staff, by (name redacted) and (name redacted), CRS graphic.*

**Implementation: From Paper to Bricks and Mortar**

With congressional authorization and an appropriation, the responsibility for managing military construction projects typically falls to either Naval Facilities Engineering Command (NAVFAC) for Navy and Marine Corps projects, or the Army Corps of Engineers (ACE) for Army and Air
Force projects. Army and Air National Guard projects are managed through their respective headquarters bureaus.

Construction encompasses several phases, including the planning and design of the project, the solicitation of bids from prospective general contractors, and the construction itself. Normally, one of two general approaches, design-bid-build or design-build, will be used by the contracting officer in executing the project.

In the design-bid-build process, the project is segmented into three distinct phases, each with its own contract. Under design-bid-build, a specialized architectural or engineering firm is awarded a contract for planning and designing the project. Once completed, a new contract for construction is advertised for bidding by general contractors. These general contractors, in turn, often solicit second and third tier subcontractor quotes for specialty items, such as concrete work, plumbing, and electrical work to subcontractors before tendering their bids for the overall construction contract. When the resulting bids are reviewed and the construction contract is awarded, the contractor, including their subcontractors, work together as the construction phase begins.

Design-build is a different approach to construction contracting. Here, all planning, design, and construction is conducted under a single contract. This requires the firms bidding on the project to have access to all of the skills necessary to plan, design, and construct the project. This “master builder” concept offers two advantages over design-bid-build: it places full responsibility for the project on a single firm and it offers the possibility of a reduced schedule by overlapping the project’s design and construction phases. On the other hand, the comprehensive nature of design-build contracts may limit the number of firms able to compete in the bidding.

ACE, NAVFAC, Army National Guard and Air National Guard solicit the bids, award the contracts, and provide government oversight and assistance through the project’s design, contract award, construction, completion, and financial close out.

Early on, ACE, NAVFAC or NGB regional facility engineers work with a design firm to create a plan that fits within the scope of the project’s DD 1391. These facility engineers are not permitted to enter into a contract or obligate any funds for the actual construction of the project until associated funding is authorized and appropriated. Once enacted into law, though, they may then solicit bids, award the contract, and begin construction of the facility. These government engineers will continue to manage the project and monitor construction throughout the process.

Funds to pay for the project flow along a fairly lengthy path of allocation and reallocation that may be illustrated, here using a Navy construction project as an example. Using the budget authority provided for the project by Congress, OMB draws the necessary funds from the Military Construction, Navy, account at the Treasury. OMB then allocates the appropriate amount to the Office of the Secretary of Defense (OSD). OSD then reallocates the appropriate amount to the Assistant Secretary of the Navy (Financial Management and Comptroller), who passes the funding to NAVFAC (Atlantic or Pacific). NAVFAC continues the process by reallocating the funds to its regional divisions, called Facilities Engineering Commands (FEC). The FEC administers the construction contracts and pays the contractors.

While this division of responsibility usually holds for construction within the United States, overseas construction responsibility is typically governed by where the project is located. For example, in areas where an Army or Air Force presence predominates, construction administration often lies with ACE, regardless of whether the project is Navy or Marine Corps funded. The reverse is also true for NAVFAC where Navy and Marine Corps presence predominates.

This initial planning can begin before the project itself is authorized by making use of funds already appropriated to undifferentiated “planning and design” accounts.
While a number of factors affect the amount of time required to complete the construction of a facility, many projects span approximately five years from the time the DD 1391 is approved to the date the project is completed.
Appendix A. Frequently Asked Questions (FAQs)

1. What is the Future Years Defense Program (FYDP)?

The FYDP is the official document that summarizes the forces and resources associated with the programs approved by the Secretary of Defense for DOD. 10 U.S.C. §221 requires the Secretary of Defense to submit, at about the same time as the President’s annual budget request, a “future-years defense program … reflecting the estimated expenditures and proposed appropriations included in that budget. Any such future-years defense program shall cover the fiscal year with respect to which the budget is submitted and at least the four succeeding fiscal years.” It is updated annually and is used as both an internal departmental review document and as an input to Congress for the development of an annual DOD budget.

2. Why does a military construction project, listed in the FYDP, never seem to move to the front of the line and be included in the President’s budget request?

The FYDP is updated as commanders identify new construction requirements. Individual projects are principally prioritized by their relevance to military operations, training, quality of life, environmental requirements, etc., and new requirements may be assessed as having a higher priority than projects already in the planning process. Therefore, some construction, while worthy, may be deferred to later years.

3. Why do the committees of jurisdiction insist that a project, requested by a Member’s office, be listed in the FYDP and be fully funded in a given fiscal year?

The FYDP is the official plan laying out DOD’s resource requirements, and Congress has tended to give considerable deference to it. Inclusion of a military construction project in the FYDP provides the committees official documentation reflecting the Department’s prioritization of the project. Nevertheless, the congressional committees of jurisdiction (appropriations and armed forces), may from time to time, and for a variety of reasons, disagree with DOD on the importance of a given military construction project and seek to have DOD place it in the FYDP or have its prioritization relative to other projects adjusted.

4. Why does a military construction project need an authorization and a separate appropriation for each construction project?

Article I, Section 9, of the Constitution states that “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.” Therefore, no military construction contract may be executed without an appropriation being made to the corresponding military construction account.

Title 10, Section 114, of the United States Code (10 U.S.C. §114) specifies, in part, that “No funds may be appropriated for any fiscal year to or for the use of any armed force or obligated or expended for ... military construction ... unless funds therefore have been specifically authorized by law.” The section goes on to define “military construction” as “... any construction, development, conversion, or extension of any kind which is carried out with respect to any
Military facility or installation . . . .” This has been interpreted over the years as requiring project-by-project appropriation and authorization.

In general, authorization is the formal approval and appropriations are money allocations for projects. The Principals of Federal Appropriations Law, or the “Red Book,” published by the Government Accountability Office (GAO) discusses the differences between appropriations and authorizations at length.18

5. What is “planning and design” funding?

The execution of any authorized construction project proceeds through several steps. These identify any problematic issues and provide conceptual design including cost estimates for construction (site preparation, facility and supporting structure design, and sequencing of construction), and designing the anticipated facility and each of the roads, ramps, utilities, and the like needed for its operation. These might best be broken out by function, with planning handled primarily by civil engineers and design handled primarily by architects. By funding planning and design through a separate, nonspecific appropriation, the scope and costs of projects may be accurately estimated before funds for individual construction projects are requested.

6. When the committee supports a requested military construction project, why is the amount of the project that is disclosed in the new budget authority sometimes greater than the actual project cost?

New budget authority requested before construction begins is an estimate of project cost while the actual cost calculated at completion represents the actual expenditure. After Congress authorizes and appropriates for the project, the budget authority can be used only for the specific facilities listed in the associated DD 1391. Project managers may renegotiate contract provisions during construction in order to control costs. Any budget authority remaining or estimated to remain as completion nears may be rescinded by congressional appropriators and applied to other military construction projects. Should actual costs exceed the project’s allocated budget authority, managers must request an additional authorization and appropriation to cover the difference.

7. Where are the specific military construction projects listed?

Projects requested by the President are listed in the detailed budget justification documentation posted on the Under Secretary of Defense (Comptroller) website under a “Budget Materials” section.19

Projects recommended for approval by the House and by the Senate are listed in tables included in the reports submitted by the appropriations and armed services committees accompanying their annual bills (Military Construction, Veterans Affairs, and Related Agencies Appropriations, and National Defense Authorization, respectively). The final, consolidated list of projects for which appropriations and authorizations are enacted can be found in the conference reports submitted by the relevant conference committees.


8. What are the “McCain rules”?

The McCain rules are criteria that were incorporated into the National Defense Authorization Act for FY1995 (P.L. 103-337, Section 2856) as a “Sense of Senate” provision:

“Appropriations for any military construction project not included in the DOD annual budget request should be considered for authorization only if the project is—

1. essential to the DOD’s national security mission,
2. not inconsistent with past actions with the Base Realignment and Closure Act (BRAC),
3. in the services’ Future Years Defense Program,
4. executable in the year they are authorized and appropriated, and
5. offset by reductions in other defense accounts, through advice from the Secretary of Defense.”

9. How long are funds available for projects?

Typically, Congress authorizes funds to be appropriated for military construction projects for three years. Once appropriated, funds are usually available for obligation under specific contracts for up to five years. Language setting out these time frames is typically included in the text of each appropriation and authorization act.

10. What are the major differences of the MILCON process between the various military departments and components?

After the respective installation engineers draft the DD 1391 and the installation agrees on a prioritized MILCON project list, the Army, Navy, and Marine Corps installations forward the project list to their military regional commands. In contrast, Air Force installations send their project list to the appropriate major operational command. Army and Navy installation region headquarters forward their consolidated lists to centralized installation command headquarters, while the Marine Corps regions forward their lists to their respective Fleet Marine Force headquarters. Army and Air National Guard organizations submit their construction requirements through their state adjutants general to the National Guard Bureau in Washington. Figure 1 provides an overview of the process.

11. What is a Department of Defense Form 1391 (DD 1391)?

Department of Defense Form 1391 (also known as DD 1391) is a form that originates at the installation and is used by DOD as a programming document to request construction funding from Congress. The form is used to explain each proposed construction project individually and includes a cost estimate, description of proposed construction, requirement, current situation, impact on operations if the project is not approved, and any useful supplemental data. Appendix D presents an example of a completed DD 1391.

12. How do Members of Congress make congressional inquiries?

Projects of particular interest to a Member that are not included in the President’s budget request have in the past still been considered by the congressional committees.

In a typical year during February and March, the subcommittees (Readiness Subcommittee on the armed services committees and the Military Construction, Veteran’s Affairs, Related Agencies
Subcommittee on the appropriations committee) issue guidance in the form of a memorandum on the process for submitting Member requests. The memorandum may specify additional documentation needed for eligibility, such as a request letter, a pecuniary interest letter, a written description of the project, and the deadline for submitting the request. The written description may encompass much of the information seen on the DD 1391, including a full justification and explanation of the project and the amount of funds requested. Additional information may also include the project name, service or agency, and location. The deadline for requests is typically in late March.

The Senate and House of Representatives have each established their respective criteria for requests. Since FY2012, the full committee has imposed a suspension of Member requests (commonly referred to as “earmarks”) and, instead of issuing Member request guidance, the subcommittees have notified Members that requests for congressionally directed spending would not be accepted.
Appendix B. Military Construction’s Governing Statutes

Authority to carry out military construction rests on both the Constitution and statutes.

Permanent Law

Constitution

Article I, Section 7, reads in part:
All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills. … Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States …

Article I, Section 8, reads in part:
Congress shall have the power
To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;
To provide and maintain a Navy;
To make Rules for the Government and Regulation of the land and naval Forces

Article I, Section 9, reads in part:
No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

Article II, Section 1, reads in part:
The executive Power shall be vested in a President of the United States of America.

Article II, Section 2, reads in part:
The President shall be Commander in Chief of the Army and Navy of the United States, and of the Militia of the several States, when called into the actual Service of the United States …

Title 10, United States Code (Military Law)

Section 113a (10 U.S.C. §113a): Transmission of Annual Defense Authorization Request
The statute requires the Secretary of Defense to submit to Congress a defense authorization request each year within 30 days of the President’s budget submission. The request is a legislative proposal to authorize appropriations and personnel strengths for the coming fiscal year, military construction projects, and any other matter he proposes for enactment.
Section 114 (10 U.S.C. §114): Annual Authorization of Appropriations

While the Constitution requires that funds be appropriated before being expended, this statute forbids their use by the armed forces or their obligation or expenditure for procurement, operations and maintenance, or a number of other purposes, including military construction projects, unless they have been specifically authorized by law. The section also defines “military construction” as a term that includes any construction, development, conversion, or extension of any kind which is carried out with respect to any military facility or installation (including any Government-owned or Government-leased industrial facility used for the production of defense articles and any facility to which section 2353 of this title applies [the construction and furnishing of test facilities and equipment as part of a defense contract]), any activity to which section 2807 of this title applies [architectural planning and design activities], any activity to which chapter 1803 of this title [facilities for reserve components] applies, and advances to the Secretary of Transportation for the construction of defense access roads under section 210 of title 23. Such term does not include any activity to which section 2821 or 2854 of this title [the construction of military family housing or the replacement of damaged facilities] applies.

Section 2305a (10 U.S.C. §2305a): Design-Build Selection Procedures

Portions of Title 40 of the United States Code (§§1101 et seq.) require that federal building projects go through a three-step process, referred to as “design-bid-build,” with an initial design phase, a bid for construction competition, and the actual construction. This section of Title 10 permits a military contracting officer to use a shorter two-step process, called “design-build,” for design and construction when he anticipates that at least three offers (bids) will be received.

Section 2802 (10 U.S.C. §2802): Military Construction Projects

Section 2802 permits the Secretary of Defense and the secretaries of the military departments to carry out military construction projects, land acquisitions, and defense access road projects (defined in law under 23 U.S.C. §210) that are authorized by law, usually in the annual National Defense Authorization Act. A military construction project can include any of the following activities:

- surveys and site preparation;
- acquisition, conversion, rehabilitation, and installation of facilities;
- acquisition and installation of equipment and appurtenances integral to the project;
- acquisition and installation of supporting facilities (including utilities) and appurtenances incident to the project; and
- planning, supervision, administration, and overhead incident to the project.

Section 2803 (10 U.S.C. §2803): Emergency Construction

A secretary of a military department may initiate a construction project if he determines that (1) it is vital to national security or to the protection of health, safety, or the quality of the environment and (2), the project is of such urgency that it cannot wait for statutory authorization. When the Secretary concerned does so, Section 2803 requires that he report it in writing to the appropriate congressional committees (armed services and appropriations), including the justification for and estimated cost of the project, the reason why Section 2803 is being invoked, and the source of the
funds being used. There is a cap of $50 million on the amount of funding that can be obligated under this authority during any given fiscal year, and the project must be within the total amount of military construction appropriations that have not been obligated. There is also a mandatory waiting period before the emergency construction project may begin.

Section 2804 (10 U.S.C. §2804): Contingency Construction

Section 2804 permits the Secretary of Defense to use or authorize the military secretaries to use appropriated military construction funds to carry out any project without prior congressional authorization if the Secretary determines that waiting to include it in the next military construction authorization would be “inconsistent with national security or national interest.” The section requires the Secretary to report the project in writing to the appropriate congressional committees justifying the project and the invocation of this authority and estimating its cost.

Section 2805 (10 U.S.C. §2805): Unspecified Minor Construction

Section 2805 defines unspecified minor construction as any project estimated to cost less than $3 million. Any project costing more than $1 million must be approved in advance by the Secretary concerned, and the appropriate congressional committees must be notified in writing. The statute imposes a mandatory waiting period before construction may begin. Section 2805 also allows for operation and maintenance appropriations to be used for construction of any project estimated to cost $1 million or less. The section contains additional guidance for projects using funds intended to enhance military deployment and mobility or for construction associated with research or test and evaluation facilities. The statute specifically bars this authority from being used to construct new military family housing units.

Section 2808 (10 U.S.C. §2808): Construction Authority in the Event of a Declaration of War or National Emergency

In the event of a declaration of war or national emergency requiring the use of the armed forces, Section 2808 permits the Secretary of Defense to initiate or to authorize the military secretaries to carry out military construction projects not yet authorized by statute. Any un obligated military construction or family housing appropriations may be used. The Secretary of Defense must report his decision to use Section 2808 authority to Congress, along with the projects estimated costs, including any associated real estate transactions. The authority terminates at the end of the war or national emergency.

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20 Written into military construction appropriations acts is language allowing for the obligation (spending) of the funds over a number of years. Any funding left over in the various military construction accounts at the end of a fiscal year is carried over and can be obligated in subsequent years.

21 Minor projects do not need to be individually justified to Congress in the annual presidential defense budget request. If a specific project is being initiated solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, and is estimated to cost $4 million or less, it may be considered to be unspecified minor construction.

22 The national emergency declared in the wake of the terrorist attacks of September 11, 2001, has been continued annually and remains in effect. President Barack Obama most recently continued the national emergency in a notice signed August 30, 2016.
Extant Temporary Law

Contingency Construction Authority (CCA)

The National Defense Authorization Act for FY2004 contained a section (Section 2808) that temporarily authorized the Secretary of Defense as much as $200 million within the operations and maintenance (O&M) account to “carry out a construction project outside the United States necessary to meet “urgent military requirements of a temporary nature in support of a declaration of war, a declaration by the President of a national emergency ... or a contingency operation.”

This provision, often referred to as “Section 2808 authority” (not to be confused with the permanent 10 U.S.C. §2808 noted above), or CCA, has been renewed for each subsequent year, though the cap on available funds and the areas to which it may be applied have frequently been amended. The CCA may now be used only in the U.S. Central Command (USCENTCOM) area of responsibility.23 Both Section 2803 of the House version of the proposed NDAA for FY2017 (H.R. 4909) and Section 2803 of the Senate’s version (S. 2943) would extend the Secretary’s authority for an additional year.

23 Section 2804 of the Ike Skelton National Defense Authorization Act (H.R. 6523, P.L. 111-383) restricted the use of CCA to the area of responsibility of the U.S. Central Command (USCENTCOM) or the area of interest of Combined Joint Task Force-Horn of Africa (CJTF-HOA). The CJTF-HOA area of interest includes the nations of Yemen, Tanzania, Mauritius, Madagascar, Mozambique, Burundi, Rwanda, Comoros, Chad, the Democratic Republic of the Congo, and Uganda. More information on CJTF-HOA may be found online at http://www.hoa.africom.mil/AboutCJTF-HOA.asp.
Appendix C. What Does Military Construction Pay For?

Under the annual legislation that subsidizes family housing accounts and DOD’s military construction, those appropriations are to be utilized “[f]or acquisition, construction, installation, real property, facilities and equipment of temporary or permanent public works,” for the defense agencies and armed services, and for “the replacement, acquisition, expansion, addition, alteration and extension” of family housing.\(^\text{24}\)

The 11 project functions within the military construction appropriation are divided as follows: Major Construction, Minor Construction, NATO Security Investment Program, Family Housing Construction, Family Housing Operations and Debt, DOD Family Housing Improvement Fund, Planning and Design, Base Realignment and Closure (BRAC), Chemical Demilitarization Construction, Prior Year Savings and General Reductions.

**Major Construction**

Major construction at installations are those projects requested to build administration buildings; aircraft facilities; airfield operation buildings; ammunition, explosives and toxic buildings; communication buildings; education facilities; depot and arsenal covered storage; electrical equipment; unaccompanied enlisted personnel housing; ground operational buildings; athletic facilities; medical centers; pipelines; roads; training buildings and ranges; and vehicle facilities. Major construction typically accounts for about three-quarters of the new budget authority requested in a typical fiscal year.

**Minor Construction**

While, in general, funds for any construction project must be specifically authorized and appropriated in advance, there is a statutory provision (10 U.S.C. §2805) for a general military construction appropriation category by which small projects estimated to cost no more than $3 million can be funded without specific prior congressional approval, if DOD provides the defense committees with 14 days’ prior written notification. Those funds are drawn from this appropriations category. Projects intended “solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening,” can be funded out of minor construction appropriations if their estimated cost is less than $4 million.\(^\text{25}\)

**North Atlantic Treaty Organization (NATO) Security Investment Program**

The 28 member states of NATO share the expense of common-use facilities by a formula under which the United States pays 21.7% of the annual construction budget of the alliance. As authorized by 10 U.S.C. §2806 and the Military Construction Authorization Acts embedded within the NDAA, the United States is obligated to appropriate this contribution to the NATO Security Investment Program (NSIP) for the acquisition and construction of NATO military facilities and installations (including international military headquarters).\(^\text{26}\)

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\(^{24}\) This appendix was written by (name redacted), Specialist in U.S. Defense Policy and Budget.

\(^{25}\) 10 U.S.C. §2805 also allows the use of operations and maintenance funds from the defense appropriation for projects estimated to cost not more than $1 million.

\(^{26}\) 10 U.S.C. §2806 authorizes the Secretary of Defense to allow United States contribution for sharing the cost of (continued...)
Family Housing

While government-owned housing for servicemembers not residing with families (often referred to as barracks, dormitories, or bachelor officer quarters) is funded as major construction, military family housing funds are separated under the general category of “Family Housing.” Included within are several subcategories:

- **Family Housing Construction.** The replacement, acquisition, expansion, addition, extension, and alteration of government-owned military family housing.

- **Family Housing Operations and Debt.** Debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as well as the provision of routine maintenance, utilities, and management government-owned housing for families of servicemembers.

- **DOD Family Housing Improvement Fund.** Principal source of appropriated funds to support the Military Housing Privatization Initiative (MHPI). Under the MHPI, DOD is authorized to assure direct and guaranteed loans, utilize limited partnerships, and suggest Department-owned property to encourage the private sector in increasing available, affordable, and quality housing for military personnel.

- **Homeowners Assistance Fund.** Provides financial support for programs that assist homeowners in alleviating losses incident to the sale of a primary residence. Homeowners eligible to apply for relief from the Homeowners Assistance Fund are Wounded Warriors, Surviving Spouses of those killed in combat, those affected by Base Realignment and Closure actions, and servicemembers relocated as a result of Permanent Change of Station.

A large percentage of domestic military family housing has been privatized since the mid-1990s. This has had the effect of both reducing the need for appropriated family housing construction and operations funds and increasing the basic allowance for housing afforded to servicemembers through the military personnel account of the annual defense appropriation.

Planning and Design

Congress requires planning and design work on projected construction projects to be far enough along to provide confidence in the accuracy of the projected budget request. Accordingly, most of the construction projects included in the President’s annual budget request are based on planning and design work that was funded by this non-specific appropriation.

Base Realignment and Closure (BRAC)

BRAC has been a process periodically and temporarily authorized by Congress to enable DOD to reconsider its infrastructure footprint by recommending the closure of underutilized military installations and transferring functions, missions, and units between others. All of the functions

(...continued)

multilateral programs for the acquisition and construction of military facilities and installations and for related expenses for the collective defense of the North Atlantic Treaty Area.

27 For information regarding the MHPI, see CRS Report RL31039, *Military Housing Privatization Initiative: Background and Issues,* by (name redacted)
associated with the implementation of BRAC recommendations are funded through the BRAC appropriations account within the military construction appropriation.

Chemical Demilitarization Construction, Defense-Wide

Section 1412 of the Department of Defense Authorization Act, 1986 (codified as 50 U.S.C. §1521) directed DOD to destroy the U.S. stockpile of lethal chemical munitions and chemical warfare materials not in the munitions stockpile. This appropriations account funds the construction of the facilities necessary for that purpose.
Appendix D. Joint Base Myer Henderson Hall, Fort McNair Physical Fitness Center, DD 1391

On April 4, 2008, the Joint Base Myer Henderson Hall, Fort McNair Physical Fitness Center in Washington, DC, opened its doors for the first time. The center was created through the military construction process.

The Physical Fitness Center is a 35,000 square feet facility that includes locker rooms, showers, gymnasium, six handball/racquetball courts, exercise and weight room, indoor running track, mechanical room, vending area, administrative areas, supply and issue room, storage, laundry, toilets, a mezzanine, and saunas. Additional facilities also include paving, walks, curbs and gutters, electric service, exterior lighting, utilities, storm drainage, masonry security wall/masonry/piers, site improvements, parking for 70 patrons, and wrought iron fencing. Force Protection/Anti-terrorism measures are also included within the facility through traffic control barriers and laminated glass.

The facility serves military and civilian personnel assigned to Fort McNair and their families.

Included below on Figure D-1 and Figure D-2 is the DD 1391 for the Fort McNair Physical Fitness Center.
Figure D-1. Fort McNair Physical Fitness Center DD Form 1391

(Pages 75-76)

Source: Department of the Army, FY 2002 Amended Budget Submission.
**Figure D-2. Fort McNair Physical Fitness Center DD Form 1391**

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**12. SUPPLEMENTAL DATA: (Continued)**

**A. Estimated Design Data: (Continued)**

| (a) Production of Plans and Specifications | 265 |
| (b) All Other Design Costs | 163 |
| (c) Total Design Cost | 418 |
| (d) Contract | 267 |
| (e) In-house | 151 |

| (4) Construction Contract Award | JUL 2002 |
| (5) Construction Start | DEC 2002 |
| (6) Construction Completion | JUN 2004 |

**B. Equipment associated with this project which will be provided from other appropriations:**

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<th>Equipment Nomenclature</th>
<th>Procuring Appropriation</th>
<th>Fiscal Year Appropriated Cost</th>
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**Source:** Department of the Army, FY 2002 Amended Budget Submission.
Author Contact Information

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Specialist in National Defense
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