DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2014

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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PART 1

	Page
Fiscal Challenges	**1**
FY 2014 National Guard and U.S. Army Reserve Budget Overview	**119**
U.S. Pacific Command	**219**
FY 2014 Department of Defense Budget Overview	**261**

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2014

TUESDAY, FEBRUARY 26, 2013.

FISCAL CHALLENGES

WITNESSES

GENERAL RAYMOND T. ODIERNO, CHIEF OF STAFF, UNITED STATES ARMY
ADMIRAL JONATHAN GREENERT, CHIEF OF NAVAL OPERATIONS
GENERAL JAMES F. AMOS, COMMANDANT OF THE MARINE CORPS
GENERAL MARK A. WELSH III, CHIEF OF STAFF, UNITED STATES AIR FORCE
GENERAL FRANK J. GRASS, CHIEF, NATIONAL GUARD BUREAU

OPENING STATEMENT OF CHAIRMAN YOUNG

Mr. YOUNG. The hearing will come to order. I want to say first to our witnesses today that after a long time in the Congress where all of my assignments have been dealing with national security, I continue to be tremendously impressed with the leadership of America's military. You represent that leadership, and I can tell you it is really exciting to be in the same room with all of you.

You and your predecessors have built a tremendous national security program. We are trying to keep it like that. We are trying to make sure that our readiness stays high and our troops are well taken care of, that they have whatever equipment they need, whatever training they need to do the mission that they are called on to perform. So it is just really great to be with all of you today.

I had intended for this hearing when we first invited you to come to go in a little different direction: Where are we going to be 5 years from now, 10 years from now from the standpoint of a threat that appears to be growing, especially in North Africa, from the standpoint of adequate and modern equipment.

But I think time has overtaken our issues today because we find ourselves with sequestration that is upon us. It is either going to happen or it is not. There is not much time left to fix it. But one thing that appropriators must do has to do with a continuing resolution, and I am, frankly, very concerned that the continuing resolution, should it be extended for the balance of the fiscal year, could cause a lot of damage to our readiness, to our training, to our preparation, to our troops. And so I think that is going to be the direction of our hearing today.

And I want to, for the audience, introduce from the Army General Ray Odierno, CNO Admiral Jonathan Greenert, Marine Commandant General James Amos, Air Force Chief General Mark

Welsh, and the National Guard Bureau, who now sits with the chiefs, and we can say congratulations to you, General Frank Grass. So thank you all for being here.

Before I yield to Mr. Rogers, I want to yield to Mr. Visclosky for any opening statement that he would like to make, and then we are going to move right on into the subject.

REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Mr. Chairman, thank you very much, and I appreciate your mentioning the continuing resolution, because, unfortunately, people are very focused today on sequestration, which is a fundamental problem. But the fact is that we are today governing this country by looking backwards.

I join the chairman in welcoming the five gentleman before us. I deeply appreciate your time, your commitment, and your service. We look forward to also hearing of your expertise.

Mr. Chairman, I have a longer opening statement, but will simply conclude by saying that I am appalled that all of us are meeting here today and not having a hearing on the fiscal year 2014 budget and the incredible amount of time that you have had to waste dealing with these issues, that the chairman, the members of this committee, the staff has had to waste dealing with this issue. I also believe that this is a complete abdication of congressional responsibility to be a check and balance and to make financial decisions, and I regret that Congress no longer legislates, but it lurches from crisis to crisis.

So, again, Mr. Chairman, I deeply appreciate you bringing us together today to try to resolve the issues that are before us, and would yield back my time.

Mr. YOUNG. Mr. Visclosky, thank you very much.

If you do not mind, we are going to do a little change in the usual routine. I am going to ask that you hold your opening statements until Mr. Rogers makes his presentation, and the reason is that he has a meeting with the speaker and the leadership in which he is trying to persuade them to understand the importance of not carrying forward on another 6-month CR. So if that is okay with you, I would recognize Chairman Rogers, who has been working really hard on putting this program together. We think it is a way to solve some of the problems.

Mr. Rogers.

REMARKS OF CHAIRMAN ROGERS

Mr. ROGERS. Mr. Chairman, thank you very much for holding the hearing and also for the recognition to allow me to go before the witnesses speak. So, first of all, good morning and welcome to the committee.

CONTINUING RESOLUTION AND SEQUESTRATION

This hearing is critically important as I speak. This week our national defense will face serious and dangerous sequestration cuts, as well as potentially damaging constraints if the current DOD funding structure is simply extended for the remainder of the fiscal

year. Twin threats: First the CR, which will hit on the 27th of next month, and then, of course, sequestration.

But today I want to focus your attention, if you will, on the CR and what you need for the balance of this year, whether it is a date-change only CR or whether it is incorporating the bill, the defense bill and the MILCON, VA bill that passed the House overwhelmingly and was agreed to by the Senate, bipartisan agreement. And we want to try to substitute those two bills into the CR for the balance of the year, which would give you a lot more flexibility than you now have.

FULL YEAR DEFENSE APPROPRIATION

It is not within this committee's power to solve sequestration at this time. It is within our jurisdiction to try and help loosen the chains and allow the Department some funding flexibility in order to do its best with what it has. To this end, two weeks ago, as the chairman said, I proposed a plan to craft a continuing resolution for the entire government that would include a full year defense appropriations bill. These two individual bills, as I said, have bipartisan support, they were conferenced with our Democrat and Republican counterparts in the Senate, they have been completed and laying there since last December.

If enacted, this package will avoid a government shutdown, while prioritizing DOD and veterans programs and ensuring some much-needed funding flexibility in what you do, being able to move moneys around from different accounts where it is absolutely imperative that you do that, and also saving a lot of money, I believe. I know that Chairman Young shares this goal. I sincerely applaud his leadership on this subcommittee and his unwavering support for the people and missions of our military.

It is crucial that the Committee receive the best information possible regarding DOD's funding challenges under both sequestration and a CR. We want to hear that directly from you, and I want to welcome each of you to this storied room. For several of you, this is your first time testifying before this subcommittee. We look forward to hearing directly from you, hopefully now unshackled from OMB's gag order. I do not have to tell you that the members of this subcommittee know that you come representing thousands of our fine service men and women and their families. We must begin by acknowledging their service, dedication, sacrifice to the country that we live in, and we reaffirm our commitment to providing them with the tools, training and support necessary to carry out vital security missions throughout the world.

It is under that yoke of responsibility that our Nation and our government face unprecedented fiscal challenges, particularly for the Department of Defense. Like many of my colleagues, I believe sequestration is both terrible politics and terrible policy. It will have a devastating effect on important programs and services, most notably taking its toll on our service men and women and our defense capability.

PRESIDENT'S LEADERSHIP

The President's sequestration approach represents a haphazard, negligent, and indiscriminate approach to governing; an abdication

of leadership, if you will. As you men know, leadership is about making choices, tough choices. Sequestration is about not making choices. I had hoped our Commander in Chief would have put forward an acceptable alternative to this near-term disaster, but we are all still waiting. Last year, the House voted twice to resist these across-the-board cuts, only to have the White House criticize and disparage. These cuts will gravely impair the Defense Department's mission, capabilities, troop training, equipment and supply lines, research and development efforts, and our overall readiness.

PROPOSED BUDGET AGREEMENT

Today, it is my hope that we can have an honest and open dialogue to discuss the very real impacts of the pending sequestration, exactly where cuts will occur, and the forced steps the military is taking to mitigate these effects. No question, cuts can be made to nearly each and every department, but this approach will certainly lead to more costs, not less, and less 21st century security, not more.

Secondly, the Department of Defense is wrestling with the possibility of a year-long continuing resolution. As I said before, while final decisions have not been made, I am proposing to include both the completed Defense and MILCON, Veterans conference reports in a CR agreement for the balance of the year in order to protect critical functions of our defense and help ensure our country's safety in these very uncertain times.

This proposal would also have the benefit of saving billions of taxpayer dollars. Under a straight date change CR extension, without these bills attached, billions in potential savings would be lost or unnecessarily wasted. For example, savings from closing out programs that have exceeded their usefulness will not be realized, new multiyear procurements, which save both time and money, would not be permitted, and program delays or disruptions for hundreds of programs will result in price increases.

I think it is clear that this Nation is facing some very hard choices. It is up to Congress to pave the way for our financial future, and it is up to the committee to do what we can in the short term to make the most of a difficult situation. That is one reason why it is essential that we hear what you have to say today, and I want to encourage you to be as frank as you can. These are frank times. The deadline is upon us. Decisions will be made in hours on the future of the country. And so I urge you men of expertise and leadership, people who are used to making decisions, to let us know the basic facts so that we can make the right decision with you.

QUESTION TO SERVICE CHIEFS ON APPROPRIATIONS BILL

So, Mr. Chairman, on to the business at hand. I know this is slightly unorthodox, but I do have to leave shortly. I can stay for some time. But I want to be sure that we get the answer to the following question from each of you, yes or no: Would you say that it is critical that Congress pass a full year defense appropriations bill for fiscal 2013? So when it comes time for the answer, Mr. Chairman, I would hope that we could hear. Could I even ask for a hand right now?

Mr. YOUNG. That is fine. It is your time.

SERVICE CHIEFS RESPONSE

Mr. ROGERS. Well, let me ask the question then. General?
General ODIERNO. Yes, Chairman.
Admiral GREENERT. Yes, Chairman.
General AMOS. Yes, Chairman.
General WELSH. Yes, Chairman.
General GRASS. Yes, Chairman.
Mr. ROGERS. You are saying to me that it is critical to the Nation's defense that we pass the CR with the House and Senate passed appropriations bill for DOD-MILCON-Veterans, is that correct?
General ODIERNO. Yes, sir.
Admiral GREENERT. Yes, sir, that is correct.
General AMOS. Yes, sir.
General WELSH. Yes, sir.
General GRASS. Yes, sir.
Mr. ROGERS. Mr. Chairman, I thank you. I will be able to carry this conversation we have just had into the meeting with leadership in just a few minutes.
Mr. YOUNG. Mr. Chairman, thank you very much for the effort that you have made to put this package together, because you know we have been trying to get the defense bill on the floor for final consideration for a long time.
And Mrs. Lowey, the distinguished ranking member on the full committee, has joined with us.
Mrs. Lowey, we would be glad to yield to you.

REMARKS OF MRS. LOWEY

Mrs. LOWEY. Well, thank you very much, Mr. Chairman. And I would like to say to Chairman Rogers, who I know believes in regular order, if we could sit down, just a couple of us, we could work something out and come up with a fair solution. And I am glad to see you shake your head on that one. I wish we could do it that way.
And it is an honor for me to be here today, and I would like to thank Chairman Young and Chairman Rogers and Ranking Member Visclosky and all the members of the subcommittee for holding today's hearing. The topic is certainly timely, and with just three days left until sequestration occurs, Congress needs to work together to avoid across-the-board cuts which risk our economic recovery and national security. If it would help, I would say that again. I think it is essential that we avoid this disastrous proposal.
Excluding sequestration, in the last 2 years Congress has reduced discretionary spending by more than $1.5 trillion. And now, even after we made such deep reductions that discretionary spending is on a path to be at the lowest percentage of GDP in the last 45 years, we face additional cuts through sequestration. The priorities of the Appropriation Committee, from national defense to education to biomedical research, cannot absorb an additional $1 trillion dollar blow. I do not believe anyone on this subcommittee wants across-the-board cuts. Although we are fast approaching the March 1st deadline, Congress could prevent $85 billion in cuts from occurring by passing a balanced approach—a balanced approach—

this week that closes tax loopholes, trims entitlements and minimizes growth in future spending.

As we listen to the testimony from our distinguished witnesses on the grave impact on each service, we should also keep in mind the overall economic impact. CBO projects sequestration will cut economic growth in 2013 by one-third—cut economic growth by one-third. A study from George Mason University projects a loss of 2.14 million jobs. Our economy is recovering. Now is not the time to absorb an additional $85 billion in cuts.

For the Department of Defense and all other departments and agencies, the effects of sequestration could be compounded by the effect of a continuing resolution that does not update budgetary priorities. Our soldiers, sailors, airmen, marines, can be called upon at any time on any day to defend our Nation. We have a responsibility together to set aside our ideological differences and provide them with the resources they need.

SUPERSTORM SANDY

I would also like to take a moment to commend General Grass on the response of the Guard during Superstorm Sandy, and we are so appreciative. The New York National Guard deployed approximately 4,000 soldiers to assist first responders with equipment, supplies, search and rescue and cleanup efforts. Due to sequestration, New York alone is looking at a furlough of 12,000 defense employees and a reduction of $108 million to Army base operations. This could certainly impact the Guard's ability to maintain a topnotch force.

Again, I look forward to the testimony from our witnesses, and I do not think we should lose sight of our shared goal. Working together in a bipartisan way, for the future of our country, for the strength of our economy, we must prevent sequestration.

I yield back. Thank you.

Mr. YOUNG. Mrs. Lowey, thank you very much for your statement and thank you very much for being here.

And I think you know very well that this subcommittee has always approached its responsibilities in a very, very nonpolitical way, and so we appreciate your statement on that attitude.

Now, we are going to go to the regular order now, and I would invite General Odierno to make any opening statement you would like to make, respond to Chairman Rogers and Mrs. Lowey, or your own statement. We are here to hear from you, because it is essential that you and your forces have what is needed to keep this Nation strong.

OPENING STATEMENT OF GENERAL ODIERNO

General ODIERNO. Thank you, Chairman Young, Chairman Rogers, Ranking Member Lowey, Ranking Member Visclosky, rest of the committee. Thank you so much for allowing us to be here to have this very important discussion.

Nearly 18 months ago I was asked and charged to be the Chief of Staff of the Army, to run this Army, and asked to provide my best military advice, and I will do that today as we discuss this very complex issue.

I have had the opportunity over the last several years to command at every level in combat—division, corps and theater level. I know what it takes to ensure that our sons and daughters are prepared for war, I know what it takes to grow leaders in our Army, I know what is required to send soldiers into combat, and I have seen firsthand the consequences when they are sent unprepared. I began my career in the seventies in a hollow Army. I am determined that I will not end my career in a hollow Army.

NO PEACE DIVIDEND

Every day events across the globe remind us that we live in the most unpredictable and dynamic security landscape that I have experienced in my career. Unlike post-conflict drawdowns in the past, we do not see any peace and stability and dividend in our future. Instead, right now the Army has almost 60,000 people deployed in Afghanistan and another 22,000 deployed in other places within the Middle East, Kosovo, and other places, and more than 91,000 soldiers foreign stationed across the globe. It is these very soldiers that will suffer the most under these budgetary cuts.

We simply do not know when we will be asked to deploy soldiers to fight again, but history is very clear on this subject: We will ask them to deploy. Our men and women again will be asked to provide security for this Nation when it is at risk. We owe it to them and the American people to ensure that our soldiers are ready, and when we ask them to respond to the next war, the next crisis, the next natural disaster, that is our charge together, to ensure they are ready to respond.

FISCAL YEAR 2013 BUDGETARY CHALLENGES

In my opinion, the greatest threat to our national security is the fiscal uncertainty resulting from the lack of predictability in our budget cycle over the last several years. In addition to the $170 billion in cuts to the Army levied by the Budget Control Act of 2011, the combination of the continuing resolution, a shortfall in overseas contingency operations funds for Afghanistan, and a sequester in fiscal year 2013 has resulted in an $18 billion shortfall for the Army's operation and maintenance accounts, as well as an additional $6 billion cut to all other programs. All of this will come in the last 7 months of this year.

FUNDING PRIORITIES

Our top priority is to ensure that our forces in Afghanistan and Korea have the resources required to execute their missions. But these cuts will have grave consequences and immediate impact on the readiness of our remaining forces. We will curtail training for 80 percent of our ground forces. This will impact a unit's basic warfighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new soldiers into the Army. Sequestration will impact our ability to provide properly trained soldiers in Afghanistan in 2014 and will have significant near- and long-term impacts on U.S. Special Operations Command and their ability to support special operations. We have directed an immediate Army-wide hiring freeze

and we have terminated an estimated 3,100 temporary and term employees. We will furlough up to 251,000 civilians for up to 22 days.

The Army provides 48 percent of all DOD civilian and military medical services, and our valued civilian employees represent as much as 60 percent of the Army's workforce at our medical treatment facilities, three times that of our sister services. Thus, the civilian furlough will mean that our soldiers and family members will experience degraded access to medical care.

We will cancel third and fourth quarter depot maintenance, which will result in the termination of an estimated 5,000 employees, a significant delay in equipment readiness for six divisions, and an estimated $3.36 billion impact to the communities surrounding our depots. If sequestration is implemented, over 10,000 employees could be affected next year.

On our installations, civilian furloughs, a 70 percent reduction in base sustainment funding and elimination of contracts will strain our ability to protect our Army family programs. If sequestration is implemented, we will be forced to reduce funding for our schools, our daycare centers, family assistance and community service programs, family and substance abuse counselors, and tuition assistance for our soldiers.

FUNDING REDUCTIONS

For fiscal year 2014 and beyond, sequestration will result in the loss of at least an additional 100,000 personnel, soldiers from our active Army, the Army National Guard, and the U.S. Army Reserve. Combined with previous cuts that have already been approved, this will result in a total reduction of at least 189,000 personnel from the Army, but will probably end up being higher than that, probably closer to 200,000. A reduction of 14 percent of the Army's end strength will equate to almost 40 percent reduction in our brigade combat teams and excess U.S. Base installation infrastructure. Sequestration will result in delays to every one of our 10 major modernization programs.

Since 2008, the total Army budget will have been reduced by over 45 percent. If sequestration is enacted, it will be greater than 50 percent. That is a number greater following any war that we have been involved with since World War II.

In my opinion, sequestration is not in the best interests of our national security. It will place an unreasonable burden on the shoulders of our soldiers and civilians, we will not be able to execute 2012 Defense Strategic Guidance, and we are compromising the future readiness of the joint force, the Army, and our ability to provide for the security of our Nation today.

I understand the seriousness of our country's fiscal situation. We have and we will continue to do our part. But we simply cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives. It is our responsibility, the Department of Defense and Congress, to ensure that we never send soldiers into harm's way that are not trained, equipped, well led, and ready for any contingency, to include war. We must come up with a better solution.

EIGHTEEN BILLION DOLLAR SHORTFALL

And I will just add that over the last week we have done detailed analysis of how we would implement the $18 billion shortfall in 2013, which includes $6 billion in continuing resolution, about $5 billion to $7 billion in OCO shortfalls for Afghanistan, and $6 billion approximately for sequestration. And all those things I just mentioned, we are still $4 billion short in paying the entire bill, so there will be more things that we will have to do that we are still trying to figure out.

So this is very serious and I ask your assistance in helping us. And any help, to include the flexibility that would help us to eliminate the $6 billion shortfall we have in the continuing resolution, would be significant for the Army. It would at least solve one-third of the problem that we have today.

So thank you very much for allowing me to testify, Mr. Chairman.

Mr. YOUNG. General, thank you very much for a powerful statement.

[The statement of General Odierno follows:]

RECORD VERSION

STATEMENT BY

GENERAL RAYMOND T. ODIERNO

CHIEF OF STAFF UNITED STATES ARMY

BEFORE THE

U.S. HOUSE REPRESENTATIVES

APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

FIRST SESSION, 113TH CONGRESS

OVERSIGHT HEARING – DEPARTMENT OF DEFENSE – FISCAL CHALLENGES

FEBRUARY 26, 2013

NOT FOR PUBLICATION UNTIL RELEASED BY THE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE

The fiscal outlook which the U.S. Army faces today is dire and, to our knowledge, unprecedented. The Army has been in a state of continuous war for nearly twelve years – the longest in our Nation's history. Today we have nearly 80,000 Soldiers committed to operations around the world with approximately 58,000 in Afghanistan. Nearly 1.5 million Soldiers have deployed and more than half a million have deployed multiple times, some as many as four, five, and six times. More than 4,800 Soldiers have given their lives on behalf of this Nation.

The magnitude of today's fiscal uncertainty will have grave consequences for our Soldiers, our civilians, and our families who have sacrificed so much over the past decade. We cannot put the weight of these cuts on their shoulders. If nothing is done to mitigate the effects of operations under a continuing resolution, shortfalls in our funding of overseas operations due to emerging costs in theater, and the enactment of sequestration, the Army will be forced to make dramatic cuts to its personnel, its readiness, and its modernization programs, putting our national security at risk.

Previous U.S. Army Budget Reductions

Before I describe the challenges we face this fiscal year, let me remind the committee of the actions we have taken to reduce spending in the Department of Defense over the past three years. In 2010, the DOD developed a ten-year plan to achieve nearly $300 billion in efficiencies under Secretary Gates. To comply with the discretionary caps outlined in the Budget Control Act of 2011, the FY 2013 Budget proposed $487 billion in DOD funding reductions over ten years, of which the Army's share is estimated to be $170 billion. With the end of the Afghanistan and Iraq wars and the development of DOD's new defense strategy, the Army is reducing the authorized endstrength for active duty from a wartime high of about 570,000 to 490,000, the Army National Guard from 358,000 to 350,000, the U.S. Army Reserve from 206,000 to 205,000, and the civilian workforce from 272,000 to 255,000 by the end of fiscal year 2017 (FY17). This is a net loss of 106,000 Soldier and civilian positions. By FY17, we will downsize our active component force structure from 45 Brigade Combat Teams to potentially as low as 32. On January 18th, we released a Programmatic Environmental Assessment describing the impact of potential force structure reductions across the Army. We began these force reductions in FY12 focused initially on our overseas formations. In 2014, however, we will begin significant force reductions in the United States.

In addition to personnel and force structure reductions, we have had to extend the timelines of our modernization programs and reduce the frequency of our training exercises putting us on the outer edge of acceptable risk for our future force and our ability to meet our National Security Strategy.

The actions we have taken to adapt to the 2012 Defense Strategic Guidance are independent of the continuing resolution and sequestration. However, the domestic impacts of these actions are only now beginning to be felt and will be magnified over the next several years.

Fiscal Year 2013 Budgetary Challenges

The fiscal crisis we now face is due in part to the fundamental lack of predictability in the budget cycle. The Department of Defense has operated under a continuing resolution for 14 of the last 28 months. Continuing resolutions create inefficiencies by prohibiting new starts and

planned production rate increases for needed programs, limiting reprogramming actions, and delayed program execution. This uncertainty creates challenges in projecting future funding requirements that inform our annual budgets over time. The lack of predictability has been exacerbated by the threat of sequestration for the past year and a half. In FY13, we now find ourselves in the midst of a perfect storm created by a continuing resolution that puts funding in the wrong places, a shortfall in funds for overseas contingency operations due to higher than anticipated costs in theater, and the threat of sequestration. If not addressed, the current fiscal uncertainty will significantly and rapidly degrade Army readiness for the next five to ten years.

The FY13 continuing resolution has funded the Army's base budget at fiscal year 2012 levels, resulting in a shortfall of approximately $6 billion in the Operation and Maintenance, Army (OMA) accounts relative to the President's Budget. In the absence of a full-year appropriation that reallocates funds where they are needed, the Army will need to reprogram the necessary funds across appropriations to address this shortfall and protect readiness as much as possible.

Under the continuing resolution, we also face an approximate $5-6 billion shortfall in OMA Overseas Contingency Operations (OCO) funding for FY13 because of increased costs related to the war in Afghanistan. This impacts the preparation of units about to deploy, current operations in support of Operation Enduring Freedom (OEF), and our ability to reset equipment and personnel. In order to ensure our Soldiers are prepared, we have committed and will continue to commit 100% of our operation and maintenance requirements for OEF. However, this exacerbates the funding shortfalls for the rest of the Army that is not deploying to Afghanistan, creating unacceptable readiness for the future.

In addition to the impacts that the continuing resolution and OCO shortfalls are having on the force, a sequestration order is scheduled to be issued on March 1, and a second sequestration order due to the breach in the FY13 discretionary caps is scheduled to be implemented on March 27. Using DOD planning assumptions for sequester, we estimate that sequestration will impose an additional challenge: a $12 billion cut on the Army's budget in the remaining months of FY13, to include a more than $5 billion cut in OMA, and approximately $1 billion in the Reserve Component operation and maintenance accounts. The remaining $6 billion will be taken across the board from our procurement; Research, Development, Test, and Evaluation (RTDE); and military construction accounts.

While budgetary uncertainty negatively affects each of the Army's operating and investment accounts, our OMA account is the most heavily burdened. Together, the continuing resolution, increased cost of OCO operations, and sequestration will equate to an $18 billion shortfall in the OMA account for the final seven months of FY13.

As always, our priority will be to ensure that all Soldiers in Afghanistan and those next to deploy are prepared and ready. We will ensure that the Forces in Korea are properly equipped and ready. We will continue to fund all programs related to Wounded Warrior care. Then we will determine if we have sufficient funds to continue training the Global Response Force at Fort Bragg and other locations. These priority efforts account for 43% of our OMA but apply to only 20% of the force. The remaining 80% of the force will have to absorb the $18 billion shortfall out of the OMA funds available during the last seven months of the fiscal year. What that means is that we will curtail training for 80% of the force and dramatically reduce installation sustainment. Even with training and sustainment spending curtailed, we expect our

accounts will be exhausted before we reach the end of the fiscal year. The impact will translate into significant readiness issues through FY14 and beyond, and put at risk our ability to deploy forces to meet all contingency operations.

Risk Mitigation in Fiscal Year 2013

Given these challenges, the Secretary of the Army and I have taken the following steps to reduce our expenditure rate and mitigate, to the extent possible, the risk to current and future fiscal year budget execution:

- We will curtail training for 80% of our force and have already cancelled all but one of the Brigade Maneuver Combat Training Center (CTC) rotations for non-deploying units in FY13. Combat Training Center rotations ensure Army units receive specific training tailored to the operational requirements the unit will execute on deployment. Our inability to train non-deploying units will degrade our units' readiness posture and inhibit the progressive build of unit capability to meet FY14 and beyond missions, emergent requirements, and timelines associated with Combatant Commanders' war plans. Even if funds become available this year, we cannot reschedule units who have missed training until they rotate through the Army Force Generation (ARFORGEN) cycle in two years. Ultimately, sequestration will impact our ability to provide properly trained soldiers to Afghanistan in 2014.
- We are terminating an estimated 3,100 temporary and term employees and have directed an immediate Army-wide hiring freeze. These employees typically fill gaps in our installation services such as Army substance abuse programs, law enforcement, physical security, public works, and installation education programs.
- We have initiated planning to furlough up to 251,000 civilians for one day a week for twenty-two weeks, in full recognition of the risks of decreased productivity, morale, and the loss of 20% of their pay while furloughed. In addition to the hardship this poses to our dedicated workforce, this furlough will have an immediate trickle-down effect as the majority of these civilians are located throughout the U.S. on our posts and stations, and their spending directly impacts local economies and contributes towards state and local taxes. Although we will endeavor to protect critical services as much as possible, any furlough would have an immediate impact on fire and emergency services, law enforcement, airfield operations, and all of our Army family programs.

  The Army provides 48% of all DOD civilian and military medical services. Our valued civilian employees represent as much as 60% of the workforce at many Army medical treatment facilities – three times that of our Sister Services – and the imposition of an across-the-board furlough will disproportionately hurt Army medical services as compared to impacts on other Services' medical services. Wounded Warriors have first priority for health care and are covered by an enhanced access standard under the Army Medical Action Plan. The Army Surgeon General's guidance to our Army treatment facilities is to internally realign staff to cover civilian absences in our most critical programs, to include Warrior Care, behavioral health, and the Integrated Disability Evaluation System. However, it is likely that significant second order impacts will be felt by our Soldiers, their Family members, and the rest of our beneficiary

population who will experience degraded access to care and the potential dissatisfaction with our system as non-urgent care is deferred to the network.

- We are making plans to cancel 3rd and 4th quarter depot maintenance. As a result, we are terminating employment of an estimated 5,000 temporary, term, contractor, and, through Voluntary Early Retirement Authority/Voluntary Separation Incentive Pay, permanent employees due to the reduced Depot Maintenance workload. We will reduce Army purchase orders with 3,000 companies, of which 37%, or approximately 1,100, may consequently face moderate to high risk for bankruptcy. The reduction in maintenance will delay equipment readiness for six Divisions (3rd Infantry Division [Georgia], 4th Infantry Division [Colorado], 10th Mountain Division [Louisiana and New York], 25th Infantry Division [Alaska and Hawaii], 101st Airborne Division (Air Assault) [Kentucky and Tennessee] and 82d Airborne Division [North Carolina]). These delays will halt the reset of 1,000 Tactical Wheeled vehicles, directly impacting Red River Army Depot [Texas and Arkansas]; 14,000 communication devices, directly impacting Tobyhanna Army Depot [Pennsylvania]; and 17,000 weapons. The delay will also defer post-combat equipment repair in Active and Reserve units for three to four years following redeployment. If sequestration triggers budget reductions over the full 9 years outlined in the Budget Control Act of 2011, we believe over 10,000 employees in Army Materiel Command will be affected, further reducing our life cycle maintenance capability, deferring and reducing readiness throughout the Active Duty, National Guard and US Army Reserve.

- We are reducing institutional training across the Army. This will result in a backlog across our education and individual training courses well into FY14 and shortfalls in critical specialties.

  For example, we will curtail seven courses that support our Homeland Defense/Civil Support Mission resulting in a shortfall of over 1,600 trained operators and severely degrading the entire Chemical, Biological, Radiological and Nuclear Response Enterprise. These teams require all unit members to be trained and certified with specific individual certifications tied to both National Fire Protection Agency standards and public law for operations in the Homeland. There are no other courses within the Army or the Joint Forces that provide this level of certification.

  We will cut 37,000 flying hours from our aviation training at Fort Rucker, which will create a shortfall of over 500 aviators by the end of FY13 and will create a backlog at flight school that will take over two years to reduce. We are curtailing sixteen military intelligence training courses, resulting in over 4,000 fewer Soldiers with the intelligence skills the Army requires. At Fort Sill, we will have to cancel fifteen Field Artillery Advanced Individual Training courses. Soldier training for recruiting duties will be curtailed in March resulting in over 900 untrained recruiters.

  The Army Corps of Engineers will reduce training slots at the Prime Power School, which is a major part of the Army's contributions to the Department of Defense's capabilities for disaster response. Over time, reductions in training to critical specialties will decrease the Active Army, the Army National Guard, and the U.S. Army Reserves' responsiveness to crises and natural disasters in communities across the United States.

We are cancelling attendance at some of our mid-career officer and noncommissioned officer training programs across the Total Army including the Captains Career Common Core Course, Intermediate Level Education, and Noncommissioned Officer Education System (NCOES) common core. This will add to the already tremendous backlog of midgrade officer and NCO education that has built up during the almost twelve years of war.

We have curtailed our civilian professional development training and education. This will cause an interruption in our intern training programs, reducing the pipeline and the functional and technical competency of the next generation of our Army civilians. It will also delay or eliminate civilian education and training opportunities – from entry level to senior management courses – impacting the growth and development of the Army's future civilian leaders at all levels of government service.

- We are in the process of reducing our base sustainment funds by $2 billion in FY13, a 70% drop from what has been historically required to run our installations. This means even bare minimum maintenance cannot be sustained. In the event of water main breaks, clogged sewage, water damage, or power failure, there will not be adequate funding to repair these facilities, which would likely result in closure and personnel relocation. This also translates into an estimated 100,000 facility work orders per month that will not be executed, which places the Army on an accelerated slippery slope where our buildings will fail faster than we can fix them and long term additional repair costs are far beyond those needed for preventative maintenance.

  All restoration and modernization projects in FY 2013 will be eliminated including renovations to the United States Military Academy Cadet Barracks, the Training Barracks Upgrade Program that consists of 12 projects at 8 installations, and the completion of relocation plans and projected closures in Europe. All projects under the Army Energy Program, to include upgraded energy efficiencies, utility system modernizations, and small renewable projects, will also be cancelled. We have postponed all new construction projects including the Arlington National Cemetery expansion. The award of all new construction projects, including the Arlington National Cemetery expansion, is delayed as a result of the continuing resolution.

- We have initiated an Army-wide service contract review to identify savings and we are taking action to potentially reduce or terminate all non-essential contracts in coordination with our commands. These contracts support a myriad of programs, including facility maintenance, education and training, medical support, and equipment and provide thousands of jobs across our Army installations. Many of these contracts provide direct support to our Soldiers, civilians, and their families; their cancellation will cause backlogs in services rendered at our hospitals, our education centers, our schools, and our child development centers. Once a contract is terminated, it takes at least 150 days to restart a cancelled program, increasing the workload on an already taxed acquisition workforce, and increasing costs of the program in the short term.
- Army Family Programs are a priority and will be protected to the extent feasible. However, on our installations, civilian furloughs, reductions in base sustainment funding, and the elimination of contracts will strain our ability to protect Army Family Programs. If sequestration takes place, we must take care of civilian pay beyond what is reduced

due to furlough, utilities, and key life health and safety services first which will require us to find cost savings through the termination of contracts and other reductions to Family programs.

For example, furloughs will affect the delivery of services at Army Community Service, in programs like Army Family Team Building, spouse employment services, victim advocate support to domestic violence victims, survivor outreach support to our surviving family members, critical family and new parent life skill development programs, and support to Families with special needs children. Child Development Centers (CDCs) will likely lose flex and hourly childcare support, and will likely reduce hours based on the Army wide hiring freeze, looming furlough, and funding reduction. The Army-wide hiring freeze will prevent us from addressing the effects of natural attrition, potentially causing Soldiers to perform duty in fitness centers, personnel service retirement service, and housing referral service offices.

Tuition assistance could face significant reductions because it is paid with funds from base-budget Operations and Maintenance (O&M), which will be reduced in order to protect OCO requirements. While existing tuition assistance agreements will be honored (i.e. for those currently enrolled in class or those approved prior to sequestration), future enrollments will likely be curtailed.

- Our National Guard and Reserve will experience cuts of 22% and 50% respectively in their medical readiness accounts. For example, we have cancelled pre-mobilization medical support for nearly 200,000 Army National Guard and U.S. Army Reserve Soldiers, which will degrade reserve unit readiness and increase post-mobilization training costs.
- We will curtail Operational Test and Evaluation operations affecting program of record development and fielding schedules which will add costly delays to critical acquisition programs and the fielding of equipment to Soldiers. Particularly in the areas of networking capability and precision munitions, we will experience delays in key network programs such as the Warfighter Information Network-Tactical (WIN-T) and the Joint Battle Command-Platform (JBC-P).
- We are reducing our Science and Technology (S&T) programs by approximately $300 million. We anticipate making reductions to our support contractors, and reducing programs with our academic and industry partners across all fifty states and the District of Columbia. The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) [ASA(ALT)] provided an assessment to the Assistant Secretary of Defense (Research and Engineering) on 1 February 2013 detailing the impact to Department of Defense research priorities.
- The impact of the year long continuing resolution and sequestration will have significant near and long term impacts on U.S. Army Special Operations Command (USASOC) and their ability to support special operations throughout the world. It is important to note that the global operational tempo of USASOC and other service components of the U.S. Special Operations Command (USSOCOM) is not projected to decrease in the near-term. USASOC, like many Army commands, will be impacted by reduced funding for the depot repair of Army common equipment (non-aviation) and common stock-funded items that support both unit-level maintenance and unit training. USASOC anticipates that it will be able to manage shortfalls in equipment readiness in the near-

term with moderate risk; but if sequestration cuts and the associated out year cuts persist, USASOC will face increasing levels of risk starting in FY14. Reduced funding for USASOC training will reduce training opportunities at the Combat Training Centers and at home station. This will again impact readiness in the near term and, as these conditions persist, create a greater cumulative effect on readiness that will take significant time and resources to recover from.

Long Term Effects of Fiscal Uncertainty and Budgetary Cuts

End Strength

In addition to the immediate impact of sequestration for FY13, the lowering of discretionary caps for FY14-FY21 will have long term impacts that extend beyond the current fiscal year. In order to maintain a balance between End Strength, readiness and modernization, the Army will have to reduce additional 100,000 personnel across the Active Army, Army National Guard and U.S. Army Reserve. This will generate, at a minimum, a total reduction of 189,000 Soldiers in the coming years, but the figure will probably be closer to 200,000.

If we must further reduce the size of our force, we must be allowed to manage it carefully in order to take care of our soldiers and families, meet our contingency requirements, and balance readiness and modernization. Any reduction below 490,000 active duty Soldiers can only be made with the Nation and its leaders fully aware of the risks—to include tradeoffs in modernization and readiness—and how those risks may directly affect our ability to win our Nation's wars. Full enactment of sequestration over the next nine years will draw the Army below the level required to support the current military strategy and could drive personnel actions that could break faith with our Soldiers. In short, if sequestration occurs, future end strength reductions will be driven by budget constraints.

Sequestration will continue to affect our valued civilian workforce, which would likely absorb cuts that would be sized proportionally to the cuts in our uniformed military endstrength. Sequestration threatens the civilian workforce with enormous uncertainty, and may to some extent encourage the most capable to seek more predictability through employment outside the Department, resulting in the loss of critical continuity and stability that our civilian employees provide to the uniformed force that rotates on a routine basis. Our dedicated civilians do not deserve to be furloughed; it is simply not right. However, furloughs, a tool of last resort, will have to be used to achieve the mandated savings.

Infrastructure

Given that total facility square footage at Army installations has either remained constant or slightly increased since 2005, a reduction of 14 percent of the Army's endstrength is likely to create excess US-based installation infrastructure. A future round of base realignment and closure (BRAC) would be essential for the Army to identify excess infrastructure and prudently align supporting civilian personnel and infrastructure with reduced force structure and reduced industrial base demand. BRAC would also allow for a systematic review of existing DOD installations to ensure effective Joint and multi-service component utilization.

Readiness

The losses in training and readiness we accrue in FY13 mean that we start FY14 already at a marked disadvantage. One of the primary challenges we face over the next five years is to re-orient our force to the broader array of missions we may face in the years ahead, whether it be countering weapons of mass destruction (WMD), cyberspace operations, support to civilian authorities, or deterring and defeating aggression. To get our leaders and their formations to the state of preparedness we need, we must train hard on a wide number of tasks at our home station and at our combat training centers. Many of our leaders and their units will be conducting these tasks for the first time, meaning that we actually need to invest in longer periods of training to achieve proficiency.

It is critical to understand that collective training skills degrade quickly over time and require not only initial certification training but also resources to sustain the required level of training readiness. We will only be able to train to squad and platoon level and will be limited in our ability to train to company, battalion and brigade level. The longer our units are not able to conduct collective training at our Combat Training Centers, the risk to the force will increase exponentially. Sequestration will place in jeopardy our ability to achieve this readiness, so we will have to fundamentally reconsider whether the Army has the ability to support Defense Strategic Guidance. The consequences of only training those units intended for OEF and Korea will be profound. The Resultant creation of a pool of unready units means that should a contingency arise, there may not be enough time to avoid sending forces into harm's way unprepared.

We succeeded in recent years to bring personnel readiness in the Army National Guard and U.S. Army Reserve from 40% up to 70%; that readiness will rapidly drop, and indeed the degradation has already begun. Let me emphasize that these readiness issues are not limited to the Active Component. They will hit the Total Army. In fact, the reduction in overseas deployments which has sustained our reserve readiness over the past twelve years may result in us being unable to maintain our Operational Reserve.

Modernization

The long term nature of sequestration puts every one of the Army's ten major investment priorities in jeopardy including vital network, combat vehicle and aviation modernization programs. The industrial base associated with supporting the Army is also likely to make cost-benefit decisions about where best to be competitive, with the attendant decline in developing and producing the equipment our soldiers need. We will also be finalizing the withdrawal of the bulk of our equipment from Afghanistan, which, along with equipment still being reset from Iraq, will require additional investment to return to full use.

For example, the combined impacts of the sequester and a full year continuing resolution would significantly weaken Army Aviation and would take years to overcome.. Some illustrative examples of the adverse impacts on critical aviation systems are the Chinook, Apache, Kiowa Warrior and Common Infrared Counter Measure (CIRCM) programs. For our special operations community, the deferment of depot maintenance will result in 50 special operations platforms that will not be reset to their pre-deployment condition. The longer these budget conditions persist the greater the risk becomes and the longer it will take to

recover special operations capabilities. Commanders in the field do not have the funds or the capability to reset these aircraft.

Leader Development

Additionally, leader development will continue to be shortchanged. While we can recruit and train soldiers in relatively short order, we cannot build their leaders in a similar time span. The professional non-commissioned and commissioned officers who carry the Army across the years need the benefit of not only serving in units that train for and conduct wide ranging missions but also the professional education that deepens their knowledge of and commitment to the profession. Without that education, we risk the loss of our intellectual seed corn for the future.

A Hollow Force Today and Tomorrow

If sequestration were allowed to occur, the Army would begin to grow "hollow" within months. A hollow force is one in which there is prolonged and disproportionate investment across manpower, operations and maintenance, modernization, and procurement without corresponding adjustments to strategy. The Army, without adequate funding, would be forced to make resourcing decisions that would only accelerate and compound inequalities and risk in the force to other operational plans in the future. The outyear reductions in budget caps after FY 2013 would extend these problems. Some examples:

- Available personnel would be shifted from non-deployed to deploying forces in order to meet operational demands. This would exacerbate personnel shortfalls more and more each month and place combatant commander operational plans at higher risk.
- Equipment would be migrated from non-deployed to deploying forces in order to fill shortages due to incomplete reset and redistribution, or shortages arising from the lack of equipment retrograded from theater. Again, this would jeopardize combatant commander operational plans in an ever-increasing manner each succeeding month.
- Shortage of repair parts would drive cannibalization and reduced training events will significantly impact our ability to build readiness. This would have a compounding effect on the capability of our equipment and the effectiveness of Army units.
- Soldier training. Perhaps no other example is as important. We would not be able to fully train our Soldiers, whether through individual professional military education nor collective unit training, in a way that would enable them to operate successfully in a joint, interagency environment across the range of military operations (from stability operations to decisive action). After the current fiscal year, the deficit in trained forces will place us in jeopardy of being unable to meet the requirements of our higher end war plans.

Such a force will grow in "hollowness" each month that the Army was forced to re-distribute resources, funding, and training, most importantly Soldiers from non-deployed forces to support current operations without the necessary resources to prepare for contingency operations.

The Army's Future Readiness

Ladies and Gentlemen, the fiscal uncertainty caused by repeated continuing resolutions and the implementation of sequestration is not in the best interest of our country, our Soldiers, or our national security. Our inability to put our fiscal house in order is resulting in the cancellation of training today and the firing of 3,100 valuable temporary and term civilian employees today. Sequestration will affect over 300,000 Army civilian and contracting jobs and have an estimated economic impact of $15 billion across all Army installations. If all nine years of severe budget reductions go into effect starting March 1, it will take the Army five to ten years to fully recover readiness to the level we and the American people expect it to be. While all of these trends are ultimately reversible, the critical variable is time. Maintaining a capable and ready Army is not like flipping a light switch; it takes years of effort by a large number of dedicated professionals. Sequestration will take that time away from us.

The lack of a fiscal year (FY) 2013 Appropriation bill from Congress and continued funding through a Continuing Resolution at FY12 appropriation levels prevents the Army from prioritizing funding for current readiness and critical sustainment functions. This effect will cascade into FY14, creating readiness problems in that year and beyond. If not given relief through passage of either an appropriation or a CR with authorities to reprogram funding, the Army will not be appropriately resourced to ensure a balanced trained, equipped and ready force, which will put our ability to meet wartime needs and Combatant Commander requirements at significant risk.

The complexity of the cumulative effects of the sequester and the FY13 budget request as compared to the full year CR requires a comprehensive solution. The Army is requesting authority to move funding within and across Appropriations. This includes the authority to move funding between Budget Activities (BA), Sub Activity Groups (SAG), Program Elements (PE), Projects, Programs, Accounts, Standard Study Numbers (SSN) and Budget Line Item Numbers (BLIN) for all Army Defense and Military Construction Appropriations. I must stress, however, that fiscal flexibility, while essential, is not sufficient to avert the problems we face. Even if we get relief from FY13 budget restrictions, budget reductions in FY14 and beyond from triggering sequestration will pose a significant risk to readiness and will force us to reconsider the Army's ability to execute its obligations the Defense Strategic Guidance.

We have a talented, committed, experienced, well-led, and professional force. Our Army has performed its missions in Iraq and Afghanistan with great proficiency, professionalism, and courage. We cannot take the readiness of our force for granted. We cannot send our Soldiers into combat unprepared. If we don't have the resources to ensure their readiness, our Soldiers will be the ones who pay the price. It is inconceivable to me that we will put this burden on the shoulders of those who have sacrificed so much during nearly twelve years at war.

Mr. Chairman, Members of the Committee: Thank you again for the opportunity to testify before the committee. The Army leadership understands the seriousness of our country's fiscal situation, but we need a legislative solution that averts sequestration and gives our leaders the flexibility to work with the resources you provide to shape our Forces for the

future. We will be good stewards of the resources you give us. It is an honor to serve this great Nation and stand beside the dedicated professionals of our Army.

The strength of our Nation is our Army

The strength of our Army is our Soldiers

The strength of our Soldiers is our Families.

This is what makes us Army Strong!

I look forward to your questions.

Mr. YOUNG. And I want you to know that this Committee, we are pushing hard to try to break through some of the walls that we have to break through, because we agree and we understand what you are telling us. One of the purposes of this hearing is make the point as often as we can for those in higher positions that can pay attention to what you are telling us and what we are hearing from you. So thank you very much, sir.

OPENING STATEMENT OF ADMIRAL GREENERT

Admiral Greenert, we would love to hear your view from the Chief of Naval Operations.

Admiral GREENERT. Good morning, Chairman Young, good morning, Chairman Rogers, Ranking Member Lowey and Ranking Member Visclosky, distinguished members of the Committee. I want to thank you for the opportunity to testify and to have a discussion with you all today.

Chairman, when I last appeared before you I declared that there were two important qualities of our naval forces: That we will operate forward at the maritime crossroads of the world, and that is that we will be where it matters and that we will be ready when it matters. This remains our mandate. Your Navy and Marine Corps are uniquely qualified to respond immediately to crises, to assure allies and to build partnerships and to deter aggression.

But these qualities and their values are at risk by the fiscal uncertainty that we now face. Our near-term concern is degraded current readiness caused by a combination of sequestration and the lack of an appropriations bill in fiscal year 2013. But this is not just a 2013 phenomenon. Without congressional action, it is going to have an irreversible and debilitating impact on our Navy, your Navy's readiness through the rest of the decade, as you spoke to earlier, Chairman.

DELAYS IN DEPLOYMENT, MAINTENANCE AND CONSTRUCTION

In the near term we will not be able to respond in the way the Nation has expected and depended on us. We should make that decision consciously and deliberately. Now, three symbolic but not all-inclusive examples of this near-term impact are the delays of the deployment of the carrier strike group Harry Truman, the delay in the overhaul of the carrier Abraham Lincoln, and the delay in the initial construction of the carrier John F. Kennedy. Now, these are just carriers, but it impacts ops, maintenance, construction, right off the bat. These represent the kind of decisions that we are going to have to make over the coming weeks, and they will not come without significant consequences to our people, to the defense industry, and to the local economies.

NAVY SHORTFALL OF $8.6 BILLION

The $8.6 billion shortfall that confronts us in our operations and maintenance account has compelled us to cancel ship and aircraft maintenance, reduce operations, curtail training for forces that will soon deploy, and to notify 186,000 of our civilians of a possible furlough. These actions will enable funds for continued operation of forces that are currently forward deployed, but we will have inad-

equate surge capacity at the appropriate readiness level where it matters and when it matters. We need an appropriations bill for this fiscal year that will allow the Department to distribute resources in a deliberate manner.

Now, alternatively, if a year-long continuing resolution is inevitable or the result, we definitely need the means to reallocate or realign funds across our programs to provide funding for the most critical operations. Delay in reallocation of resources results in irreversible actions such as ship and aircraft maintenance and such as training cancellations, both cancellations. We have lost $600 million in February because of irreversible, just lost opportunities, and through the month of March if we do not have that opportunity to reallocate funds, be another $1.2 billion, and it just continues to grow and cascade as we go through the summer.

WORK FORCE UNCERTAINTY

Mr. Chairman, I know this Committee is dedicated to the men and women of our military and to their families, but our folks are stressed by the uncertainty about their jobs, their operational schedules, and, more importantly, their future. I appreciate the opportunity to testify and have a discussion on their behalf, and as Chairman Rogers said, I am proud to represent these dedicated people and their sacrifice.

Thank you in advance for your efforts in this and that of this body in trying to avert this real readiness crisis. Thank you, sir.

Mr. YOUNG. Admiral, thank you so very much for a very important statement.

[The statement of Admiral Greenert follows:]

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HOUSE SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

STATEMENT OF

ADMIRAL JONATHAN GREENERT

CHIEF OF NAVAL OPERATIONS

BEFORE THE

HOUSE SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

ON

FISCAL CHALLENGES

26 FEBRUARY 2013

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS

Chairman Young, Ranking Member Visclosky, and distinguished members of the Committee, thank you for holding this hearing and for the opportunity to testify on the impact on our Navy of sequestration and a full-year Continuing Resolution (CR).

Important qualities of our naval forces are their readiness to respond to crisis and persistent forward presence. Because they continuously operate overseas at the maritime crossroads, our Navy and Marine Corps are the first responders to crises such as terrorist attack, military aggression or natural disaster. Operating forward at strategic maritime crossroads such as the Straits of Malacca, Hormuz, or Gibraltar, naval forces contain conflict, deter aggression without escalation, and assure allies and build partnerships.

When I last appeared before you I assessed that our FY13 budget proposal, developed under the limitations of the Budget Control Act of 2011 (BCA), was not without risk. As I said last year, senior DoD leaders conducted an assessment of the ability of our force to implement the new Defense Strategic Guidance (DSG). In the Navy we also assessed the capabilities, training, and the number and type of ships and aircraft required to execute the strategy. We determined the force supported by the FY13 budget proposal was able to execute the strategy, but with some risk due to limitations in overall capacity.

There is no question we must get our nation's fiscal house in order, but we should do so in a coherent and thoughtful manner to sustain appropriate warfighting capability, forward presence and readiness – the very attributes we depend upon from our Navy. Unless we change course we will, without proper deliberation, dramatically reduce: our overseas presence; our ability to respond to crises; our efforts to counter terrorism and illicit trafficking; and our material readiness across the Navy (afloat and ashore). Perhaps more disconcerting, we may irreversibly damage the military

industrial base we depend on to build and maintain our ships and aircraft. Over the next decade, the combination of sequestration and reduced discretionary caps from the BCA would compel us to dramatically reduce our fleet size. Under these circumstances, I assess your Navy will be limited in its ability to provide the capability and capacity called for in the current defense strategy; and unable to fully support the Global Force Management Allocation Plan for our Combatant Commanders.

Our situation

We face three separate, but linked, budget mechanisms that converge next month and place at risk our ability to carry out our defense strategy. As a result of the failure of the Joint Committee established under the BCA to achieve $1.2 trillion in deficit reduction, a sequestration order will be issued on March 1; in addition, a second sequestration due to a breach in the FY 2013 discretionary budget caps is scheduled to be ordered on March 27. Sequestration will add to an existing budget shortfall this fiscal year (FY13) in operating accounts created by the Continuing Resolution (CR). Sequestration and the CR render us unable to continue our current and anticipated level of operations, compel us to cancel some maintenance and training, and constrain our ability to invest in future capability and capacity.

We will approach this challenge using our enduring tenets, established upon my assuming the office of CNO, to guide us:

- Warfighting first
- Operate forward
- Be ready

The Navy's primary mission is to be ready to fight and win today, while building the ability to win tomorrow; all our efforts will remain grounded in this fundamental responsibility. We will continue to operate forward, where the Navy is most effective; but at significantly lower levels. And we will endeavor to remain ready, providing our fleet and Sailors the best possible training, maintenance, and logistics to assure their confidence and proficiency.

FY13: A readiness crisis in the making

Our immediate concern from the sequestration and the CR is their impact on readiness and training during this fiscal year. The CR is based on FY12 funding levels and therefore includes fewer operating dollars than we proposed, and Congress authorized, for FY13. Extended for the whole fiscal year, the CR would provide the Navy $3.2 billion less in operations and maintenance funds than requested in the FY13 budget. In addition, we have incurred $1.4 billion in unplanned costs in FY13 from emergent ship repairs and increased (and unbudgeted) presence in the Arabian Gulf. The CR also precludes the start of new projects.

Because of these funding constraints, if the CR is extended for the whole fiscal year we will stop work on two aircraft carrier refueling overhauls (USS ABRAHAM LINCOLN and USS THEODORE ROOSEVELT), one of which is within four months of completion. These ships are needed in the fleet especially now that we are down to 10 carriers. The prohibition on "new starts" under the CR also compels us to defer construction of USS JOHN F. KENNEDY (CVN-79), USS SOMERSET (LPD-25) and USS AMERICA (LHA-6) and cancel the planned procurement of an *Arleigh Burke*-class guided missile destroyer, multiple P-8A Poseidon aircraft and hundreds of weapons. While under the CR we will not begin any of the new military construction planned for FY13 – totaling about $675 million.

In addition to the CR funding shortfall in operating accounts, the March 1 sequestration order would impose significant additional cuts in FY13, which would reduce all of our accounts by about eight percent. And as mentioned above, a second sequestration due to a breach in the FY 2013 discretionary caps is scheduled to be implemented on March 27. The Department estimates the combined effects of sequestration will be a nine percent reduction, which would result in a $4 billion reduction in FY13 operations and maintenance funding and an $11.2 billion reduction overall relative to the FY13 request. Taken together, the CR, sequestration and emergent costs would create an $8.6 billion shortfall in the operations and maintenance account for FY13. $12.3 billion has already been spent from this account in FY13, and another $16.4 billion is fixed in existing contracts and safety requirements. Therefore, we must find $8.6 billion in savings from the remaining $20.2 billion in operations and maintenance funding – more than a third of the money available in the account.

Therefore, we are compelled to take the following steps:

- Cancel 70% of ship maintenance in private shipyards and all aircraft maintenance scheduled in the 3rd and 4th quarters of FY13; this affects up to 25 ships and 327 aircraft and eliminates critical ship and aircraft repair and adds to an existing maintenance backlog generated by a decade of high-tempo operations – resulting in an overall Navy maintenance backlog of about $3 billion;
- Reduce by about one-third the number of days at sea and hours of flight operations for ships and aircraft permanently stationed in the Asia-Pacific; cancel all aircraft deployments and four of six ship deployments to the region;

- Reduce by about half the number of days at sea and by one quarter the hours of flight operations for ships and aircraft in the Middle East and Arabian Gulf; reduce carrier presence in the Arabian Gulf to one (the requirement is two carriers);
- Stop Amphibious Ready Group (ARG) deployments to the Middle East / Arabian Gulf in FY14 after USS BOXER; this loses the nation's primary response force for crises such as noncombatant evacuations in Liberia and Lebanon, floods in Pakistan and Thailand and terrorism threats in Africa – all of which were addressed by ARGs in the past decade.
- Cancel five of six FY13 ship deployments (including USNS COMFORT) and stop all aircraft deployments to South America, ending efforts that interdicted hundreds of tons of illegal drugs into the U.S. in 2012;
- Cancel all ship and aircraft deployments to Africa, halting support to counter-terrorism operations on the continent during a time when terrorist affiliates are active there;
- Stop training and certification of ballistic missile defense ships, resulting in no new deployments of these ships to Europe after October 2013;
- Cancel most non-deployed operations including exercises, pre-deployment certification, and all port visits in the continental U.S.; as a result, the number of ships available for homeland defense will be reduced and it will take 9-12 months for ships that were not preparing to deploy to regain certification for Major Combat Operations;
- Stop training and certification for Carrier Strike Groups (CSG) except for the one next to deploy to the Middle East / Arabian Gulf; We will have only one additional or "surge" CSG certified for Major Combat Operations in FY13 and throughout FY14 (down from almost three on average);

- Stop training and certification for Amphibious Ready Groups (ARG), resulting in no additional or "surge" ARG certified for Major Combat Operations in FY13 and FY14;
- Freeze hiring of civilian workers and release current temporary workers, resulting in a reduction of about 2100 people from our shipyard workforce of Navy civilians;
- Plan to furlough up to about 186,000 civilians for 22 days, resulting in a 20 percent pay reduction; furloughs will affect the waiting times and responsiveness for support services and health care that are provided by Navy civilians.

On top of reductions in operations and maintenance funding, sequestration will reduce FY13 funding for each investment program (about $7.2 billion overall). In some programs, such F-35C *Lightning II,* P-8A *Poseidon* and E-2D *Hawkeye*, this reduction will compel us to reduce the number of platforms procured in FY13.

In addition to these immediate impacts, our actions in FY13 to address reductions from the CR and sequestration will begin to erode our readiness in four major ways:

Degraded material condition and expected service life of our ships and aircraft. The cancellation of maintenance for ships and aircraft will reduce their service lives, increase the likelihood of break downs and force us to pay a higher cost (premium) to make up the critical maintenance later. Should operations funding eventually become available, some ships and aircraft will be unavailable to deploy or surge because they need repairs; further, we will need to realign ship maintenance periods and repairs within an already tight operational schedule.

Sailors lacking proficiency and confidence. Cancelled training and exercises could result in some units in the fleet that, by the end of FY13, are not proficient in the basic skills necessary for

effective warfighting operations. To be effective, we need all combatants able to deploy or surge to a contingency.

A damaged industrial base. Delayed or cancelled ship and aircraft construction, cancelled maintenance and repair, and reduction of the civilian workforce will immediately impact private shipyards, aircraft and weapons manufacturers and our military industrial base. The loss of work in FY13 alone may cause some smaller suppliers and service providers to shut down. Some of these companies represent our only source of critical parts. For example, approximately 90% of our nuclear components come from "sole-source" suppliers.

Increased strain and operational tempo on our Sailors and Civilians. The reduction of ready forces will put greater stress on the Sailors assigned to ships and squadrons that are currently deployed or soon to deploy. They will operate at a higher tempo; and we are already at an extraordinary operational tempo. While military compensation is exempt from sequestration, the uncertainty of changing operational schedules and the possibility of furloughs exacts a toll on our Sailors, Civilians and their families. Despite this uncertainty, I remain committed to making sure we support our Sailors, Civilians and their Families by funding our most important missions and deployments, and Family Readiness Programs.

If Congress authorizes the Navy to transfer funds within the FY13 budget, we intend to restore our most critical operations and maintenance requirements. This will be done by taking funding from investments such as perhaps the P-8A *Poseidon*, F-35C *Lightning II* and Littoral Combat Ship – resulting in fewer of these platforms being procured in FY13.

Longer-Term Effects: A Different Fleet and a Different Strategy

In addition to sequestration for FY13, the BCA also required the lowering of the discretionary caps for FY14 through FY21. Beyond FY13, if the discretionary cap reductions are sustained for the full nine years, we would fundamentally change the Navy as currently organized, trained and equipped. As time allows, we will take a deliberate and comprehensive approach to this reduction, based on a reevaluation of the Defense Strategic Guidance. In doing so, I will endeavor to: (1) ensure our people are properly resourced; (2) protect sufficient current readiness and warfighting capability; (3) sustain some ability to operate forward by continuing to forward base forces in Japan, Spain, Singapore and Bahrain, and by using rotational crews; and (4) maintain appropriate research and development.

As I indicated last year to the Senate Armed Services Committee (SASC), given a set of fiscal circumstances under sequestration and the corresponding reduction in discretionary budget caps from FY 2014-2021, our Navy would shrink. Depending on how you look at it, the battle force could be as many as 50 ships smaller than the numbers reflected in our most recent shipbuilding plans, or 30-40 ships fewer than our current battle force, including at least two carrier strike groups. We would be compelled to retire ships early and reduce procurement of new ships and aircraft. This would result in a requisite reduction in our end strength. Every program will be affected and as Secretary Panetta noted in his 2011 letter to Senators McCain and Graham, programs such as the F-35 *Lightning II*, next generation ballistic missile submarine and Littoral Combat Ship might be reduced or terminated.

Inevitably, these changes will severely damage our industrial base. Some shipyards will not be able to sustain steady construction or maintenance operations and may close or be inactivated. Aviation depots will reduce their operations or become idle. Aircraft and weapons manufacturers

will slow or stop their work entirely. In particular, the small firms that are often the sole source for particular ship and aircraft components will quickly be forced to shut down. Once these companies and their engineers and craftspeople move on to other work, they are hard to reconstitute, sometimes impossible, at a later date when our national security demands it.

Reducing the Impact of Sequestration and the Continuing Resolution

We ask that this Congress act quickly to replace sequestration with a coherent approach to deficit reduction that addresses our national security interests. Additionally, the Department needs the Congress to pass FY13 appropriations legislation that allows the department to allocate reductions in this fiscal year in a deliberate and coherent manner to sustain current operations while meeting current obligations.

I am honored to represent about 600,000 Sailors and Civilians serving their country in the United States Navy. We understand the importance of resolving our fiscal challenges to ensure our nation's future prosperity. I look forward to working with the Congress to ensure our Navy will remain the world's preeminent maritime force while continuing to protect our nation's security and prosperity.

Mr. YOUNG. And we have met with you off and on, on that very issue of having the naval assets that all of the other services really need. So thank you very much.

General Amos, I am very, very anxious to hear from the Marine Corps, sir.

OPENING STATEMENT OF GENERAL AMOS

General AMOS. Chairman Young, Ranking Member Visclosky, Chairman Rogers, and Ranking Member Lowey, thank you for the opportunity to appear before you today to discuss the impacts of continuing resolution and sequestration on your Marine Corps. I am struck as I sit here among my colleagues, there are five of us and we represent over 180 years of service to our Nation and the defense of our Nation. We take that responsibility seriously, as you do in your Committee.

RISKS IN SEQUESTRATION

Speaking today principally as a member of the Joint Chiefs of Staff, sequestration, by its magnitude, its timing, and its methodology, will have a devastating impact on our Nation's readiness, both short term and long term. Combined with the effects of the existing continuing resolution, sequestration creates unacceptable levels of risk in four main areas. First, risk to our national strategy. Second, risk to our forces. Third, risk to our people. And lastly, risk to the United States of America.

Regarding risk to our national strategy, maintaining a sound international economic system and a just international order are the foundations of our Nation's defensive strategic guidance. The effects of disruption to this global order can be seen in volatile energy prices, fluctuating global markets, unacceptable sovereign behavior, and economic decline. Failing to provide leadership in the collective security of this global order will have significant economic consequences for the people of America. Worse, a fiscally driven lapse in American leadership and forward engagement will create a void in which old threats will be left unaddressed and new security challenges will no doubt find room to grow.

There should be no misunderstanding, the combined effects of continuing resolution and sequestration will have a deleterious effect on the stability of global order, the perceptions of our enemies, and the confidence of our allies. Sequestration viewed solely as a budget issue would be a grave mistake. In fact, it would border on irresponsibility. Our collective actions in the next few months will be scrutinized on a global stage where even the perception of a disruption of our Nation's willingness to protect its global interests can and will have strategic consequences.

Regarding risk to our forces, the linkage between resources and readiness is immediate and visible. The scale and agnostic implementation of sequestration will have devastating impacts on readiness. Sequestration will leave ships in port, aircraft grounded for want of necessary maintenance and flying hours, modernization programs canceled, and units only partially trained and reset after 12 long years of combat will be left unattended.

IMPACT ON READINESS

Because of our special role as America's crisis response force, Marines place a high premium on readiness. I have done everything within my authorities to date to preserve the tenets of a ready Marine Corps. I will continue to do so. Under continuing resolution I have kept deploying units ready, but only by stripping away the foundations of the long-term readiness of the total force.

While these short-term adaptations are possible, the enduring effects of these decisions puts the future health and readiness of the force at risk. By the beginning of next year, more than 50 percent of my tactical units will be below acceptable levels of readiness for deployment to combat. In a very real sense, we are eating our seed corn to feed current demands, leaving less to plant for the long-term capabilities of the force. This pattern inevitably leads to a hollow force, and its impacts are already being felt under the continuing resolution.

IMPACT ON PEOPLE

The most troubling and immediate risks are those that sequestration imposes on our people. Sequestration does not hurt things, it hurts our people. The qualitative edge the American servicemember takes to the battlefield is the fundamental advantage that differentiates our forces from our enemies. This qualitative combat edge will be severely eroded by the impacts of sequestration, leaving America's men and women with inadequate training, degraded equipment and reduced survivability.

While military pay and allowance have been exempted in this round of sequester, the quality of life for the all-volunteer force and their families will inevitably suffer as we reduce family programs and installation maintenance. Our civilian marines will likewise be impacted. Ninety-five percent of our civilian workforce is employed outside of the National Capital region. They are the guards at our gates, our financial experts who help build and manage our budgets, our acquisition specialists, the therapists who treat our wounded, the experts who repair our equipment, and the teachers who teach our children. The economic impact to these families and their local communities are put at risk by short-term furlough and long-term termination.

Protecting our ability to keep faith with our families and our wounded warriors is a top priority in my Marine Corps. But even this, the most sacred of responsibilities, will be increasingly placed at risk under sequestration.

In closing, allow me to articulate one more risk, the risk to our Nation. In the final analysis, sequestration potentially asks the most from those who have borne the greatest sacrifice. The effects of sequestration over the next 10 years will threaten the foundations of the all-volunteer force, putting the Nation's security on a vector that is potentially dangerous. It will dramatically shape perceptions of our government as both an employer and as a customer, thereby reducing confidence throughout our institutions. These are strategic matters that demand our immediate attention, and I urge this committee to consider the full range of risks created by this

legislation and Continuing Resolution and ask for your assistance in mitigating them to the extent possible.

Mr. Chairman, thank you. I look forward to the opportunity to answer your questions.

Mr. YOUNG. General, thank you very much.

[The statement of General Amos follows:]

Not public until released by the
House Subcommittee on Defense
Committee on Appropriations

STATEMENT OF

GENERAL JAMES F. AMOS

COMMANDANT OF THE MARINE CORPS

BEFORE THE

HOUSE SUBCOMMITTEE ON DEFENSE

COMMITTEE ON APPROPRIATIONS

THE IMPACT OF SEQUESTRATION

26 FEBRUARY 2013

Not public until released by the
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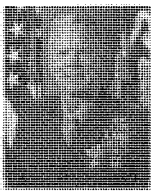
General James F. Amos
Commandant of the Marine Corps



On October 22, 2010 General James F. Amos assumed the duties of Commandant of the Marine Corps. General Amos was born in Wendell, Idaho and is a graduate of the University of Idaho. A Marine Aviator, General Amos has held command at all levels from Lieutenant Colonel to Lieutenant General.

General Amos' command tours have included: Marine Wing Support Squadron 173 from 1985-1986; Marine Fighter Attack Squadron 312 - a component of Carrier Air Wing 8 onboard USS Theodore Roosevelt (CVN-71) - from 1991-1993; Marine Aircraft Group 31 from 1996-1998; 3rd Marine Aircraft Wing in combat during Operations IRAQI FREEDOM I and II from 2002-2004; II Marine Expeditionary Force from 2004-2006; and Commanding General, Marine Corps Combat Development Command and Deputy Commandant, Combat Development and Integration from 2006 to July 2008. Additional operational tours have included Marine Fighter Attack Squadrons 212, 235, 232, and 122.

General Amos' staff assignments have included tours with Marine Aircraft Groups 15 and 31, the III Marine Amphibious Force, Training Squadron Seven, The Basic School, and with the MAGTF Staff Training Program. Additionally, he was assigned to NATO as Deputy Commander, Naval Striking Forces, Southern Europe, Naples Italy where he commanded NATO's Kosovo Verification Center, and later served as Chief of Staff, U.S. Joint Task Force Noble Anvil during the air campaign over Serbia. Transferred in 2000 to the Pentagon, he was assigned as Assistant Deputy Commandant for Aviation. Reassigned in December 2001, General Amos served as the Assistant Deputy Commandant for Plans, Policies and Operations, Headquarters, Marine Corps. From 2008-2010 General Amos was assigned as the 31st Assistant Commandant of the Marine Corps.

General Amos' personal decorations include the Navy Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit with Gold Star, Bronze Star, Meritorious Service Medal, Joint Service Commendation Medal, and the Navy and Marine Corps Achievement Medal.

Introduction

As a nation and as a department, we are entering difficult times. My fellow service chiefs and I are here to talk about the potential impacts of both the current continuing resolution (CR) and sequestration and the resulting fiscal impacts. We are here to talk about the challenges that have already presented themselves as a result of the CR, and the further disruptive impacts of pending sequestration. I think it is important, however, to start with some things that will not change. All Marines, including their Commandant, believe in the criticality of our role in the defense of our nation. Our Marines in the valleys of Afghanistan, afloat on amphibious ships, standing their posts at our embassies, and training for war at home... all remain at their posts. We are highly cognizant of the global stage upon which our collective actions will be scrutinized, and we share the concern of all that even the perception of a disruption of our nation's ability to protect its global interests will have strategic consequences.

As Commandant, I assure you that we will do everything in our power to ensure the continued security of the American people, to protect the global interests that underpin our prosperity; we will meet our responsibilities for rapid response to crisis wherever it may occur. Marines will be *always faithful* to the trust which the American people have vested in them. You have my pledge that I will do everything within my authorities to maintain that forward deployed and ready force, period. Already a lean organization, your Marines will continue to give you the best capability that can be squeezed from the resources you allocate for our nation's defense.

Resources and Readiness

Struggling under the CR funding levels for operating and investment accounts, which are much lower than the request, the prospect for even deeper reductions from sequestration in this fiscal year is alarming. There should be no misunderstanding; the combined effect of the continuing resolution and sequestration will have a significant effect on the global security climate, the perceptions of our enemies, and the confidence of our allies. In a *new normal* of brushfire instabilities, violent extremism, non-state threats and struggling sovereign entities, the role of the United States as a leader in the protection of the international order is central. The effects that our armed forces create in this global environment are measured in ready crisis response forces, ships at sea, planes in the air, partnerships on the ground and trust among our allies. In a word, our propensity to remain a global leader in a challenging world is measured in READINESS. Readiness is the aggregate of the investment in personnel, training, and equipment to ensure that units are prepared to perform missions at any given time. Our ability to project a ready force is measured by friend and foe alike. Their reactions, and the impacts on the international order upon which our prosperity and security depend, are a direct reflection of the readiness of our forces.

The linkage between resources and readiness is immediate and visible. While I think all can agree that defense resources must be highly scrutinized as our nation finds its fiscal footing, the scale and abrupt implementation of prospective resource changes have the potential for devastating impacts on readiness. This is not a temporary condition. Impacts on readiness have primary, secondary and tertiary effects. While the primary effects on short-term readiness will be observable immediately, the longer-term effects may be even more devastating. Under the continuing resolution at FY12 resource levels, I have already been forced to realign funds from longer term

activities within the O&M account to protect the short-term readiness of our combat deployed Marines, and those on the forward edge of our nation's ability to respond swiftly when crisis erupts. While these short term adaptations are possible, the short-term readiness of our current forces comes at the expense of those who will follow in their footsteps. In a sense, we are eating our 'seed corn' to feed current demands, leaving ever less to plant for the enduring security demands of the nation.

Without action from Congress to address the magnitude of defense resource changes, the abrupt nature of the imposition of reductions, and the severe inflexibility in their implementation, the nation will experience significantly degraded defense readiness. The strategic impacts will be immediate and global.

Marine Corps Readiness Degradation

The Defense Strategic Guidance remains a clear articulation of future threats, challenges, and opportunities - I continue to support its full implementation. In the event of an annualized CR, the Marine Corps faces a $406 million reduction in its Operation and Maintenance budget relative to the President's FY 2013 Budget. This will create immediate challenges in maintenance, training, and base operations accounts. Given the looming specter of sequestration in addition to the CR, we face an extended period of severely constrained spending driven by rules that provide little flexibility to efficiently apply the mandated reductions. Analyzing and applying constrained resources requires decisions now; decisions that will have strategic impact.

By the will of the 82nd Congress, the Marine Corps is mandated to be the nation's expeditionary force in readiness. Having been dubbed "America's 911 Force," we are our nation's hedge against uncertainty...a national insurance policy of sorts. As such, deployed forces, and units in training alike, are poised to swiftly respond to crisis and disaster, giving immediate options for strategic decision-makers...all while buying time for the generation of the larger joint force. We mitigate the risk inherent in an uncertain world by being ready to respond to today's crisis – with today's force – today. Even when not deployed, Marine units are required to maintain higher levels of readiness, so they can deploy on short notice. "Tiered readiness," where resources from non-deployed units are paid-forward to ensure that deployed and next-to-deploy units have sufficient personnel, equipment, and training to accomplish their mission, is a recipe for a hollow force. Over time, tiered readiness leads to an unacceptable degradation in unit readiness. This is not compatible with the ethos, role, or missions of our nation's expeditionary force in readiness.

Our Marines on the forward edge of our nation's security remain my number one priority. The forces that currently support the Afghanistan mission, those engaged in countering terrorism globally, and those preparing to go, will receive the full support they need. This has my full attention. Protection of support services for our wounded warriors and their families also remains a high priority. Our focus on deployed forces, families, and our wounded warriors, comes at a cost. Under the continuing resolution, I have been forced to degrade activities necessary to the long-term readiness of the force, such as organizational and intermediate maintenance of equipment returning to theater, to ensure the full support to our most engaged units. For forces not deploying to Afghanistan, the fuel, ammunition, and other support necessary for training

will be reduced precluding our ability to provide fully trained individuals and ready units to meet emerging crises – ultimately impacting even the Amphibious Ready Group and our Marine Expeditionary Units. The looming specter of sequestration, if not addressed, amplifies this impact. To keep our Marines in the field, we are already being forced to reduce depot maintenance of our equipment, reduce our participation in training exercises, reduce equipment buys and curtail modernization programs. Despite the constrained funding resulting from the CR and sequestration, in the next six months we will be able to continue meeting Marine Corps deployed warfighting needs and the training of next-to-deploy forces. Between six and twelve months, however, we'll continue to decrement readiness accounts with ever increasing erosion of home station unit readiness and force modernization, and begin to show small impacts in next-to-deploy forces. Beyond 12 months we will see a real impact to all home station units (e.g. fixed wing squadrons will have on average only four of twelve assigned aircraft on the ramp due to aviation depot shutdowns) and the beginning of impacts to our next-to-deploy and some deployed forces – in all a slide to a hollow force we have fought so hard to avoid.

It is important to note that sequestration has significant impacts well beyond this current year. Viewing sequestration and its impact solely in FY13 abrogates our responsibility to ensure long-term readiness of the force. The Marine Corps manages the long-term health and readiness of the force by balancing resources across five broad pillars: high quality people, near-term unit readiness, capability and capacity to meet Combatant Commander requirements, infrastructure sustainment, and equipment modernization. Maintaining balance across all five of these pillars is critical to achieving and sustaining Marine Corps readiness. Actions we are being forced to take to ensure our short-term readiness (e.g. transferring facilities sustainment funding to support operations and equipment maintenance) are creating an imbalance across these pillars and will result in both near and far-term readiness shortfalls. The entirety of your Marine Corps' ground material modernization investment accounts for this FY contains only $2.47 billion, comprising a mere 12% of our baseline budget. Due to our small numbers, further reductions in the ground investment accounts, although perhaps proportional to the other services, will have disproportional impact on Marine Corps readiness, especially as it pertains to limited essential modernization.

Marine Corps readiness is at a tipping point in the sense that our ability to rebalance funding from long-term investments to short-term readiness is becoming unsustainable. By the end of calendar year 2013, less than half of our ground units will be trained to the minimum readiness level required for deployment. The impact on our aviation units is not any better. Only two thirds of our aviation combat units will be at readiness levels required for overseas deployment; decreased readiness will compound in 2014 and beyond. In order to maintain our forward deployed "fight tonight" units at acceptable readiness levels, we will fall well below the minimum number of flight hours at home necessary to retain minimum safe flight standards and warfighting capabilities. We will have to reduce our Theater Security Cooperation and exercise support by 30% in the Asia Pacific region, opening the door to those who would gladly take our place in global leadership. In doing so, we will markedly limit bilateral and multi-lateral engagement opportunities, thus putting our credibility at risk with our allies and partners. The void left by our "actual absence," where we may be needed most, will be filled by somebody…some other nation or entity.

Containing the Damage

We have worked diligently to mitigate the effects of the CR, slowing the rate of expenditures across our accounts to ensure sufficient funding for the entire fiscal year and to better prepare for the potential effects of sequestration. Our task has been made more challenging by the ever increasing demand for Marines. A resumption of the Marine Unit Deployment Program in the Pacific has reestablished a key component of the nation's stabilizing presence in the Asia Pacific region. The establishment of a rotational presence of Marines in Darwin, Australia has already had a positive impact on the confidence of our allies and our ability to respond to crises in the South and Southeast Asian littoral. The planned ramp-up of Marine security forces for our embassies and consulates is a necessary artifact of the "new normal." Marines are in high demand to support the growth of special operations and cyber forces as well. Together, the increased requirement for Marines around the globe, combined with the reduced funding associated with an annualized CR, has created a Marine Corps funding shortfall of $945 million in FY13.

To preserve the ability to operate throughout the entire fiscal year and prevent immediate reductions in depot workforce, cyber activities, base security, and ongoing training and exercises we reallocated second quarter fiscal resources from lesser priority funding. We have curtailed all but mission-essential travel and conferences. We have slowed expenditure rates below those required to maintain our current readiness levels, and have reduced depot funding and facilities sustainment, restoration and modernization spending. We have delayed major contracting actions until later in the fiscal year, where feasible, to give us a hedge against our worst-case fiscal scenario – CR and sequestration. Had we not taken these actions, we would have exhausted our operations and maintenance resources in early to mid-August with no way to pay for even our deploying and next-to-deploy forces' readiness.

As an example of our funding slow down, we are delaying obligation of MRAP support funding as we validate essential operational requirements. We reduced civilian personnel budget caps and allowed commanders to determine priority hiring within these reduced spending levels, even though they are still recovering from a previously instituted 14-month long Marine Corps wide hiring freeze in 2011 and 2012. This funding reduction reduced planned civilian personnel expenditures by $38 million and will result in the Marine Corps being approximately 400 civilians short of our intended FY 13 civilian workforce end strength. Some essential programs at our bases and stations, such as our Wounded Warrior programs, will continue while other, less critical programs such as Tuition Assistance and Off Duty Education are reduced or eliminated as the resources necessary to maintain faith with our Marines and their families are used to fund readiness. While no decisions on furloughs have been made, we have published guidance across the Marine Corps to plan for reduction in temporary and term employees, and for potential furloughs of civilian personnel. The potential extensive and deleterious human and family effects associated with furloughing our civilian Marines are unthinkable, but in the event they are unavoidable, we must do prudent planning. Beyond the individual impact of furloughs to our civilian Marines, the impact on everything from readiness at Marine Special Operations Command, the readiness impacts at our Depots and our bases and stations, to the readiness impacts on our Wounded Warrior and family programs is significant. Our civilian Marines are not simply headquarters staff personnel in the Pentagon. Rather, 95% of our civilian workforce

comes to work every day outside the National Capitol Region and performs invaluable functions that keep our Marine Corps ready and contribute directly to our warfighting effectiveness.

Although barely sufficient to mitigate the immediate impacts of an annualized CR, these actions are in no way sufficient to cover the additional fiscal impact of sequestration in FY13. Sequestration is expected to impose nearly an additional billion dollars in resource reduction to the Marine Corps this year. This will drive irreversible readiness impacts, especially when viewed through a long-term lens. The inflexibility of sequestration and discretionary cap reductions in the Budget Control Act of 2011, if allowed to occur, would trigger cascading cuts in our operating budgets through 2021. Many initiatives will be unfunded or underfunded given our potential resourcing levels. Here are some specific examples of actions I will be forced to take due to the combined effects of the CR and sequestration:

- Reduce depot funding to 27% of the identified requirement, thus decreasing throughput of depot level maintenance for organizational equipment, and delaying our ability to reset war-torn equipment by eighteen months or more
- Park over eighty aircraft as depot maintenance schedules are stretched out
- Reduce support to theater geographic combatant commander requirements for shaping their theaters, responding to crisis and preventing conflict
- Reduce participation in multi-national training exercises, degrading one of the most effective investments in building partner nation capacity
- Degrade training for deploying units due to lack of fuel, equipment and spare parts
- Cut ammunition allocations for gunner certification and training
- Cut flight hours available for pilot proficiency, safety, and certification
- Reduce facility maintenance to 71% of the requirement
- Delay Marine Corps contributions to Joint special operations and cyber forces
- Further reduce an already thinned civilian workforce
- Severely curtail or extend acquisition programs
- Reduce organizational activities including recruiting, range-maintenance, family-housing maintenance and quality of life enhancements for military families
- Curtail safety and base security investments
- Cut educational investments in the human capital of our uniformed and civilian workforce
- Reprioritize an entire year of Military Construction projects into FY 14 and beyond. Given the current fiscal limitations, some could be delayed or deferred or may be cancelled. When reductions in facilities sustainment are compounded with the inability to execute our planned Military Construction program for FY 13, we are faced with a situation where we have severely impacted planned aviation unit lay-downs associated with the MV-22 and F-35B, as well as other critical projects at home and in the Pacific.
- Delay major procurement programs such as Ground/Air Task Oriented Radar, Joint Light Tactical Vehicle, and Amphibious Combat Vehicle resulting in the possibility of Nunn-McCurdy breaches, Initial Operational Capability delays, and increased unit and total program cost.
- Cancel major multi-year procurements such as the MV-22 and incur greater cost and program delay in future program buys

Congressional Action

I have identified the very real impacts of the CR and the potential further impacts of sequestration. Congress can take actions in three areas that can lessen the impact and hopefully make less draconian implementation of reductions to the defense program:

- Review the magnitude of the total Defense reductions over the ten years of sequestration and ensure the impacts to readiness and a sustainable national defense are well understood and strategically acceptable;
- Pass a FY 13 appropriation bill that ameliorates to the greatest extent possible the adverse impacts of the continuing resolution; and
- If a FY 13 appropriation bill is unachievable, enhance the ability of the Services to optimize continued readiness under the current resource caps by allowing for reallocation or re-baselining of funds in the annualized CR, and include the ability to execute critical multi-year procurements such as the MV-22 and provide for FY 13 military construction projects

As part of either a FY 13 appropriation or an annualized CR, it will be necessary to arrest extra inflationary personnel cost growth in order to maintain a balanced portfolio and a capable force. Recently, the Joint Chiefs of Staff offered a number of well-developed and thoughtful proposals to slow or reduce the growing cost of our personnel accounts. I urge you to review these proposed adjustments to pay raises, housing entitlements, tuition assistance and TRICARE premiums. We must consider these critical cost reducing actions in order to continue to meet the nation's defense requirements, take care of our people, and do so in a manner that retains the most ready, sustainable and capable all volunteer force we have had across the proud history of this nation.

Conclusion

Our actions to resource the defense of our national and global interests will have strategic consequences. Our foes, cunning and adaptive, watch carefully for any decline in American ability or willingness to lead in a partnered global order that supports the common good. The continued prosperity and security interests of our nation are dependent on resourcing long-term success.

While Congress and this committee carefully executes their responsibility to validate every tax-payer dollar they appropriate to our nation's defense, I can assure you that the Marine Corps will continue to uphold our share of this responsibility as a sacred trust. Our reputation as the "frugal force" comes from an ethos that values both high combat readiness, and careful stewardship. The Marine Corps will ask only for what it needs, not for what it wants. I am committed to building the most ready Marine Corps that the nation can afford. The current fiscal uncertainty and the implementation restriction of sequestration prevent realizing this commitment and threaten to force our retrenchment from those global issues and areas that are still of critical importance to America. Working together, we can map out a resource strategy that protects our global interests as a nation, keeps faith with our service-members, and provides the greatest value to the American people. I thank you for the opportunity to engage in this dialogue, for your service to our nation, and for your continued support to your Marines. Semper Fidelis.

Mr. YOUNG. Your emphasis on the word "risk" is something that you and I have talked about for quite some time. We have got to get rid of the risk and the uncertainty as it relates to our national defense. And I can tell you that, having worked on this committee for a long, long time, we want to eliminate those risks. As I said earlier, we are trying to get our message through, and what you all are telling us today is helping with that effort to break the wall and get the message through. Thank you so very, very much.

General Welsh.

OPENING STATEMENT OF GENERAL WELSH

General WELSH. Thank you, Mr. Chairman, Ranking Member Visclosky, and members of the committee for allowing us to attend this hearing. All of us consider it an honor to be here. Chairman Rogers, for you and Ranking Member Lowey, thank you so much for the additional privilege of appearing before you. I would also like to add my thanks to this subcommittee and to the greater committee for the tremendous work you have done over time in supporting our military forces. You understand the context of this discussion which, is why I think we are happy to be here today.

I agree with everything you have heard already and I will not belabor the points that have been made. Sequestration will have an abrupt and alarming impact on people, readiness, infrastructure, and eventually on modernization in the Air Force. For us it represents a potential $12.4 billion top line reduction in fiscal year 2013 and, of course, affects every account and every program. If it occurs, it will significantly undermine your Air Force's readiness and responsiveness today, it will significantly impact our civilian workforce in the coming months, and its impact on modernization will clearly affect our future capability.

FURLOUGHS

The arbitrary cuts will force an involuntary 20- to 22-day furlough for up to 180,000 Air Force civilians, and what that means to me is 31.5 million man-hours of lost work in specialized skills and expertise for the remainder of this fiscal year, not to mention the personal impact on those individuals and their families.

LOSS OF FLYING HOURS

It will also result in a loss of over 200,000 flying hours. Now, that does not mean a lot to people. Let me explain to you what that means in operational terms. We will protect flying operations in Afghanistan and in other contingency areas, we will protect nuclear deterrence and initial flight training, but roughly two-thirds of our Active Duty combat air forces will begin scaling down home station training beginning in March and they will drop below acceptable readiness levels, by our definitions, by mid-May, and most will be completely non-mission capable as a unit by July requiring at least 6 months to return to the present training levels beginning in October, assuming the funding to do so.

It will also cut 30 percent of our remaining weapon system sustainment funds, which means it will postpone almost 150 air-

craft and 85 engines from depot inductions, creating a backlog that can take years to recover from, as you well know.

Strategic agility and responsiveness require a high state of readiness from your Air Force. Sacrificing that readiness jeopardizes the many strategic advantages of air power that this Nation enjoys. Sequestration will have an almost immediate effect on our ability to respond to multiple concurrent operations around the world, something we have been asked to do alongside our sister services many times in the past.

LONG TERM IMPACT

Longer term, beyond this year, sequestration cuts Air Force modernization programs, will impact every one of them. These program disruptions will over time cost more taxpayer dollars to rectify contract restructures, program inefficiencies, raise unit costs, and delay delivery of validated capability to the warfighters in the field.

The Air Force, of course, is long overdue for reconstitution following 2 decades of wars. Our inventory still includes aircraft from the 1950s and our force is as small as we have ever been since becoming a separate service in 1947. And now we find ourselves stuck in the unenviable trade space between readiness and modernization, and we need your help to get out.

I urge you to do all that is necessary to avert the arbitrary cuts of sequestration and pass an appropriations measure for the current fiscal year. But if sequestration is inevitable, then I heartily applaud the efforts that we have already heard about this morning to at least grant us whatever flexibility is possible in terms of reprogramming authority, relief from measures like the depot 50–50 rule, the 80–20 rule, and other restrictions that limit our flexibility to mitigate the significant impacts of both sequestration and a year-long continuing resolution. This is clearly an unusual budget environment and I believe unusual measures are worth considering this year.

Thank you again for allowing us to be here, and I look forward to your questions.

Mr. YOUNG. General, thank you very much for your statement.

[The statement of General Welsh follows:]

United States Air Force

Presentation

Before the House Appropriations
Committee, Subcommittee on Defense

Impacts of Sequestration and a Full-Year CR

Witness Statement of
General Mark A. Welsh III
Chief of Staff, United States Air Force

February 26, 2013

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BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL MARK A. WELSH III

Gen. Mark A. Welsh III is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipping of 690,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Welsh was born in San Antonio, Texas. He entered the Air Force in June 1976 as a graduate of the U.S. Air Force Academy. He has been assigned to numerous operational, command and staff positions. Prior to his current position, he was Commander, U.S. Air Forces in Europe.

EDUCATION
1976 Bachelor of Science degree, U.S. Air Force Academy, Colorado Springs, Colo.
1984 Squadron Officer School, by correspondence
1986 Air Command and Staff College, by correspondence
1987 Master of Science degree in computer resource management, Webster University
1988 Army Command and General Staff College, Fort Leavenworth, Kan.
1990 Air War College, by correspondence
1993 National War College, Fort Lesley J. McNair, Washington, D.C.
1995 Fellow, Seminar XXI, Massachusetts Institute of Technology, Cambridge
1998 Fellow, National Security Studies Program, Syracuse University and John Hopkins University, Syracuse, N.Y.
1999 Fellow, Ukrainian Security Studies, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.
2002 The General Manager Program, Harvard Business School, Harvard University, Cambridge, Mass.
2009 Fellow, Pinnacle Course, National Defense University, Fort Lesley J. McNair, Washington, D.C.
2009 Leadership at the Peak, Center for Creative Leadership, Colorado Springs, Colo.

ASSIGNMENTS
1. August 1976 - July 1977, Student, undergraduate pilot training, Williams Air Force Base, Ariz.
2. July 1977- January 1981, T-37 Instructor Pilot and class commander, Williams AFB, Ariz.
3. January 1981 - May 1981, Student, fighter lead-in training, Holloman AFB, N.M.
4. May 1981 - August 1981, Student, A-10 training, Davis-Monthan AFB, Ariz.
5. August 1981 - May 1984, Instructor pilot, Flight Commander and wing standardization and evaluation Flight Examiner, 78th Tactical Fighter Squadron and 81st Tactical Fighter Wing, Royal Air Force Woodbridge, England
6. May 1984 - June 1987, Commander, Cadet Squadron 5, later, executive officer to the Commandant of Cadets, U.S. Air Force Academy, Colorado Springs, Colo.
7. June 1987 - June 1988, Student, Army Command and General Staff College, Fort Leavenworth, Kan.
8. June 1988 - October 1988, Student, F-16 conversion training, Luke AFB, Ariz.
9. October 1988 - July 1992, Operations Officer, 34th Tactical Fighter Squadron, later, Commander, 4th Tactical Fighter Squadron, Hill AFB, Utah
10. July 1992 - June 1993, Student, National War College, Fort Lesley J. McNair, Washington, D.C.
11. June 1993 - June 1995, Chief, Defense and Space Operations Division, Operations Directorate (J3), Joint Staff, the Pentagon, Washington, D.C.
12. June 1995 - April 1997, Commander, 347th Operations Group, Moody AFB, Ga.
13. April 1997 - June 1998, Commander, 8th Fighter Wing, Kunsan Air Base, South Korea
14. June 1998 - June 1999, Commander, College of Aerospace Doctrine, Research and Education, Maxwell AFB, Ala.
15. June 1999 - September 2001, Commandant of Cadets and Commander, 34th Training Wing, U.S. Air Force Academy, Colorado Springs, Colo.
16. September 2001 - April 2003, Director of Plans and Programs, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, Germany
17. April 2003 - June 2005, Director of Global Power Programs, Office of the Assistant Secretary of the Air Force for Acquisition, Headquarters U.S. Air Force, Washington, D.C.
18. June 2005 - June 2007, Deputy Commander, Joint Functional Component Command for Intelligence, Surveillance and Reconnaissance, U.S. Strategic Command, Bolling AFB, Washington, D.C.
19. July 2007 - August 2008, Vice Commander, Air Education and Training Command, Randolph AFB, Texas
20. August 2008 - December 2010, Associate Director of the Central Intelligence Agency for Military Support/Associate Director for Military Affairs, Central Intelligence Agency, Washington, D.C.
21. December 2010 - July 2012, Commander, U.S. Air Forces in Europe; Commander, Air Component Command, Ramstein Air Base, Germany; and Director, Joint Air Power Competency Center, Ramstein Air Base, Germany
22. August 2012 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

SUMMARY OF JOINT ASSIGNMENTS
1. June 1993 - June 1995, Chief, Defense and Space Operations Division, Operations Directorate (J3), Joint Staff, the Pentagon, Washington, D.C., as a lieutenant colonel and a colonel
2. June 2005 - June 2007, Deputy Commander, Joint Functional Component Command for Intelligence, Surveillance and Reconnaissance, U.S. Strategic Command, Bolling AFB, Washington, D.C., as a major general
3. August 2008 - December 2010, Associate Director for Military Affairs, Central Intelligence Agency, Washington, D.C., as a major general and a lieutenant general
4. December 2010 - July 2012, Commander, U.S. Air Forces in Europe; Commander, Air Component Command, Ramstein Air Base; and Director, Joint Air Power Competency Center, Ramstein Air Base, Germany, as a general

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: More than 3,300
Aircraft flown: F-16, A-10, T-37 and TG-7A

MAJOR AWARDS AND DECORATIONS
Defense Distinguished Service Medal with oak leaf cluster
Distinguished Service Medal with oak leaf cluster
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with oak leaf cluster
Distinguished Flying Cross with oak leaf cluster
Meritorious Service Medal with two oak leaf clusters
Air Medal with oak leaf cluster
Aerial Achievement Medal
Joint Service Commendation Medal
Air Force Commendation Medal

EFFECTIVE DATES OF PROMOTION
Second Lieutenant June 2, 1976
First Lieutenant June 2, 1978
Captain June 2, 1980
Major May 1, 1985
Lieutenant Colonel June 1, 1989
Colonel Feb. 1, 1994
Brigadier General Aug. 1, 2000
Major General Aug. 1, 2003
Lieutenant General Dec. 9, 2008
General Dec. 13, 2010

(Current as of August 2012)

America's Air Force strives daily to be *The World's Greatest Air Force—Powered by Airmen, Fueled by Innovation.* However, the threat of sequestration continues to overshadow that vision, as well as the Department of Defense's efforts to organize, train, equip, and employ America's armed forces in the defense of our Nation, her allies, and her ideals. Designed as a forcing function to spur meaningful fiscal solutions for our country, sequestration has instead exerted incredible short- and long-term planning disruptions upon the military Services. It now threatens to carve crucial capability from America's military without thoughtful consideration of changes in the strategic environment, our Nation's defense strategy, or the conscious assumption of risk in the military instrument of national power.

For the United States Air Force, the effects of sequestration equate to a potential $12.4 billion topline budget reduction, affecting every non-exempt account and program. Coupled with a potential year-long continuing resolution and an estimated $1.8 billion shortfall in overseas contingency operations funding due to higher than anticipated costs in theater, reductions of this magnitude have already driven disruptive actions in the near-term, and promise devastating impacts over the long-term.

We face three separate, but interrelated budget mechanisms next month that taken together jeopardize the Air Force's ability to fulfill its role in the Nation's current defense strategy. The sequestration order that may be issued on March 1, 2013, along with a second sequestration due to a breach in the fiscal year 2013 discretionary caps scheduled for March 27, together with the budget shortfall in operating accounts to support overseas contingency operations and a protracted continuing resolution, all combine to render us unable to continue our current and expected level of operations. If these budgetary limitations occur, they will significantly disrupt the Air Force civilian workforce, undermine the Air Force's readiness and responsiveness, and delay necessary infrastructure improvements today, while also—by hobbling modernization efforts—mortgage the Air Force's future health for years to come.

People

As the current fiscal year approaches the halfway mark and the issue of FY13 funding remains unresolved, the Air Force and the other military Services have instituted many near-term cost-saving actions to provide as much fiscal flexibility as possible in the coming months. As directed by Deputy Secretary of Defense Carter's January 10, 2013, guidance memorandum "Handling Budgetary Uncertainty in FY13," these actions attempt to minimize adverse effects on Airmen and their families, protect unit readiness, and are to some degree "reversible" if the budgetary environment stabilizes. Nonetheless, these significant near-term actions have already induced turbulence into daily operations, future planning, and the lives of Airmen and their families.

The Air Force implemented a civilian hiring freeze, effective January 16, 2013. This practice drives capability gaps across the force and slows the Air Force's ability to provide trained civilian Airmen to manage the nuclear enterprise, sustain investments in the intelligence community, and maintain and operate our joint and Air Force bases. In a typical month, we experience a net gain of 77 civilians to perform these types of functions through normal external hiring processes.[1] The Air Force is also releasing temporary employees and not renewing the appointments of term employees unless their positions are deemed mission critical. This will impact up to 990 temporary employees, 2,160 term employees, and 260 re-employed annuitants who were specifically re-hired from retirement status for their expertise to perform specialized tasks. These releases also generate mission gaps, requiring the use of military personnel to cover the workload of the civilian positions vacated.

Longer term, should sequestration occur, the Air Force expects to furlough up to 180,000 civilian Airmen involuntarily. Although the Department of Defense has not yet issued specific guidance, we anticipate the loss of 22 working days for each civilian Airman between mid-April and September 30, 2013. The operational impacts will be particularly severe in those parts of the Air Force that rely most heavily on civilians, like our depots, the space and cyber workforce, and some of our flying training bases.[2] For example, at Laughlin AFB, Texas, the Air Force's largest pilot producer in fiscal year 2012,[3] civilian Airmen comprise the entire maintenance and simulator instructor workforce. A twenty percent reduction in that base's ability to maintain jets and train student pilots will slow vital pilot production, an issue that always requires careful management. In terms of Airmen and family support, 70 percent of existing sexual assault response coordinators (SARCs) and 84 percent of installation victim advocates (VAs) are currently civilians. A prolonged civilian hiring freeze and the prospect of lengthy furloughs will likely disrupt and delay the Air Force's current positive trajectory to ensure at least one SARC and one VA at every installation by October 1, 2013, as directed by the fiscal year 2012 National Defense Authorization Act.

Sequestration will also adversely impact civilians in the Air Force Reserve component. The Air Force Reserve civilian workforce, including dual-status Air Reserve Technicians, constitutes over 80 percent of the full-time support personnel responsible for daily operations in the Reserve component. Although the dual-status nature of their positions may afford some latitude regarding the expected civilian furloughs across the Department of Defense, we expect mission capability gaps nonetheless. Similarly, and although only the state Adjutants General can direct the furlough of Title 32 Air National Guard dual-status technicians, we expect states

[1] For example, the Air Force may hire 1,500 civilians external to the Service a particular month, while also seeing 1,423 departures, retirements, etc.

[2] Air Force depots employ approximately 24,000 civilian Airmen. 50 percent of the Air Force space and 40 percent of the Air Force cyber workforces are comprised of government or contracted civilian Airmen.

[3] 358 Laughlin AFB undergraduate pilot training graduates in FY12

may find National Guard civilian technician furloughs necessary to function within reduced civilian pay budgets.

The potential for civilian furloughs goes far beyond the 31.5 million man-hours of productivity we will lose—it also hits each individual with a 20 percent loss in pay over a nearly six-month period, and it breaks faith with an integral and vital element of the Air Force family.

Readiness

Decreasing force structure and high operations tempo since 2001 have combined to increase stress on all the Services, and Air Force readiness levels have declined steadily since 2003. We have already been forced to put full-spectrum training on the back-burner to support the current fight, and now the arbitrary nature of sequestration threatens to put us even further into a readiness deficit. The Air Force's global range, speed, flexibility, and precise striking power are what make it one of America's premier asymmetric advantages. That strategic agility and responsiveness require a high state of readiness across the Total Force to meet the requirements of the Defense Strategic Guidance—the Air Force cannot execute the defense strategy from a tiered-readiness posture. Continuing to sacrifice Air Force readiness jeopardizes the many strategic advantages of airpower, and as the Service chief charged with strengthening and advising on America's Air Force, I cannot stress strongly enough the devastating effects of remaining on that path.

In order to plan prudently for possible sequestration and a full-year continuing resolution, we have already reduced funding allocations for our Major commands by approximately 10 percent on an annual basis for fiscal year 2013, or approximately 22 percent of their remaining funds. All flying not directly related to readiness is being reviewed for necessity, while also weighing the international partnership impacts of withdrawing from high-profile events. Supply purchases are limited to essential fiscal year 2013 consumption only, which will drive a bow-wave of maintenance supply requirements beyond the fiscal year as long-term needs remain unordered. This practice will most affect operations at remote locales, where supply chain delays exert the greatest impact when vital parts are not available on-station. The commands are also de-scoping or incrementally funding contracts for fiscal year 2013 only, particularly in the areas with the most flexibility, such as construction, facility support, information technology, and knowledge-based services. Unfortunately, these are also the areas where small business contracts typically thrive, and we anticipate a significant hit to our small business prime contractor base beyond the three percent decline we have already seen since the beginning of fiscal year 2013.

Commanders across the Air Force major commands have already cancelled staff assistance visits, inspections, conferences, symposia, and training seminars not deemed mission critical. Some of these cancellations translate into increased operational risk that will compound over time as units delay much-needed compliance inspections, while others will drive

non-support of some combatant command-directed activities such as providing maritime monitoring for counterdrug detection and interdiction for U.S. Southern Command. Other travel cancellations delay required certifications for specialized career fields like firefighters and explosive ordnance disposal specialists. A $53 million reduction in specialized training of this type could postpone the promotions of over 8,000 Airmen, and reduces the number of certified personnel in those career fields to critical levels.

Should sequestration occur, the AF will lose 203,000 flying hours over the remainder of the fiscal year, the consequence of an 18 percent reduction of the fiscal year's total budget, or about 30 percent of remaining funds. Because the Air Force must prioritize and continue to fly operational flights in support of ongoing named operations, nuclear preparedness, presidential support, and initial qualification training pipelines, many of the flight hours that must be eliminated will come from other combatant commander requirements such as theater security cooperation packages and continuous bomber presence missions in the Pacific, joint and coalition exercises,[4] and the cancellation of important advanced tactical training such as the Weapons Instructor Course. Beyond the readiness impacts of the flying hour reduction, relationships and continued interoperability training with many key partners and allies around the world will also be adversely affected.

The remainder of the lost flight hours, those most vital to aircrew proficiency and currency, will come from the training side of the equation. Those combat air force units not expected to deploy—the majority of fighter and bomber units—will only continue to fly until unit-level depletion of their flying hour funds, which could occur as early as mid-May 2013. Mobility air forces will experience training degradations in airdrop and air refueling, affecting both joint and international partners, with unit operations and maintenance funds potentially running out in July 2013. The U.S. Army could see the loss of over 21,000 airdrop training jumps, and airlift support to interagency and congressional senior leader travel would drop to the absolute minimum.

Unit stand downs produce severe, rapid, and long-term unit combat readiness degradation. Within 60 days of a stand down, affected units would be unable to meet emergent or operations plans requirements. Lost currency training would require six months to a year—starting from October 1, 2013—to return to current sub-optimal levels, with desired flying proficiency for crewmembers requiring even longer. This restoration would require additional funding beyond expected fiscal year 2014 levels, necessitating further cuts in other areas.

The Air Force pilot training pipeline is particularly sensitive to these types of disruptions. On April 1, 2013, Air Education and Training Command will curtail advanced flight training

[4]Joint and international exercises like COPE TIGER, RED FLAG, GREEN FLAG, TALISMAN SABER, COMMANDO SLING, COPE WEST, and NORTHERN EDGE would likely be cancelled.

courses,[5] freeing up resources necessary to protect initial qualification flight training. Despite those actions, initial qualification flight training[6] may also stand down in late August or early September 2013, depending upon the impact of civilian Airmen furloughs. The cascading effects of stoppages like these could result in future pilot shortages that could take over a decade to remedy.

Sequestration will also affect weapons system sustainment by deferring 30 percent of the remaining depot maintenance in the current fiscal year, representing about 18 percent of the fiscal year's total effort. These depot delays affect over 30 aircraft types and weapons systems across the Total Force and will require the grounding of some of the affected aircraft.[7] The deferments equate to a 33 percent depot workload reduction, resulting in idled production shops, a degradation of workforce proficiency and productivity, and corresponding future volatility and operational costs. Full restoration of depot workforce productivity and proficiency can take two-to-three years to recover. Most importantly, all of this deferred maintenance simply slides all future work to the right, further delaying functional, safe equipment to the warfighter. Full recovery from this kind of depot pipeline disruption could take longer than five years.

In our space portfolio, sequestration will force the elimination of some system redundancies as well as other preventative maintenance actions designed to minimize risk. Some radar sites[8] will only operate eight hours per day rather than the standard 24 hours, removing valuable missile warning and space surveillance tracking redundancy across the entire system. The reduced capacity will also limit our ability to track the smallest of near-earth orbit debris during the affected periods. The Defense Satellite Communications System would also see sustainment reductions of 75 percent, placing that system in a "fly-to-fail" mode that will likely shorten the on-orbit life span of these older generation satellites, with corresponding potential global military communications disruptions. All of these longer-term impacts from sequestration negatively affect Air Force full spectrum readiness at a time when we have been striving to reverse a ten-year declining trend in this critical area.

[5] Such as pilot requalification, instructor upgrade, and aircraft commander upgrade courses

[6] Such as undergraduate pilot training, introduction to fighter fundamentals, and navigator/combat systems officer courses

[7] Sequestration will induce 146 depot delays, including 118 from the Air National Guard, affecting over 30 aircraft types and weapons systems, including the C-17, C-130, F-15, F-16, KC-135, B-52, A-10, HH-60, RC-135, U-2, and E-8 JSTARS. 85 engines will also be pulled from service, including 65 engines from the Air National Guard.

[8] Cavalier AFS, Eareckson AFB, and nine Air Force Space Surveillance System sites across the U.S.

Infrastructure

To plan for the possibility of sequestration and a year-long continuing resolution, the Air Force has already deferred all non-emergency facility sustainment, restoration, and modernization projects across its installations, amounting to a 50 percent reduction in annual spending in this area, or a 90 percent reduction in planned spending for the remainder of the fiscal year. These delays affect dozens of restoration, modernization, sustainment, and demolition projects at dozens of installations nation-wide and overseas, including six airfield-specific projects such as runway or taxiway repair. Dormitory upgrade and repair projects are also delayed, as are many energy-saving initiatives at multiple installations.[9] Although these near-term facility actions are technically "reversible," they also magnify already-verified infrastructure risks, invite more costly repairs once conducted in the future, and bring economic hardship upon the civilian workforce in the affected communities.

Some of these deferments elevate operational risk by interrupting runway or nuclear enterprise sustainment, while others require us to maintain unneeded and energy-inefficient infrastructure—all will require additional future funding to rectify. Deferred repair generally costs 15-30 times more than the expense of timely and preventive maintenance, and the necessity to retain unneeded infrastructure can add up to $4 million per year in avoidable costs. Relative to the nuclear enterprise, pushing off identified infrastructure improvements will also elevate risk to Intercontinental Ballistic Missile payload transporters and transporter erectors due to failing pavements and inadequate fire detection and suppression systems. Missile silos will remain overly-vulnerable to water intrusion, and weapons storage areas will continue to function with antiquated security systems. Delayed infrastructure improvements like these only worsen should we continue to operate under a continuing resolution—20 military construction projects totaling $357 million scheduled for fiscal year 2013 will not begin, including F-35 beddown actions, MQ-9 maintenance hangar and flight simulator construction, and upgrades to dormitories and sanitation systems.

Modernization

If the Air Force executes all of its current, near-term actions already initiated in anticipation of sequestration for the remainder of the fiscal year, we will generate spending reductions of about $2.9 billion of the total anticipated reductions required by sequester. Longer-term actions we expect to implement should sequestration occur will achieve an additional $3.4 billion of the projected reductions, driving the remaining costs into Air Force

[9] 93 restoration and modernization projects at 52 installations nation-wide and overseas, 14 sustainment projects at 12 installations, and 82 demolition efforts across 39 locations have been delayed. Twelve dormitory upgrade and repair projects affecting 1,195 dorm rooms for Airmen at nine installations are also delayed, as are 220 energy focus fund projects at 70 installations, as well as some installation moves toward utility privatization and automated metering.

modernization and investment accounts, effectively mortgaging our future health to pay today's avoidable bills.

These sequestration cuts to Air Force modernization investments, if applied at the program, project, and activity level as planned, impact every one of the Air Force's investment programs. Coupled with a year-long continuing resolution, sequestration disrupts weapons system program strategies, cost, and schedules, creating significant impact across the Future Years Defense Program. For example, the F-35A low rate initial production would see reductions of at least two aircraft from the requested 19 in fiscal year 2013. Such potential reductions not only drive up unit costs—resulting in fiscal year 2014 production funding shortfalls—they also delay follow-on software and flight testing. Test and evaluation delays could increase total test costs across all programs, and delay delivery of critical capability to U.S. servicemen and women in the field, as well as to international partners. F-35A production reductions could also discourage partner nations from continuing in the program should they be unable to tolerate additional costs or delivery delays.

Under the continuing resolution, our innovative acquisition strategy for complex space systems—efficient space procurement—is also at risk by jeopardizing cost efficiencies. For example, an estimated $1 billion in savings within this strategy for the Space Based Infrared Radar System would be lost, with no funds budgeted in the out years to recover the program. The KC-46 contract may require re-negotiation in a sole-source environment, which would unquestionably insert additional expense and delay into the carefully-crafted program. Without "new start" authority, the MQ-9 remotely-piloted aircraft would experience a year delay to planned kinetic and encrypted datalink communications upgrades. The C-band radar delivery to Australia would experience a similar delay, prolonging an identified gap in the southern hemisphere to detect, track, identify, and characterize potential threats in the space domain. The CV-22 multi-year program would also be delayed, with the entire contract voided on July 1, 2013 should we not receive the necessary appropriations authority to award the contract.

Each of these long-term investment account disruptions negate thousands of man-hours spent on planning, implementing, and managing complex programs intended to best balance the efficiency of taxpayer dollar expenditure with the effectiveness of capability creation. Inflicting a sledgehammer blow to the planned execution of these programs through the combined effects of the March 1 sequestration and a year-long continuing resolution disrupts that precious balance, and jeopardizes many programs that will feature prominently in the Nation's re-balance to the Asia-Pacific theater. Over time, more taxpayer dollars will be spent to address the contract re-structures and program inefficiencies caused by sequestration. Further delivery delays of validated capabilities infused with perishable technologies will only accelerate the erosion of our already-shrinking asymmetric advantage.

Considerations for the Future

None of the actions the Air Force has taken in anticipation of sequestration have been easy, but the actions that will be necessary should it occur would be devastating. The combined effects of sequestration and a year-long continuing resolution will generate substantial risk throughout Air Force personnel, readiness, infrastructure, and modernization programs, severely restricting the Air Force's ability to fulfill its role within the current Defense Strategic Guidance. Although we will make every effort to minimize the impact of any and all budgetary constraints, sequestration—in any form—will generate painful, palpable, and ultimately pricey disruptions to each of these areas. Additionally, to better position the Air Force to meet the many challenges of providing the effective airpower America expects, further base re-alignment and closure authority would generate significant infrastructure savings that might alleviate risk assumed in other areas.

At a time when the Air Force is long-overdue for vital reconstitution following two decades of war, our inventory relies upon aging aircraft, and our force is at its smallest since its inception. Sequestration forces us into the untenable trade space of accepting further risk to our Nation's defense by sacrificing elements of the four keys to the effective provision of airpower—Airmen, readiness, infrastructure, and modernization. Additionally, the absence of a fiscal year 2013 appropriations bill thrusts each military Service into a planning purgatory of sorts, clouding near- and long-term fiscal programming with a fog of ambiguity, placing dozens of acquisition programs at risk. These implications are above and beyond those of sequestration, and further complicate an already overly-complex budgetary environment.

I am reminded of times like March 2011 when America's Air Force conducted simultaneous combat operations in Iraq and Afghanistan, homeland defense missions in America's skies, airlift missions in support of presidential diplomatic efforts in South America, short-notice and significant humanitarian aid to tsunami-ravaged Japan, all while providing 99 percent of operational airlift, 79 percent of in-flight refueling, 50 percent of airborne reconnaissance, and 40 percent of strike missions in support of a United Nations-sanctioned no-fly zone over Libya. The adverse impact to Air Force readiness should sequestration occur will make executing multiple concurrent operations like these extremely difficult, and in some cases impossible. History shows these kinds of demands for America's military will continue—it is my job to make sure the Air Force is ready.

I urge Congress to do all that is necessary to avert the arbitrary cuts of sequestration and to pass an appropriations measure for the current fiscal year. We owe it to America's sons and daughters, who put their lives on the line whenever and wherever their Nation asks, to care for their families, provide them sufficient training, and equip them to a position of advantage over all potential adversaries.

Mr. YOUNG. We really appreciate what you had to tell us. Believe me, we will pay strict attention.

I would like to introduce General Grass. You know, in today's world, without the Army National Guard and without the Army Reserves, a lot of the things that we are doing that we could not do. And so, General Grass, we understand the importance of the organization that you lead, and we would be happy to hear from you at this point.

OPENING STATEMENT OF GENERAL GRASS

General GRASS. Thank you, Chairman Young, Ranking Member Visclosky, Chairman Rogers and Ranking Member Lowey and members of the subcommittee. Thanks for the opportunity. It is a real privilege and honor be here today representing the 460,000 Army and Air National Guardsmen.

NATIONAL GUARD AS OPERATIONAL FORCE

In my 43 years serving in military uniform, mostly with the National Guard, I have witnessed our transformation from a strategic reserve into a premier operational force. The Army and Air National Guard capabilities, compatibility, combat experience and operational relationships with all of our military services has been incredibly valuable to our Nation, to our States and territories and the District of Columbia.

The current complex fiscal environment marked by the promise of a year-long continuing resolution and combined with the threat of sequestration puts the readiness of this operational force at risk. The budget uncertainty is already degrading our ability to provide ready forces to meet our domestic and overseas missions.

I provided the 54 adjutants general with a summary of near-term measures to assist them to mitigate budget risk and threats to readiness. Examining and reducing overhead, curtailing and canceling conferences, not renewing temporary civilian personnel, implementing hiring freezes, and reducing aircraft flying hours are now in effect.

The National Guard rapidly expands the capability and capacity of the Active component when called to Federal service, as well as supports civil authorities in the 54 States, territories, and the District of Columbia. We provide organized, disciplined and properly equipped military units on a very short notice to support first responders, as typified in last week's snowstorm response in the Midwest.

Most notably, in 2012, in response to Hurricane Sandy, governors were able to put thousands of Guardsmen on the ground within hours to come to the aid of citizens. We were able to do this because of the institutional procurement, training, educational and depot-level maintenance programs the Army and the Air Force provide us with.

IMPACTS ON TRAINING, MAINTENANCE AND WORKFORCE

Reductions in these critical areas will have an immediate impact on National Guard readiness. In a matter of months, our readiness as an operational force for the Nation's defense and as an imme-

diate homeland response capability will be eroded. For example, the Air National Guard is currently delaying until the 27th of March and rescheduling induction of aircraft and engines into the depot maintenance program because of our lack of flexibility to manage O&M dollars currently under the continuing resolution. This delay will return these assets to their units late to need.

Cuts to facilities, sustainment, restoration, and modernization will degrade an already aging infrastructure. The continuing resolution prohibits any new starts in military construction, further threatening our Army modernization program. The quality of facilities located in 3,000 communities across the States directly impacts readiness and our ability to quickly respond to disasters across the country.

Further, because of the real possibility of sequestration, thousands of Americans who support the National Guard on a full-time basis are likely to face furlough of up to 22 days. This would equate to losing 9 million man-hours of productivity, especially in our maintenance and areas of training. Our military technicians who work alongside our civilian personnel would sacrifice, as well as all of DOD, almost 800,000 DOD employees, would lose up to 20 percent of their pay for 5 to 6 months.

Potential furloughs and shortfalls in operations and maintenance, funding impact on our aviation will be the first to fall. We anticipate a reduced level of readiness by our pilots because of a reduction in instructor pilot training, as well as our ability to get pilots into training at a time we are going through major structure changes in the Air National Guard, but the Army National Guard aviation will be affected as well. Aviation is one of the Essential 10 our governors rely upon during disasters. This will be degraded as resources are prioritized to those deploying to the fight.

Additionally, preparations and training of nearly 13,000 soldiers and airmen assigned to units given the mission to respond to chemical, biological, nuclear, terrorist attacks, or industrial accidents in the homeland will suffer as exercises and training events are delayed or cancelled by reductions in operations and maintenance funding.

The fiscal situation today and after the 1st of March will have a measurable and dramatic negative effect on critical National Guard capabilities and our ability to rapidly respond to both domestic and Federal requirements.

Chairman, thank you for the opportunity to be here today. I look forward to your questions.

Mr. YOUNG. General, thank you very much.

[The statement of General Grass follows:]

STATEMENT BY

GENERAL FRANK J. GRASS

CHIEF, NATIONAL GUARD BUREAU

BEFORE THE

HOUSE APPRORIATIONS DEFENSE SUBCOMMITTEE

FIRST SESSION, 113TH CONGRESS

ON

IMPACT OF SEQUESTRATIONS AND A FULL YEAR CONTINUING RESOLUTION ON THE DEPARTMENT OI DEFENSE

FEBRUARY 26, 2013

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE

Opening Remarks

Chairman Young, Ranking Member Visclosky, distinguished members of the Committee; I am honored to appear before you today, representing more than 460,000 Citizen-Soldiers and Airmen in the Army and Air National Guard. The National Guard stands poised to fully implement its authorities, to execute its responsibilities, and to build upon its 376-year legacy as an operational force deeply engrained within the foundation of American strength and values. The Citizen-Soldiers and Airmen serving from throughout the nation, its communities, the states, territories and the District of Columbia contribute daily to our nation's overseas and domestic security objectives.

Sequestration Generally

As I stated in my remarks to this Committee last year, I believe sequestration will be devastating to the Department of Defense and the National Guard. Today's dynamic and difficult fiscal conditions require the Department of Defense to deliberately make tough choices and live within our means. The convergence of the potential March 1 and March 27 sequestrations and a Continuing Resolution reduces the Department's ability to make those choices and institutes debilitating across the board cuts. This, will no doubt have devastating impacts on our force as an operational reserve.

The National Guard

Today's fiscal environment requires that the Reserve Components be maintained as an operational force. This means the National Guard has to be trained, ready, and equipped to face the full spectrum of threats facing our nation. The investment made in today's National Guard, particularly since 9/11, has produced a proven operational force equally adept on the battle field and in performing our domestic response mission, often within hours of an emergency. It has also produced an agile and skilled force postured to embrace new missions outlined in the President's strategic defense vision.

The National Guard remains ready-every day, to expand the capacity of the President and our Governors to meet the needs of our people whether it is shaping the security environment, engaging across the world and within our communities, or bringing full-spectrum military power during times of critical need. National Guard forces today are deployed to Sinai, Kosovo, Afghanistan, and many hot spots around the world. Additionally, over the weekend National Guardsmen responded to the winter storm in the Northeast and are winding down Hurricane Sandy response activities.

The National Guard is committed to remaining an operational force for use both at home and abroad, but this unique budgetary environment threatens the investment made to build and preserve this capability.

While National Guardsmen provide a unique dual capability to State and Federal leaders at a lower cost than the Active Component, sequestration will erode the improvements in the National Guard's operational capability made since 9/11. The National Guard will be unable to properly address the training and equipping needed to sustain an operational force. Sequestration will harm the National Guard's ability to rapidly, robustly and competently expand the nation's full-spectrum military capability to defend vital national interests in the most affordable, lowest risk manner possible. This will result in a readiness crisis for our armed forces.

Specific Sequestration and Continuing Resolution Impacts

Within the National Guard the readiness crisis caused by sequestrations on March 1 and March 27 and a full year Continuing Resolution will have an immediate and lasting impact. Although National Guard war-fighters will continue to receive support, the ability to provide ready forces to respond to disasters in support of our nation's governors and to meet our federal obligations will be negatively impacted; simply our ability to protect and defend the Homeland will be significantly hindered. In addition to the statements made by the Chiefs of Staff of the Army and Air Force regarding the impact to the Total Force, four priority areas directly related to readiness of the National Guard will be severely impacted: Personnel; Equipment Maintenance; Facility Maintenance; and Training.

Personnel

Under sequestration, approximately 115,000 traditional National Guard forces will not receive their annual medical or dental examinations. This reduction in examinations will bring total force medical readiness down by 39 percent. Much of the investment made in medical readiness and the operational force as a whole since 9/11 will be lost. Within one year, readiness will be degraded to pre war levels.

The National Guard has a unique civilian workforce, distinctly different from the Active Component. Under sequestration, the civilian workforce faces potential furlough. These civilians, most of whom are also traditional members of the National Guard, support the maintenance and training of Soldiers and Airmen. On a day-to-day basis, Military Technicians and Civilian Employees support activities essential to the readiness and functioning of the largely part-time Citizen-Soldier force of the National Guard. This unique service provides the level of support and continuity necessary for the National Guard to support mobilizations, deployments, domestic operations, and maintain continuity of services for the National Guard members remaining in states during mobilizations and deployments. Furloughs of these essential personnel will further reduce the readiness of our people, equipment, facilities, and training.

Equipment

The Army will cancel or reduce depot level maintenance which includes the reset of equipment returning from deployment. The reset process ensures returning National Guard equipment is repaired and provides the maintenance needed to bring equipment back to Fully Mission Capable Status. Additionally, reductions in maintenance accounts will limit the availability of parts and labor to mitigate this issue. National Guard units will return to their States with equipment in a low state of readiness and it may not be available to the unit to support State authorities in response to tornados, floods, or wildfires, or a complex catastrophe.

Similarly, the Air National Guard may not have the equipment available to respond to a new contingency. The Air National Guard will have to "park" aircraft due to reduced funding for flying hours. Additional cuts in weapon systems sustainment will result in an Air National Guard fleet may be less able to respond on a short notice to domestic and overseas contingencies.

Facilities

The National Guard is located in over 3,000 communities across the country, and our readiness is dependent upon maintaining modern facilities. The numerous National Guard facilities are crucial for training a geographically disperse force. The Army National Guard will face a reduction in each Fiscal Year 2013 military construction project. Project

reductions will require a reduction in physical scope and cost additional dollars in planning and design in order to redesign to the reduced scope (lost scope impacts organizational parking, unit storage, and common space such as drill halls). Redesign will result in execution delays which, in turn, impact availability of facilities for training. Further, reductions in funding to maintain and repair existing facilities will result in inadequate resources to support Soldiers. Routine and preventative maintenance will suffer causing greater damage to the quality of National Guard facilities.

Sequestration will also directly impact contracts that are imbedded in our cooperative agreements with the states. The National Guard maybe unable to maintain all contracts that support facilities and provide members of the community with jobs in security, fire fighting, grounds keeping, custodial work, snow and ice removal, and building maintenance and repair. Cancelling or reducing these contracts will also cost the National Guard additional funds above those lost to sequestration as a result of penalties.

Training

Training will be impacted by the reduction of ready equipment and the personnel who support those training events. The lack of equipment and personnel will limit ground level training; battalion and brigade level training will only occur for deploying units, while all other units will only train at the platoon level. As the Active Army reduces or cancels full

spectrum training rotations, there will be fewer opportunities for total force training for members of the Army National Guard. The Army will cancel all Combat Training Center rotations and Division Warfighter Exercises except for training for deploying units. Fifteen Field Artillery classes will also be cancelled by the Army. Further reductions in Basic Combat Training will result in drastic reductions in the number of deployable Soldiers. Within the Air National Guard, the number of flight training missions will also be reduced as training flights are cancelled and as flying hours are are allocated for priority missions. Under sequestration most flying units will be below acceptable readiness standards by the end of this fiscal year.

Closing Remarks

As the Chief of the National Guard Bureau, I want to thank you for your continued support of our Citizen-Soldiers and Airmen. We currently have the best trained, best equipped, best led, and most combat tested National Guard in our 376 year history. We see this force as essential not only to the Army and Air Force, but as the dual-use asset for our communities here at home.

Your support is needed more than ever today, to mitigate the impacts of Sequestration. Without Congressional action, these across the board cuts will impact the National Guard's ability to meet steady state demands and act as a strategic hedge for unforeseen world events. I look forward to your questions.

Mr. YOUNG. Thank all of you very much. This has been a very powerful hearing so far. I just wish that everyone in our country could hear the real story as you have told us here this morning. So thank you for that.

I am first going to do my very best to get every member in for questions. I want to first yield to Mr. Visclosky.

Mr. VISCLOSKY. I appreciate the chairman yielding. I would yield to Mrs. Lowey at this time. Thank you, Mr. Chairman.

VETERANS EMPLOYMENT

Mrs. LOWEY. And I thank the chair and Ranking Member Visclosky. Unfortunately, I am going to have to leave, so thank you for giving me the opportunity.

Under normal circumstances DOD hires 2,000 personnel per week, 44 percent of whom are veterans. Sequestration could have a significant impact on veterans employment. The Army alone plans total furlough 250,000 civilians, many of whom are veterans.

General Odierno, if you could share with us, how will your sequestration plans affect the hiring of veterans by DOD, and what other areas do you anticipate veterans will be impacted, and how will transition assistance programs be affected, either the General or any of the others on this very distinguished panel.

TRANSITION ASSISTANCE

General ODIERNO. Well, thank you very much, Congresswoman. A couple things. One is, first, we are doing our best to continue to ensure that we—obviously, veterans have hiring priority. But as we have hiring freezes, which we have in place now, that limits us to hire anybody, to include our veterans. So it will have an impact on hiring veterans.

The more important fact is that as the Army is downsizing, we expect every year now for the next 5 to 7 years we will transition 200,000 soldiers a year from the Active component, the National Guard and U.S. Army Reserve out of the Army. So we are paying a lot of attention to ensuring we are able to transition them into appropriate employment.

We have stood up a Soldier for Life Office that is coordinating with many of our community partners around the country to do this. But all of this could be affected as we move forward towards sequestration and our ability to continue to help them implement the programs that we are to ensure we have proper transition of these great men and women who have served.

THE HOLLOW FORCE

Mrs. LOWEY. General, I notice you said in a letter to Congress January 14th that you talked about how you began your career in a hollow force—"hollow Army" were the correct words. "I do not want to end my career in a hollow Army."

During your 36-year distinguished career, you have commanded the Army at all levels. Can you describe for us what it was like to begin your career in a hollow force, provide a comparison as to what a hollow force would look like today in areas that did not

exist post-Vietnam, like cyber warfare, women in combat roles, and what do you see as the long-term consequences of a hollow force?

General ODIERNO. So thank you very much. As I started my career, what I saw was a force that was under-resourced. So they were not able to do the training to meet the readiness levels necessary. They were undisciplined. We did not have the abilities to man the force appropriately. So we had a misbalance between end strength numbers, readiness levels, and we were not modernized. We had no significant modernization programs at this time.

Then as I got in the Army, in the eighties and early nineties, we went into major modernization programs. We brought in the M1 tank, MLRS, et cetera, and we started to increase our ability. We had money. We got the end strength matched up with the readiness and the modernization programs so we became an Army that was trained, ready, which has executed on several occasions since then and been very successful.

What I worry about now as we move forward, we are going to again have this mismatch between end strength and readiness and modernization, and we have got to keep that in balance. There are a couple of things we have to do. One is we have to make sure that we have the flexibility to ensure we sustain this balance within the force, which gets to some of the comments on the flexibility necessary. But in addition to that, there is a certain level of capacity that we have to sustain in order to deter, and that capacity has to be ready at all times, and it is our responsibility to ensure we have that. And that is what I worry as we move forward under these budget cuts.

Mrs. LOWEY. Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Mrs. Lowey.

Mr. Frelinghuysen.

REMARKS OF MR. FRELINGHUYSEN

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Thank you individually and collectively for what you do, and thank you for looking out for the men and women who serve so proudly and for recognizing that we still have well over 60,000 serving proudly and bravely in Afghanistan and other parts of the world.

I would like each of you, I think General Odierno sort of commented on it initially, to reflect on the size of your respective services. The Budget Control Act has sort of pushed down the size. We have the continuing resolution. That affects the size of each of your forces. And certainly the sequester is going to be pretty damaging in that regard, too.

Would you give us some further reflections on the size? And let me just make one additional comment. I like taking a page out of General Amos' comments. Other nations are watching us, and, of course, some of those nations are depending on us. So they are looking at how we are, should we say, rightsizing our forces, given all of these challenges.

Thank you.

ARMY DOWNSIZING RISK OF SEQUESTRATION

General ODIERNO. Congressman Frelinghuysen, last year I testified that under the Budget Control Act, as we move the Army, a reduction of about 80,000, from 570,000 to 490,000, that I am comfortable with that because of the fact that our Army had grown in the 2000s based on our conflicts in Iraq and Afghanistan. So although we still had some risk and I would say at the edge of risk, I was okay with reducing our forces.

But with sequestration, we will now have to reduce the Army somewhere around 100,000 people, and that would break down somewhere between 40,000 to 60,000 in the Active component, somewhere between 20,000 and 30,000 in the National Guard, and somewhere between 15,000 and 25,000 in the U.S. Army Reserve. And what that now starts to get at is our ability to respond to multiple contingencies and our ability to meet what I believe is a very uncertain future ahead of us——

Mr. FRELINGHUYSEN. It affects deployments, obviously.

General ODIERNO. Yes.

FEWER SHIPS

Mr. FRELINGHUYSEN. Admiral, thank you.

Admiral GREENERT. Well, Congressman, people like to count ships in the Navy. We are more than ships, a lot more, on capability. But before the Budget Control Act, and I will use 2020 because that is our benchmark year for the current strategic guidance that we have, before the Budget Control Act we would have had about 315 ships in 2020. After the Budget Control Act, today, we will have 295. With sequestration and a continuing resolution, to reconcile all that goes with it, we are probably looking in 2020 about 30 to 40 less ships. So you are looking at 265, 260, something like that. You know, it depends on how this has all come out. But you can see the step reduction.

MARINE CORPS ENDSTRENGTH

Mr. FRELINGHUYSEN. General.

General AMOS. Congressman, we are on our way down from 202,000 marines down to 182,000. I have testified before that I think that is, considering the future security environment, that is about the right amount. That gives us the balance to be able to have a force that is well-manned inside each unit, not having that hollow unit that is ill-manned and ill-equipped, and it also accounts for the lessons of the last 11 years of war.

When airplanes hit the buildings, we were 173,600 marines. So we are on our way to 182,000. And you might say, well, what is the matter with 173,000? Well, since the airplanes hit the building, we have added 3,600 marines for Marine Special Operations Command. We have added another 2,500 marines for CYBERCOM and cyber warriors, and that bill is on its way up to about 3,500 inside my force. And then we also added capabilities like human intelligence and all these capabilities that have become the lessons of war for the last 11 years.

So we are on our way down to 182,000. If sequestration hits, to be honest with you, I am not sure that that is the ground floor of the elevator. I just don't see how we can maintain 182,000.

AIR FORCE ENDSTRENGTH

General WELSH. Sir, I came into an Air Force with roughly 700,000 people in it. We are now at 329,000 and going down to 326,000 during the FYDP. So we have been changing and downsizing for quite some time. Over the last 10 years, we have reduced about 500 aircraft and about 30,000 airmen.

Our current force structure, going to 326,000, we believe matches the strategic environment as well as the defense strategy that is aligned with it. Sequestration introduces what I believe is a very grim reality and causes us to kind of relook everything.

In my view, what we are going to have to do is figure out what the reliable string of numbers are for our top line out through the 10 years of sequestration if it occurs. We are going to have to look at what kind of capability in our core mission areas will the United States Air Force need to provide to the joint warfighting force 10 years from now and, realistically, within our top lines, can we provide that, at what capacity. And then we are going to have to back up to today and figure out how do we go from here to there. It will look very different from the Air Force that we have today.

ARMY NATIONAL GUARD ENDSTRENGTH

General GRASS. Congressman, the Army National Guard today is headed for a number of 350,000 at the end of the current drawdown. We are comfortable with that number at 350,000, but realizing that that was where we were previous to 9/11, and the threats have grown. Not only have the threats grown, we also are faced with—in the late 1970s and 1980s and even before that, especially during the World Wars, we were protected by the oceans and geography. We are no longer protected.

And the demands in the homeland at a time that we have to get ready to go to war—both our Guardsmen and Air and Army are on every contingency plan for the Federal side—we want to be able to provide capability to respond to disasters in the homeland. And, really, we are planning very closely right now with FEMA on complex catastrophes in the homeland, whether manmade or terrorist.

Sequestration will put those numbers at risk. The Air Guard will settle out at about 105,000. If we take that down further, we will have a threat to both the Federal mission and the State mission.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Mr. Frelinghuysen.

Mr. Moran.

REMARKS OF MR. MORAN

Mr. MORAN. Thanks very much, Mr. Chairman.

Let me address the impact of the sequestration because there is no question it is going to go into effect on Friday, and there is a good chance it will be incorporated through much of the fiscal year, if not the entire fiscal year.

You have some of specific situations, though, that just have to be addressed, whatever the vehicle is. For example, your overseas contingency account, that is subject to sequestration, but uniformed personnel are not. So I don't know how you handle that.

I will throw some of these things out, and not all of you have to address it, but I would like some of you to give us some guidance.

The continuing resolution itself poses some real problems. If the CR as currently structured stayed in place for the balance of the year, the Pentagon would be substantially short of base budget operations and maintenance funds. We are told that there would be an imbalance for the military services short of no less than $14½ billion. Now, I know you have more flexibility there, but there is a real shortfall right now. And if we don't move a lot of programs into that, I would like to know how you are going to deal with it.

And then in the overseas contingency account, the Army estimates a shortfall in excess of $6 billion due to transportation contract requirements. The Navy has a shortfall of almost half a billion because of the additional carrier presence in the Persian Gulf. And the Air Force estimates a shortfall of almost $2 billion.

So from an appropriations standpoint, I don't want you to have to get too much in the weeds, but we need some guidance. The current 6-month CR and the OCO account imbalances have led you to slow your burn rate. Now, that may be how you are going to deal with it, but I would like to hear from you how you are going to deal with these imbalances that you are currently facing, particularly in the O&M account.

And maybe we should start with General Odierno because you have the most substantial and you probably have the most at stake in terms of the OCO account.

ARMY BASE BUDGET OPERATIONS AND MAINTENANCE SHORTFALL

General ODIERNO. Thank you, Congressman.

You know, the Army is about $18 billion short.

Mr. MORAN. Eighteen.

General ODIERNO. And you outlined it very clearly. It is about $6 billion in the continuing resolution.

And it has to do with—I don't want to get into too much detail, but as you went from the 2012 to the 2013 budget, we moved a lot of our O&M that was in OCO to the base. So, because of that, the 2012 dollars, which the continuing resolution is based on, has shorted us significantly in O&M. And so we need authorities to be able to moved that around.

And right now DOD is limited to $4 billion to move around. And as you so adequately said, $14.5 billion, I think around that number, is what our problem is. So it really causes us problems.

TRANSPORTATION COSTS

With the overseas accounts, with Afghanistan, yes, we are reducing personnel so they reduce the OCO money. But as you take people out of Afghanistan, as you close bases, as you have to redeploy the equipment, the amount of money necessary to do that was underestimated. And then the closing of the LOCs in Pakistan did not help; that increased the cost. So all of these combined has now left us a very significant shortfall.

So what we have to do is take—and then we have about $6 billion in—$5.5 billion in sequestration in 2013. So what we now have to do is we have to take it out of our Army O&M accounts to pay these bills. And it leaves us, frankly, after we take all that out, we only have about a billion dollars left in O&M. And O&M accounts for running our installations, doing all our training, taking care of all our family programs.

REDUCE TRAINING

And so we have had to stop training for about 80 percent of the force. We will continue to train those going to Afghanistan. We are reducing the maintenance of our facilities on all of our installations, which will cost us more money down the road because we didn't maintain them. And we are going to have to cut some of our programs.

So, for us, we have no choice. We have to pay—we have to pay those bills. And so it is going to cost us significantly, which will then in 2014 create another readiness problem because we are going to move a lot of the things we should have done in 2013 to 2014, and we won't have enough money in 2014 to make up for what we couldn't do in 2013. So it continues to build on itself.

Admiral GREENERT. Thank you, sir.

The Army's is $18 billion. We are looking at $15 billion. And that is $11 billion due to sequestration and $4½ billion due to the continuing resolution. And that is all in the operations account—that is, that $4½ billion.

So, for operations, you go where the money is, and the money is in shore installation. And as General Odierno mentioned, we bring that down to what we believe is feasible and responsible. And you have done that. And, again, we are slowing the burn rate, as you say.

There is a temporal aspect to this. As time goes on, and you say, we have to do this now or not. You have to fish or cut bait. And the Truman's deployment came up and sort of got pressed because we said, well, we need to present an option to the command, to our bosses, and say we deploy it or we don't; here is the plus, here is the minus.

If we deploy it, we are concerned because the money we will use to deploy it, we will not be training—we are deploying, we are not training the follow-on. So we have to look down the road, as General Odierno said. In 2014, those guys won't be trained to deploy. So we will send the Truman and not have somebody ready down the road.

So the decision was made, hold the Truman. And now we retain our 1–0 presence in the Central Command. A lot of that going on, Congressman, where we say, okay, what is next? Oh, a ship is due for maintenance. Well, do we send her in and commit the money, or do we hold the money? We are going to have to hold the money. Lost opportunity.

So we have lost $600 million in opportunity—that is, real readiness—because of decisions in February to slow the burn rate. It will be another $1.2 billion in March if we don't have a bill, a relief from sequestration, or the ability to move money.

I would leave one last factor. Because of the continuing resolution, 2012 moves over into 2013. In our investment accounts, we have more investment than we planned in 2013. If we could get access to that and move that into ops, that would certainly help some of our critical shortages.

Mr. MORAN. That is the kind of anomaly that needs to be in the continuing resolution.

The next one?

General AMOS. Congressman, we are sitting at, this year, a billion dollars short in O&M, just for the Marine Corps, just for operations this year. I said in my opening statement that we value readiness, and you know that, as a force that has to maintain a high standard of readiness to be able to respond to today's crises with today's force today.

So we have moved in our O&M accounts into operational readiness. I moved about $400 million from facility sustainment, modernization, restoration, those kinds of accounts. Equipment readiness, the ability to reset the equipment that is coming out of Afghanistan, I have still got a $3.2 billion bill out there in the future for the reset of that equipment through the depots.

I have taken money out of those accounts and put it to my operational forces that are currently deployed to maintain their readiness at a C–1 or C–2 level. And also those forces that are next to deploy, the ones that are getting ready to deploy, to increase their readiness.

So this close-to-a-billion-dollar bill this year, I am paying, I am shuffling the deck chairs on the Titanic. But that will eventually come to roost with me next year or the year after that as the readiness in equipment, the readiness of my facilities, the ability to be able to train back home is reduced as I try to force readiness into the next-to-deploy units.

TRANSFER AUTHORITY

Mr. MORAN. Thanks, General.

General WELSH. Sir, we have, I hate to say, just a $1.8 billion shortfall in OCO, because this is serious money, but compared to the Navy and Army problems, clearly it is not as large. Our intent, and we have already gotten approval from OMB to reprogram $1.2 billion of the $1.8 billion from our O&M accounts, which drives some of the other impacts I mentioned to you in my opening statement.

If we had the authorities and the ability to transfer across appropriations, we would take that from investment. If there is no other appropriation to support the OCO bill, that is where we would have to go. And now we are back to readiness versus modernization.

Mr. MORAN. Thank you.

RESET BACKLOG

General GRASS. Congressman, our OCO account, we rely heavily on the Air Force and the Army to get our forces ready to go overseas. But also when we are returning equipment back home, the reset program, the depot programs—and there is already a backlog there—that will further delay getting equipment back to our ar-

mories, back to be utilized in the homeland to respond to domestic disasters.

Additionally, the current CR is forcing our Air Guard—and we are working closely with Mark Welsh here to be able to get some of our aircraft into badly needed depot maintenance. And those aircraft will have to be parked on the ramp longer periods this year because of no ability to transfer money and move money, even between the Air Force and the Air Guard.

Probably the more immediate impact that we are going to see is the backlog in schools: basic training, advanced individual training, pilot training. The services need that money to keep those school slots open for us.

Mr. MORAN. Thank you.

Thank you, Mr. Chairman.

Mr. YOUNG. Ms. Granger.

REMARKS OF MS. GRANGER

Ms. GRANGER. Mr. Chairman, the topic of today's hearing is DOD's fiscal challenges. And we all agree that the reason we fund DOD is to provide resources, not only for equipment but for the people needed to defend this great Nation.

MILITARY HEALTH CARE

Today we have discussed budget challenges, and I want to focus on the veterans and the warfighters because they should always be our top priority, and how do we fund the critical services for our soldiers that they need when they return from the battlefield. We must not balance these needs through sacrificing the healthcare of our military.

I have heard directly from my constituents that the health services we provide for our wounded warriors has at times been inadequate. When I hear a soldier say, as he said to me, "I would rather go back to Iraq any day than go to Fort Bliss," it causes me great concern.

General Odierno, many of these complaints have come from Army soldiers. In the past year, I have heard from over 30 soldiers in my district who believe that instead of receiving a diagnosis related to PTSD or TBI, they were diagnosed with medical conditions unrelated to their service that allowed the Army to discharge them. These soldiers told me their command threatened disciplinary action if the soldiers questioned their diagnosis.

I want to make sure the subcommittee hears the story of my constituent, Sergeant Allen Hill. Sergeant Hill sought treatment at Fort Bliss after suffering a brain injury in combat. The command staff inaccurately insisted he had a noncombat-related heart problem instead. This diagnosis would allow the Army to discharge Sergeant Hill without providing treatment. After Sergeant Hill's wife contacted my office, concerned that her husband was not getting the treatment he needed, Sergeant Hill was physically attacked by two officers from the Wounded Warrior Transition Unit. And these facts have all been substantiated.

In December 2012, the Army published a report of an investigation conducted by the Western Regional Medical Command into the

conditions at Fort Bliss' Wounded Warrior Transition Team. This report found that ranking officers would make fun of soldiers in wheelchairs, wounded soldiers were met with a toxic environment, and soldiers needing help were told to keep their mouths shut.

Due to the elevation of these cases, the Army has decided to conduct an outside investigation of Fort Bliss, and the commanding general has promised that improvements are under way. This is certainly progress, but the Army conducted a report last year on a similar situation at Joint Base Lewis-McChord, and we have yet to hear the results. This is too important and our soldiers' health is too important for this to happen even one time.

General Odierno, last year, our former ranking member, Norm Dicks, brought to your attention the problems at Joint Base Lewis-McChord. You are aware of the problems at Fort Bliss. Do you believe this is a systemic problem related to budgetary concerns, or is it limited to a few negligent forts?

General ODIERNO. Congresswoman, first off, we take every one of these very seriously. We did an extensive investigation out at Joint Base Lewis-McChord. We just finished a second look at Fort Bliss that was completed within the last couple weeks to address some of the concerns that you have raised.

I truly believe that these are what I call anecdotal, individual events that we have to deal with to make sure we have the right people dealing with our wounded warriors. I do not think it is about the resources that we have involved with our medical care. I believe it is about getting the right people, doing the right thing, with the right command oversight.

And we take every one of these allegations very, very serious, and we continue to look at them very, very carefully. And the important—I believe that, overall, our system is good. But we do have outliers, and we do have people that are not in some cases doing the right thing. And it is important that that gets brought to our attention so we can investigate and make sure that our soldiers get the best care.

You and I want the same thing: We want to take care of our young men and women. They deserve it all. And we will do everything we can to ensure that happens, ma'am.

Ms. GRANGER. We have just listened today to you distinguished men and the wonderful job you do and the impossible situation you are being put in with some of the cuts that are occurring. But we have to do our very best for those who have served and their treatment.

And, certainly, when I looked at this—and we looked at over 30 cases—it has been 64, over, since September of 2010—and saw similar stories and statements made over and over, and we couldn't get the information we needed or information that fit their information. We can't make those cuts in the healthcare of our soldiers or any of the services. And we are hearing now from other services also. So please take that very seriously.

And I know that you got the results of the review that Secretary McHugh ordered last year on the Army's practice of evaluating psychiatric orders. It is complete. Do you know when that report will be released?

General ODIERNO. We are about ready to distribute very shortly. That will release that report.

Ms. GRANGER. Thank you.

Thank you, Mr. Chairman.

Mr. YOUNG. Ms. McCollum.

Ms. MCCOLLUM. Thank you, Mr. Chairman.

REMARKS OF MS. MCCOLLUM

Let me start with a quote from President John Kennedy, who said, "Our problems are manmade. Therefore, they can be solved by man." This sequester is a folly. It is shameful. It is a manmade mess that is completely and wholly reversible.

READINESS

And, gentlemen, I believe your dire predictions of the consequences of sequestration on our military readiness, capabilities, and our overall national security. We are shooting ourselves in the foot, literally. Responsible leaders would put spending, revenues, tax expenditures on the table and come up with a compromise that protects the American people because this government provides services and protections for every American.

Now, I voted against the Budget Control Act because I am strongly opposed to the idea of passing bad laws in the foolish hope that they never take effect. When I came to Congress in 2001, the Pentagon budget was $310 billion and the Federal Government was projected to have a 10-year budget surplus of over $5 trillion. Since then, the Pentagon's budget has doubled—trillions of dollars on spending on wars, tax cuts, and programs that have all been put on a credit card.

For much of the past decade, the brave Americans in uniform have been serving and fighting in Afghanistan and Iraq. Over a trillion dollars has been spent on wars, and not one penny of additional revenue was raised by Congress to pay for those wars. To fight these wars, absolute and total sacrifice was demanded and given from military leaders here today, men and women in your command, all of your families. You have all delivered for us with honor, and I thank you. But the rest of the American people have been asked to sacrifice nothing, to contribute nothing extra.

Now, this Congress right now is doing nothing but watching as our education, public health, infrastructure investments, and military readiness are gutted. But, again, revenues are off the table, even if it results in our Nation being less secure and less protected.

We have an obligation as a Congress to act. As Americans, we need to pay for the government we want and we need to pay for a strong military, for the privilege of living in a free, democratic nation. Now, if that means paying higher taxes, I guess you can tell by my comments, I am willing to pay for that. But, instead, we will be looking at kicking kids off of Head Start and poor moms off of WIC.

MILITARY FAMILIES

So, gentlemen, the focus of my question is going to be a little different. While the military personnel account is protected from se-

questration, it would appear that important services supporting military families are not protected. So my question is, what will be the effect of sequestration on military families, the spouses and the children, the quality of life of those loved ones who support our warfighter? For example, is it accurate to know that cuts to child development centers and impact aid to military schools will directly hit the children of service men and women?

So, finally, what do you believe will be the impact on retaining our best and our brightest members of the military, when this fiscal mess means that their jobs are more difficult and it undermines the well-being of their families, especially their children? How do we keep our best and brightest, gentlemen?

General AMOS. Congresswoman, we have a little over 19,000 civilian marines that salaries come from appropriated funds. A large percentage of those, if not almost all of our folks that deal with child development centers, train our children, our mental health providers, the ones that work with not only our families that feel the stress of combat but also those marines that return back, marines and sailors that return back from combat, are civilians that we have hired in the last year and a half as a result of an emphasis to eradicate sexual assault. Those highly qualified individuals that are part of our team now, they are all eligible for the furlough to begin with, which will happen here shortly.

So that is going to be a 20 percent reduction in childcare workers, mental health providers, teachers at those schools where we have government schools on bases, which is not a lot, but we have some. So it is going to impact that. I mean, all of that, the hours are going to reduce; the childcare centers, if a base has five of them, two of them may close. I mean, those are the kinds of impacts that are going to happen.

But beyond that, which I think is the root of your question, because you talked about the quality of the young men and women that enter the service today and sacrifice—and their families. We recruit a marine, we retain a family. The All-Volunteer Force I think is going to feel the strain over the next couple years.

And I think that is the quality that I am probably most gravely concerned about, it will put that at risk. Those young men and women that come forward today to say, "I want to be a part of that institution," they are going to be more reluctant to come forward in the future.

Admiral GREENERT. Ma'am, we need the means to move money. And if we can move money—we have to go where the money is right now. And this furlough is a big deal because that seriously affects, obviously, the civilian personnel that work. And these are the people that populate many of the programs that you spoke to.

But we sat down with the Secretary of Defense, the chiefs, and said, with the money that we have, subject to getting more authorities or getting a bill, we will ensure of life, safety, and security. We will assure that those people who are overseas, forward right now, are properly sourced. Right after that, wounded warriors and family programs.

So we need the mechanisms, and we can take care of this. Because it is a top priority in all of our services, ma'am.

CUTS TO FAMILY PROGRAMS

General ODIERNO. Congresswoman, you know, we have talked a lot about keeping faith with our soldiers as we go through this process. We have all had many discussions about this, and this is part of it. We send our soldiers, sailors, airmen, marines. They will do anything for us. They will deploy on no notice. And the one thing they want us to do is take care of their families.

But we are going to have to cut some programs. And General Amos mentioned some of it. Child development centers—you know, and the Army is going to lose flex. And so we are not going to be able to do our hourly child care. We will have to reduce hours. We are going to have to reduce spouse employment services. We are going to have to reduce some victim advocate support, domestic violence victims. We have survivor outreach support that is going to be reduced.

These are all critical issues. We don't want to reduce these, but we have no choice because it is a combination of the civilian furlough and civilian reduction that causes this, as well as the reduced funding to our installations.

And so, for us, it is absolutely critical. And it is a very difficult situation for us right now. So we are trying to pick the most critical programs, we are trying to sustain the most critical ones. But even when we sustain those, we are going to have to reduce some of the capability within those programs.

General WELSH. Congresswoman, this is an absolutely fantastic question. Thank you.

I hope you know that no one cares more about families in the United States military than the people sitting at this table. When we get together, our conversations don't start with talking about airplanes and ships and tanks. We talk about Soldiers, Sailors, Airmen, Marines, Guardsmen, and we talk about the impact on their families of the very difficult things that they have been doing.

The problem we have right now, at every installation, our commanders are looking, in all the services, at how we mitigate the impact of these things and how we preserve the services programs, the family readiness programs, the childcare support, all the things that are so important to our people. The problem is that 31.5 million man-hours of furloughed workforce is awfully tough to mitigate. That is where we need help. We can't control that.

FURLOUGHS

The other thing I would mention is that that workforce that we are furloughing is someone else we should be keeping faith with. They haven't had pay raises over the last 3 years, and now we are going to take 20 percent of their pay for the rest of the fiscal year. For the Air Force, this is a pretty incredibly important part of what we do, not just in the Active component but in the Guard and the Reserve as well. A huge part of the Reserve component is the civilian workforce or dual-status technicians.

RECRUITING AND RETENTION

And so your last point about recruiting and retention, I will just tell you this: Everywhere I have been in my current job—I have

limited exposure compared to the other gentlemen at the table so far. But I have been to a number of Air Force installations. I have conducted Chief of Staff of the Air Force calls with the entire base population. The first question in every single one of them is about sequestration, every single time. They are paying attention. They are concerned. They know that there is an impact coming; they just don't know how it affects them. They are not worried about the capability of the United States Air Force. They are worried about impacts to them, their unit, and their family.

I think it has to have an impact over time.

NATIONAL GUARD CIVILIAN EMPLOYEES

General GRASS. Congresswoman, when you look at the 800,000 civilian and military technicians that we have in the Guard, the 800,000 civilian across the DOD, many of those members serve in the Reserve and National Guard as well. And there are probably 2,000 National Guard technicians deployed today.

One of the concerns that we have, and I am sure the service chiefs do as well, when these civilians and these military technicians return to their duty assignment back home, their civilian capacity—and for our Guard technicians, it is back to their armories where they serve in a civilian capacity—within months they could be furloughed. And the young, larger families—our Guardsmen normally are a bit more mature—they could be faced with losing homes, losing cars within months. And so we are watching that very closely and trying to reach out to some of the support organizations and make sure that we have that help in place when they do return.

More for the long term, though, within the National Guard, we rely heavily, especially since the war has been going on, on mental health professionals that we put in the State to help people that are on their second, third, and fourth deployment. And not just the servicemember, but also help the families deal with issues while the families are gone.

If you look at full sequestration and you look at tens of thousands of veterans coming back to your hometowns, to your communities, that help will not be there for them. We are working very closely with the VA right now, the Veterans Administration, to see what we can do. But that concerns us even more. Some of those will come into the Guard and the Reserve, but others will come into their hometown and there won't be anything there for them.

Ms. MCCOLLUM. Thank you, gentlemen. Thank your families.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Crenshaw.

REMARKS OF MR. CRENSHAW

Mr. CRENSHAW. Thank you, Mr. Chairman.

And I want to talk about something that—ask you about something that is maybe not as glamorous, not as out front, and that is the maintenance part of this equation. I have heard you all talk a little bit about maintenance. We talk about readiness, we talk about operations, men and women—all these are very, very important. But it seems like maintenance is something that is always

kind of in the background. And if we are going to have a backlog of maintenance, whether it is ships, whether it is planes, whether it is tanks, there is no area that is going to be exempt from that.

And when General Odierno talked about a hollow military, it seems like that is the first step to hollow out the military, just neglect the maintenance. And it has happened from time to time in our history. And I know in my district they have decided to cancel about $200 million worth of maintenance contracts. I read where the Navy has said that if we go along with sequester and the continuing resolution, they will cancel all their maintenance contracts for the next two quarters, the third and fourth quarter.

And sometimes I read that one of the reasons that happens, it is less visible and it is also considered to be the most reversible. In other words, you can skip some maintenance, but you can always make it up. And that is not where I think you want to be, and that is not where I want to be. And that is not always the case. I can tell you firsthand, there was an example, again in my district, where there was an aircraft carrier, one of the last conventional aircraft carriers. And when it came time to deploy to the Gulf War, because they had skipped maintenance after maintenance, it couldn't deploy. So they rushed and did some work, and it finally deployed. And then, finally, the Navy decided they would just decommission the carrier. It still had about 15 years of useful life, but it was just cheaper to decommission it because of all the lack of maintenance that had taken place.

And so it seems to me that—and maybe I would direct this to the Navy because numbers matter in the Navy. You talked about it is not just ships; obviously, it is a lot of great people. But if we have half as many ships as we had 30 years ago and then we postponed the maintenance on some of the ships and then they can't deploy, then we have less and less assets to deploy. And some people say, well, that is okay because they are technologically advanced and we don't need as many. And I am sure that is true in part, but it does seem like numbers matter to a certain extent.

And that is kind of the thrust of my question. Because we are asking you, the Navy, to do a lot things, to go chase the pirates off the coast of Somalia, we are asking you to send humanitarian aid to Haiti, to interdict drugs in the Caribbean, send some destroyers into the Mediterranean to defend against the Iranian missiles, carriers to the Persian Gulf; oh, and by the way, keep an eye on China because they are flexing their muscles in the Pacific Rim.

And so it seems like the world hasn't gotten any smaller, the world hasn't gotten any safer. And the question to you, Admiral, and maybe to the other services—three simple questions.

WORLD WIDE PRESENCE

One is, how do you decide the priorities that you are asked by these combatant commanders for these different missions? How do you make that decision in terms of priority when you only have limited assets?

Two, are there areas of the world where your presence will be decreased because of this?

And, number three, maybe most important, what impact does this have on our national security and global security as well?

So if you could address those. And if any other folks would like to address it as well.

Admiral GREENERT. The decision as to where we go is a debate, if you will, that we have with the joint staff and eventually with the Secretary of Defense. And the outcome of that is my demand signal. This is what I have to provide. It is called the Global Force Management Allocation Plan. It is where we distribute naval assets around.

And for me and what I bring in, I got to be where the maritime crossroads are, what I call that. And that is in the Gulf, in the Strait of Hormuz, in the Arabian Gulf and the Gulf of Aden, in the Western Pacific, and down by the Straits of Malacca, the crossroads there.

So we sit down and we decide that and we lay that out. That is my demand signal.

So whenever there is a reduction in the budget like we have today, we sit down and say, okay, what is the priority? We go to the Defense Strategic Guidance that was laid out there. So we are rebalancing to the Asia-Pacific, but the Mideast is extremely important today because that is the lifeblood of energy and a lot of products. So we balance those two.

But my point to you, Congressman, it is a conversation had with the Secretary of Defense and the combatant commanders, as well as the joint staff. So that is kind of the areas of world.

The impact, what happens now, I have $8.6 billion in deficit, if you will, in my operations account. Well, what will happen is we will keep the Gulf at 1.0 for carrier strike group presence and most of the combatant ships that are there today. Fortunately, in the Asia-Pacific, we have 40 ships that are out there day-in and day-out. And that is the advantage of being what I call operating forward. Those ships are already there. They are in Japan, they are in Guam, they are in Singapore, to a certain extent. So those ships will remain there.

But the problem is, as you said, well, if you don't do maintenance, what happens then? Well, it is a debilitating effect. And you laid it out very clearly. It starts to hollow you out. That is the beginning of it. And you have to pay this back. Sooner or later—you have seen examples of it, Congressman—you go down there and say, wow, look at that tank. Well, guess what? We should have done that maintenance years ago for $2 million, and now we are doing a $25 million tank replacement or replating.

So it is a debate at the level in the Department. And the Harry S. Truman decision was an outcome of a similar debate as to where we go. We will reduce presence in the Central Command by one carrier right now and a couple of destroyers.

We will reduce in the Southern Command to the point where we won't have any ships in there at the end of this year. And that is tons of drugs that we interdicted last year that I guess we won't be a part of this year.

African Command, we won't have two amphibs and a couple of frigates down there. Well, that is terrorism and pirates, as you mentioned before.

Similar story in the European Command. Again, the Western Pacific in a fortunate manner, we have a number of ships there. But

we still aren't supplementing them to the story of about four destroyers, being ballistic missile defense destroyers.

So a long, sordid tale that we can help reconcile if we can get some funding mechanisms.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

Mr. YOUNG. Thank you.

In the interest of trying to get a fair balance here, I am going to move on to another one on this side. I think we will balance out here. So let me go to Mr. Calvert.

REMARKS OF MR. CALVERT

Mr. CALVERT. Thank you. Thank you, Mr. Chairman.

And good morning. Thank you all for your service and leadership and the enormous impact that our budgets are—that you operate under and for prolonged continuing resolution and the sequestration will have on defending our Nation.

REPROGRAMMING FLEXIBILITY

One issue that I wanted to bring up, as the chairman brought up: If, in fact, we are able to give you some more flexibility in reprogramming, as a businessman I would never cut the core mission of my business in order to save money because that would be counterproductive. It would cost me even more money. And, obviously, your product is our national defense of our Nation.

If you are given enhanced reprogramming authority, and with the understanding that the defense budget caps agreed to in the Budget Control Act will remain in effect, what specifically would you cut in order to ensure that your service is able to remain as effective as possible over the coming years?

I guess I would just open that to anybody.

FORCE STRUCTURE

General AMOS. Congressman, the current force structure and where we are headed with the force structure of the future, absent CR and absent sequestration, coming down 182,000, is purpose-built for the strategy that the President passed a little over a year ago, the strategy that we all worked on and were a part of and have agreed to.

So, at this point, for me to be able to say what would I do without or how would I reach in and change programs and that kind of thing, I can't do that based on the current strategy. But what was going to have to happen if this sequestration and CR continues is that we will likely have to go back in and revisit the strategy. And from that strategy, then, like General Welsh talked about, you figure out, okay, what are the requirements, and then you backwards plan that and say, okay, what is the Marine Corps' piece of that.

So, at this point, I can't answer what we would specifically go in and change because what we have is strategy-driven, and we don't know what the future is going to hold with regards to a strategy.

BUDGET IMPACTS TO DEFENSE STRATEGY

General ODIERNO. If I could, Congressman. With the Budget Control Act, you know, we developed a strategy that was in line with the numbers that came out in the Budget Control Act. And for the Army, it is about us continuing to balance the three rheostats, which is end strength, readiness, and modernization, in such a way that allows us to be able to provide the capabilities necessary to meet the defense strategy.

If we get additional cuts—sequestration specifically in this case I am talking about—48 percent of the Army budget is in people. So the bottom line is, in order to maintain that balance, it is going to have to be the reduction of people, military and civilians. And so we are going to have to figure out what is the right balance, again, between the end strength, the readiness, and the modernization. And what this is going to be mean to us is a significant reduction in capacity.

And so, although we are confident we can meet the new strategy with the Budget Control Act numbers, I believe, as General Amos just said, we will be significantly challenged to meet the strategy with the sequestration. And so we are going to probably have to do a review of the new strategy. And that will be the impact on us.

And, you know, it is our ability to respond to any contingency, whether it be in the Middle East and Korea. And if we are not ready, we then put our soldiers at risk. And that is why we have to sustain that balance.

SEQUESTRATION'S IMPACT ON ACQUISITION

Mr. CALVERT. Thank you.

One other concern I also have is in the acquisitions process. Obviously, we all want to save the government money, but I suspect sequestration has a potential to cost far more over the long term, when you look at it contract by contract.

Can you kind of give us an idea of what we are likely to see the most in cost overruns on this acquisitions process? What mechanisms are causing these overruns? And approximately how much extra money will the government need to spend as a result of sequestration, just holding up these contracts, restarting these contracts?

General ODIERNO. If I could, I can't give you the specific numbers, but I can talk about a few things.

What we are having to do is we are having to stretch out every one of our programs. So what is going to happen is it is going to cost more per item, whether it be an Apache helicopter, whether it be a CH–47 helicopter. Whatever system we have, it is going to cost more per item because we are going to buy less, we are going to stretch it out longer over time, and the cost becomes more per item. So it becomes more inefficient. But that is the only way we could do it if we want to sustain these modernization programs that are necessary.

I can't give you the specific number, but I will try to get that to you, the number that is involved with that.

And then multiyear contracts. So one of the problems with the CR is we can't do multiyear contracts. So, for example, we were

supposed to execute a multiyear contract on the CH–47 helicopter this year. We weren't able to do it. So it will now cost us more money in order to execute this program down the road, for example.

Mr. CALVERT. Right. Well, I know you have enough problems in the acquisition process already without having to have the——

General ODIERNO. Right.

Mr. CALVERT [continuing]. Sequestration problem put upon you.

But if all of you could get us a report to the committee, what you believe the additional cost of the sequestration will do in the acquisitions process, that would be helpful.

And while you are at it, since the acquisition process, period, has been problematic over the past, any changes that you could suggest to the acquisitions process that could help bring those costs to be more manageable in the future would be helpful also.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Ryan.

REMARKS OF MR. RYAN

Mr. RYAN. Thank you, Mr. Chairman.

Thank you, gentlemen.

Chilling hearing that we are having here today, just where reality is coming home.

I would first like to just thank General Amos and General Odierno for a program that, both in the Army, U.S. Army 25th Infantry Division, and in the Marines, the U.S. Marines, First Marine Expeditionary Force are doing with the Mine Training Institute. It is an amazing program that I have been working very closely with. And I think it is something that can help build the level of resiliency that we need in our troops to prevent them from really experiencing the kind of trauma that they carry with them throughout, dealing with it at a very, very early stage.

So I want to thank you for that. I think it is a wonderful program and look forward to continuing to work with you, giving these young men and women the skills that they need to deal with these incredibly complex, stressful situations and deal with it in a way that I think can prevent a lot of mishaps that we all end up dealing with. So I want to thank you for your leadership there and General Dunford for his leadership on this program in particular.

AIR CREW READINESS

General Welsh, I have a lot of members of the Air Force in my congressional district. And you hit a nerve when you started talking about the reduction in flying hours, flying hours lost, scaling back training up to two-thirds. And what really hit me was that we will be non-mission-capable by July, if I—is that accurate? And then it would take 6 months for us to return back to full capability.

So can you just make that point again and let us know and the taxpayer know what kind of costs we will have to incur to get our men and women back to mission-capable?

General WELSH. Yes, Congressman. And this, of course, isn't unique to the Air Force.

The problem we have is, after we set aside the forces that are committed to supporting operations in Afghanistan, other named operations, some in Africa, counterterrorism support, other things, forces on the Korean Peninsula that need to maintain a level of readiness well above where we are talking about the rest of our units going, we just run out of flying hours.

And so our combat air forces, our fighter and our bomber aircraft that are not involved in the nuclear mission will slow down their training starting in March. They will maintain just basic proficiency in takeoffs and landings as long as we can stretch the money out. But their combat capability, all the different things that they do to be ready for a multispectrum conflict, will erode beginning in March. And by 60 days later, for most of our pilots, the pilots themselves will be non-mission-ready. And by July, the unit itself, all the pilots in it, will be non-mission-ready. That is what I am referring to.

To recover, when we start the next fiscal year, assuming we have the right amount of flying hours for a normal year to keep those pilots continuously ready, that is not going to be enough to recover their readiness. So we will need more flying hours next year to bring them back up to speed, which will take more training, more demands from instructor and evaluator time. It will take about 6 months to return the force to readiness. And it will have cost some increment—we are working that number now—above what we already have in the program for flying hours next year.

Mr. RYAN. And so if they are not mission-capable by July, so the further out we go, it is 6 months——

General WELSH. The worse——

Mr. RYAN [continuing]. The worse it gets. So is 6 months the number to get them back to mission-capable, or is it—does that length of time get longer the longer they are out?

General WELSH. It extends the longer you go. It is not linear.

Mr. RYAN. So if we ride this thing out until next year or the end of this year, we are talking about having a good number of—not just, as you said, in the Air Force but across the military—of training that needs—I mean, I just think this is a really important point, that the longer this goes, the more complicated it gets, the more expensive it gets, and the less ready and prepared we are.

General WELSH. Exactly, Congressman. And the higher the risk. Because I think it is important for all of us to understand that if there is a contingency that occurs that is beyond what we are operating at in protecting forces now, it is not that the Nation is not going to respond. We are still going to go. The risk goes up because our force will not be as ready and capable of performing at peak levels when they go as they would be otherwise. That is our concern.

CYBER TERROR

Mr. RYAN. I just have one question, and maybe just a couple of you could maybe answer it. And I think it is important, with the Air Force, I think what is going on in Asia with the Navy and the reductions that are going to be made there put us at further risk.

The one issue—and I hope this Committee is an appropriate—this is an appropriate question—on cyber terror. And my real con-

cern is that, as we go through this, that we are still going to be able to maintain what we are doing with regards to cybersecurity. And reading the paper, we as Americans are all realizing now how active and engaged a lot of people are in our banking system, our military, our government, our financial institutions.

So if anyone is feeling the spirit to address that issue, on maintaining that capability as we go through this budget process?

General WELSH. Could I just make a quick comment at the beginning, and then I will let General Odierno, if he would like to talk about this, do that.

But one of the things that is important with that critical piece of our force structure that we talked about before, our civilian workforce, in the Air Force, 40 percent of our cyber workforce are civilians. And so the furloughs affect our capability in that area beginning the first day.

Admiral GREENERT. Our ships and our aircraft are instruments of cyber, in that they deliver cyber effects. And so if they are not out and about and ready with trained operators, then what you are losing is arrows in the quiver, if you will.

Now, the quiver itself—that is, cyber headquarters and our componency therein—we are doing everything we can to hoard money, if you will, to keep that where it needs to be, to keep them ready. And so I am okay with that, but time is so critical here. As you mentioned before, Congressman, every month that goes by where we lose opportunities to train, especially flying, but it is also true in cyber and all of our units, it just degrades. And it is harder and harder to get back up that hill.

General ODIERNO. We are, Congressman—in fact, you know, as we downsize and as we have budget constraints, we are actually increasing our investment in cyber. I think all the services are. We are increasing the number of people that are going to be involved with cyber. We are starting to train additional people now. That has become one of our very top priorities, is to make sure we continue to develop that capability because of the threat and potential threat to our Nation.

So we have identified that as a key component of our future strategy, but it is at a cost. Because as we increase there, we have to take from somewhere else in our already declining budget environment. But we have defined it as important enough right now that that is one of our priorities. And we are going to continue to invest in it and, in fact, increase our investment.

Mr. RYAN. Even within the sequestration?

General ODIERNO. Well, yeah, even within sequestration, we are moving forward with increasing our investment because of the criticality that we believe is necessary in order to protect ourselves.

Mr. RYAN. Would there be more of an increase without sequestration?

General ODIERNO. I can't answer that right now. I think what will happen right now is we kind of agreed to do this prior—at the time when we agreed to this increase, we weren't sure sequestration was going to happen. So what I guess is going to happen is sequestration will delay the implementation and will not eliminate the implementation of our increased emphasis and investment in cyber.

Admiral GREENERT. The mechanism of sequestration, we can't fence it off. It goes to every single program except personnel. But if we have the means to reallocate money, then we can get to what General Odierno just said, get back to that priority program.

Mr. RYAN. But even if there is an increase, but the ships that are needed as a component of the program, that will still be affected.

Admiral GREENERT. That is right, Congressman. I mean, it limits our cyber options. Again, they are instruments of cyber as well as doing other things.

Mr. RYAN. Right.

Admiral GREENERT. And so, in my world, that is an impact.

Mr. RYAN. Well, thank you.

That is my concern, Mr. Chairman. If something happens here, they are going to look at us and say, what were you all doing?

Mr. YOUNG. And that is a very good question.

Mr. RYAN. Yeah. Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Mr. Ryan.

Mr. Bonner.

REMARKS OF MR. BONNER

Mr. BONNER. Thank you, Mr. Chairman.

Gentlemen, I was at Camp Pendleton a few days ago, and one of the generals there—I won't call him by name, but he was echoing the concern that Mr. Crenshaw raised about the maintenance issue. And his analogy was one I think many Americans can understand. If you go out and buy a new car today and you don't change the oil on it, you can probably run it for 3 or 4 years and it will still run. It is not advised to do that. But in the out-years, the longer you own it, the more expensive it is. You have all echoed that, to some degree.

USS "ENTERPRISE" DEFUELING

Admiral, I would like to, though, ask—and correct me if I am mistaken, but the information that I read in the testimony was that the Navy plans to cancel the depot maintenance and repair of all ships currently planned in the third and fourth quarters of this fiscal year. And that would mean 25 ships that had been scheduled for maintenance availabilities will not be included in the repair facility.

If I am correct in that, I guess a question is, given that there would be no direct readiness impact, did you consider—and I know this is a small change to the billions we are talking about—but did you consider delaying the induction of the USS *Enterprise* defueling as a part of your budget considerations?

Admiral GREENERT. We did, Congressman. And if we can get the authorities that we have been discussing here, that is certainly something I would like to—the Secretary and I will talk about, split funding, if you will, and using the asset in 2013 to buy back this maintenance. And then we will check out 2014 when we can. But it is lost opportunity. Want to get it back.

MINIMIZING SEQUESTRATION EFFECTS

Mr. BONNER. Well, and then that goes to my second and last question, although I have many others that I will submit for the record, Mr. Chairman, as I am sure many of us do.

But, in many ways, you have all painted a grim picture. And as we say in the South and in other parts of the country, before this Committee, you are preaching to the choir. We are all distressed and concerned with you about the impacts of both the CR—as Chairman Rogers outlined, a solution that we are trying to work through the House. Don't know whether we can get it done. Don't know what the Senate will do. And really don't even know what the President will do.

Whether you voted for the Budget Control Act, as some did, or you voted against it, or you are the President who signed it into law, we all have a responsibility. And we have seen the deficit clock continue to go up and its impact on our Nation and her position of strength.

BUDGET FLEXIBILITY

I guess the question I would have to each of you—and I am not trying to draw you into a political discussion here. But, respectfully, given what we have discussed today, given the consensus that you would like more flexibility in the CR—and I think most everyone here has indicated their desire to give that to you—is there anything that you could recommend to the Commander in Chief that he could do to minimize the effects of sequestration and that he could do to help with his signature in a continuing resolution or some type of instrument to get us through the balance of this fiscal year to give you the flexibility that you are asking for and that many of us would like for you to have?

General AMOS. Congressman, in our dealings with our Commander in Chief, he has made it clear, personally, certainly in front of me, that he doesn't support this and he wants to do everything he can to avert sequestration.

Without getting into the political parties here, that is what I see. And I don't have the benefit of the day-to-day interactions, but that is what I see. And that is what I have seen in the press of late, is that our President doesn't want this to happen. He understands the impact.

So, I mean, that is just firsthand, limited knowledge.

Mr. BONNER. Well, General, I am not disputing you. I am just saying if—I haven't met a single Member of Congress, Democrat or Republican, that likes sequestration. And taking your assessment and taking the President at his word, he doesn't like sequestration, you don't like sequestration. I doubt, if we asked for a show of hands in the room, if anyone likes sequestration. And yet it is upon us.

And that is why I ask the question. Not trying to draw you into a political debate, but you may have an opportunity. You know, we pass legislation, but in order for it to be signed into law, it takes both branches of government to work hand-in-hand on that.

So I just would welcome any input you could offer at the appropriate time, if given the opportunity through the chain of com-

mand, through the Secretary of Defense. He has been outspoken against sequestration and has articulated that well. But I do think we all bear some responsibility to try to avoid the devastation that you are presenting to us today. And I thank you.

Admiral, did you want to add anything?

Admiral GREENERT. Well, the only thing I would add to what General Amos said—I agree with him. We went to great pains, working with the Secretary of Defense, to ensure the President understood the impact of sequestration. But there are two instruments here: There is sequestration and continuing resolution. And, together, they are very debilitating.

So I would just share, I am unaware of an Executive order or anything that we could ask the President to do anything about the continuing resolution. I, frankly, am ignorant of that particular matter.

Mr. BONNER. Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Cole.

REMARKS OF MR. COLE

Mr. COLE. Thank you, Mr. Chairman.

And thank you, gentlemen, for your service.

And I would be remiss, General Odierno, if I did not extend General McDonald's warm regards to you. He told me to do that, so I want to do that.

We have talked a lot about the damages, obviously, that the sequestration and CR inflict upon the force. I would like to pull you back a little bit and ask each of you to think strategically and globally about what the impact this has for the country and its ability to project power and preserve stability around the world.

FUTURE READINESS

At a hearing last year, General Welsh, your predecessor described with great pride, you know, what the Air Force had accomplished in Iraq and Afghanistan and then almost on the fly in Libya and the extensive operations that had gone on to help our friends in Japan in their crisis. And I asked him, given the cuts of last year that we were talking about and you all were adjusting your strategy, would you be able to do that again in 2 years? And he said no. You know, we might be able to do two or two and a half, maybe three, but we certainly can't do all four things again because we won't have the capability to do that.

Now we are talking about something on top of that. So I would like each of you just to tell us, insofar as you can, the things you won't be able to do that we take for granted because you have done it so well for so many decades.

And one last point, and then I will wait for the response. There is a great book by a guy named Robert Kagan called "The World America Made." It is only about 140 pages long. It is an absolutely terrific read about the extraordinary things the United States of America has accomplished in the world since the Second World War and how we are all freer and more secure, not just as Americans but how the planet has moved broadly in the right direction—democratic governments, open markets, really good things.

And he credits the American military with a tremendous part of that accomplishment, because it has been the great maintainer of peace, not just the winner of wars but the maintainer of peace. And so, again, we are going to diminish that capability pretty substantially if we don't reverse ourselves.

So, again, if you could tell us some of the things you are not going to be able to do that we are used to you being able to do almost without reflection on our part.

General ODIERNO. Well, if I could, Congressman, first, you know, one of the things I talk a lot about is one of our responsibilities, and you just mentioned it, is about preventing conflict. It is about us providing the capabilities to our combatant commanders to shape their operational environment that allows them to prevent conflict in the future. And we will be able to support that, but we will not be able to support that at the same level that we do today if sequestration goes into effect.

The other thing we lose is capacity. And when you lose capacity, you lose some capability to deter if people don't think you can respond—if you can only respond to a small number of contingencies or incidents. And that is, as an Army, what I look at. And it is about having the right capacity that will deter others from making miscalculations.

And so what I worry about is, as we move down to sequestration numbers, do we move below a level that now does no longer deter our adversaries or others that might miscalculate and attempt to do things that have an impact on our own security. And that is one of the things I worry about.

Admiral GREENERT. As I was talking to Congressman Crenshaw earlier, I laid out the Global Force Management Allocation Plan. And that is our work in the Department of Defense, from the Navy's perspective and the Marine Corps', to be where it matters and to be ready when it matters so that if something happens we are there right away.

And the second piece for us is to be able to surge, to respond and back up, if you will, a situation out there. And for us, it is to be able to get carrier strike groups there within 30 days. And today, or let's just say before, we were able in the last 3 years to put three carrier strike groups out and about the world and have three more ready to go within 30 days. What we are going to be down to is two out and around the world, with one able to surge—the rest not ready, and half of the 10 combat-ineffective.

And so that is a new world for us. And so whatever mechanisms we can put in place to help to—we are out of balance in operations in the Navy. We have to get that balance back between the forces we have and the readiness that they have to respond.

So it is being where it matters. And that won't be in SOUTHCOM, it won't be in AFRICOM. It will be less in Central Command, less in European Command, and less in Western Pacific. And that is new to us.

REDUCED SUPPORT TO THE PACIFIC

General AMOS. Congressman, right now, today, we have cancelled our exercises in the Southern Command area of operations, the Central America and South America; we have canceled all our

NORTHCOM exercises and participation; and we have reduced 30 percent of our exercise support in the Pacific AOR, and yet that is the area that our Nation has elected by our strategy to reorient to. So that is some of the near-term impacts.

But for us as a Navy-Marine Corps team, we are the hedge against uncertainty. That is what we do. I mean, we are forward deployed, forward engaged. We are an insurance policy. You don't know what the world is going to unfold out there, but you buy an insurance policy, either health or life, as a hedge against the unknown. That is what Jon Greenert and Jim Amos' forces do.

We are that forward-deployed force. We are out there engaged. We are building partnership relationships. Relationships count.

We won't be able to do that to the degree we are doing it today. I have a whole host of things since 2010 that the Marines and the Navy team have done. I won't go through that with you. But specific things like the takedown of the Magellan Star, the Pakistani flood reliefs, the operations in northern Japan to help our friends and allies up there after that terrible earthquake and tsunami, the Philippines, Haiti, combat operations in Afghanistan. We are going to be limited on what we are going to be able to do.

This time next year, we will have not deployed, if things continue the way—we will have not deployed two marine expeditionary units. And that is the Navy and Marine Corps team. That is a total of 6 ships, 5,000 marines and sailors, out there doing the operations around the world. We won't be able to do that.

So the last point I would make is, when things happen around the world and we need to be globally engaged and leading as a Nation, we won't have built those relationships. You can't surge trust in the middle of a crisis. You can try, but it is very difficult to surge trust. We won't have that.

And, lastly, we are a global leader, we are a global Nation. I said it in my opening statements. We have a responsibility to not only the global economy but the global peace and environment. And that will be severely affected.

General WELSH. Congressman, the Air Force provides vigilance, reach, and power for the Nation. That is what we offer, in support of our other services sometimes but sometimes on our own in support of national decisions. The abrupt and arbitrary nature of these cuts related to sequestration have affected our ability to do that already. And if sequestration takes effect, it will have a more dramatic impact in those areas, except the ones we are prioritizing because of the current contingencies or current fight.

Strategically—Congressman Crenshaw referred to this earlier—there will be a decreased presence over time. And in this business, quantity does have a quality all its own. I don't care how capable your platform is, it can't be everywhere. And the fewer you have, the fewer places you can be. That applies to all our services.

Impact on national security is actually pretty simple: It limits options. So the Nation has to decide what options it wants to be able to preserve, and then we will build the military and a strategy to preserve those. It is not our decision; we just execute the decision.

And then, finally, I am concerned strategically, if this happens, with our ability to connect with the American people over time. We already have difficulty with that because of the lower and lower

number of people who have served in an all-volunteer force. That will get worse if more and more military infrastructure units get smaller, our services get smaller. Our Guard and Reserve will get smaller accordingly, and that connection to the mainstream of America will get tougher to maintain. Over time, that could affect the quality of the force we have now, and that would be catastrophic.

STRATEGIC RESERVE

General GRASS. Congressman Cole, of course, you know we have a dual mission both to augment and support the Army and Air Force on the Federal mission and then supporting the Governors in the States.

If we go back to before 2001, many of our Guard units were, as far as fully modernized units, were probably at about one-third of what they were expected to be. Because of investment by the Army and the Air Force, the Guard now today is much, much better than that, and we can deploy a lot quicker. I am very much concerned that with full sequestration we are going to go back to that more strategic reserve and at a time that our Nation can't take risk in that strategic reserve because the active forces will not be as modern and ready as needed.

On the homeland side, we are just now getting to a point with Administrator Fugate, DHS, General Jacoby at NORTHCOM, we are working very closely with the Department of Defense and looking at how we respond to complex catastrophes—7.0 to 8.0 earthquake with no notice. We are not ready for those today, and we are making plans. We are working, we are looking at the 10 essential capabilities that the Governors will need at that time. This will set us back in that planning, sir.

Mr. COLE. Thank you.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Owens.

REMARKS OF MR. OWENS

Mr. OWENS. Thank you, Mr. Chairman.

I want to go back to a topic that has been debated to some extent throughout the hearing, and that is the reallocation and the reprogramming. Each of you seemed to call upon that as something you would like to have. Is that a short-term strategy? If I reallocate and reprogram for this year, does that put me further in the hole next year? And if so, what steps do you take to deal with that?

SHORT TERM AND LONG TERM ISSUES

General ODIERNO. Congressman, what I would say is, first, there is a short-term reprogramming issue in 2013 with the continuing resolution. But in reality what we need is we need to be able to put a long-term plan together. And so far we have not been able to do that because we have not had budgets passed that allow us to do this. And I worry about that.

So with reduced resources, we have to be able to make the most out of the resources we have. And if we don't get appropriations, if we don't get the appropriate defense authorization acts, then we

are not able to do a plan that allows us to make best use of the dollars available for us to build a program for our services—and I will speak specifically for the Army—as we look at how we want to build the Army with reduced resources.

So we haven't been able to do that yet, and it is starting to grow concerning to me. I am worried now we are going to push it into 2014. And now, because of the problems we are having with arguments over sequestration and other things, will we get a 2014 budget? And if we don't get a 2014 budget, then we are right where we were this year next year and we have wasted another year, we are spending more money, we are not able to plan properly, do the things that we think are necessary. That is what I worry about.

Mr. OWENS. But in terms of this reprogramming and reallocation issue, if you had the ability to do that today, that still does not really resolve your longer-term problem of building a plan——

General ODIERNO. It doesn't.

Mr. OWENS [continuing]. Based upon a reduced budget.

General ODIERNO. And, in fact, it only serves one-third of my problem this year, and that is 6 billion out of the 18 billion.

Mr. OWENS. Right. Okay.

Admiral GREENERT. Yes, Congressman, in my world, I am out of balance. I mean, I have an $8.6 billion shortfall in operations, with roughly half a year to reconcile that. And in the investment accounts, I have money, because it carried over from 2012, more than what I would want to spend investments on in my request.

So, step one: Need to get in balance, I will call that. And that is one mechanism. A bill would be best. But, number two, time is so critical, because every month that we reduce the burn rate, if you will, we hold, we just don't spend it, that is an opportunity lost. And as we talked about maintenance, that is going to come around down the road somewhere.

So there is a time element, there is a balance element. Once we can get that taken care of, as General Odierno said, then we can focus on 2014 and 2018, whatever the will and the direction is on fiscal levels. We just want it to be clear what that might be as we move ahead.

Mr. OWENS. Okay.

Yes, sir?

DEFERRED FACILITIES MAINTENANCE

General AMOS. Congressman, everything that my two colleagues have said pertains to my sense, my piece of the world, as well. But also a short answer to your question is, you are absolutely right.

For instance, I am taking money right now out of facilities maintenance. Congress has been generous enough to give me about $3 billion worth of new construction in barracks over the last probably 7 or 8 years. For the first time, we have moved into the best barracks the Marines have had since 1946. So the maintenance for those facilities is pretty important to me. We are taking money out of the maintenance of those facilities. And back to the idea of the car and running it for 3 years without changing the oil—that is exactly what is going to happen.

So there is a piece of this that, you are absolutely right, I am harvesting money out of accounts out there—depot-level mainte-

nance, aviation and ground equipment—so that I can pay for readiness. But it is important for me right now because that is what we do for our Nation, is we have to be ready. But you are absolutely right.

General WELSH. Congressman, we deferred almost between $450 million and $500 million worth of infrastructure projects just because we don't have the money in the right place to move forward and the continuing resolution (CR) doesn't allow us to use what we wanted to do in 2013 to get this done—projects that make sense that you have fully supported here on this committee.

Long term, you are absolutely right, what we really need is a string of reliable top-line numbers so we can get after the problem of planning for whatever the future holds. I think all of us are ready to just say, give us a number and let's get going.

Mr. OWENS. Okay.

General WELSH. We can debate the impact of this. We understand this now. We have took a really hard look at this. But where are we going is important to all of us.

Mr. OWENS. Uh-huh.

General GRASS. Congressman, major impacts on the Guard today are getting equipment, getting units, getting the infrastructure in place for modernization for new units moving in. General Welsh and I have been working through the 2013 budget on the Air Force, and we have a plan that we want to go ahead and make moves.

Some of the moves that actually are planned for 2013, some of those date back to 2010 and 2011. We don't have the money to actually even go in and change the facilities to accept the new equipment. So it just continues to compound and delay our ability to get ready for the future.

MENTAL HEALTH PROVIDERS

Mr. OWENS. Thank you very much.

I have one other question. I hear from the folks at Fort Drum, which is in my district, a great concern about particularly mental health issues and the, if you will, the understaffing that exists both at the military and the civilian level. And you have all indicated a strong concern about the civilian workforce and how important it is to each of your operations in different ways.

Where do you think sequestration is going to hit in the mental health arena? And how much damage is that going to do not only to Active Duty folks but also to the military families?

General ODIERNO. Yeah, thank you, Congressman.

Well, we have two problems. One is before sequestration we allocated the dollars and positions to increase military and civilian mental health providers. The problem is there is not enough out there. We weren't able to recruit enough to fill the positions we have. Now what is going to happen is we are going to have to reduce the ones we already have. And so we are going to compound the problem, potentially, over time. And I am very worried about this because we see this as a long-term issue for the Army, at least another 10 years, if not longer, that we will have this, and also working with VA.

So we are doing everything we can to hire as quickly as possible to get the right people, but, frankly, there is just not enough quali-

fied people yet to do that. And, as I said, with sequestration, we are probably going to lose some positions, which will also cause us some issues as we go down the road.

Mr. OWENS. Thank you.

Thank you very much. I will tell you that you have my support on the reprogramming issue if we can figure out a way to get that done, if we can't solve the overall problem. And I also understand the difficulties you go forward with without a top line.

Thank you.

Mr. YOUNG. Thank you, Mr. Owens.

Mr. Womack.

REMARKS OF MR. WOMACK

Mr. WOMACK. Thank you, Mr. Chairman.

And in listening to this 2-hour-plus conversation today, it is obvious to me why the gentlemen before us have been selected to the positions that they hold. A lot of wise counsel up here, and I hope America is paying close attention.

ACTIVE-RESERVE COMPONENT MIX

I am going to confine my couple of questions, my limited time here, to what I call the AC-RC mix. And realizing that we have asked a lot of our Reserve component structure since the war on terror began, and I think they have acquitted themselves quite nicely in the conflict over the last decade-plus.

And so my question is, in this new sort of fiscal reality that we are in, and given the fact that it is not a very temporary situation—trillion-dollar deficits would cause anybody to understand that we are looking at a long-term process here to climb out of—are we satisfied with the present Active-Reserve component mix? What effects will this new fiscal reality have on that mix, and specifically through the Army and the Air Force?

And, General Grass, I am interested in your comments, as well.

General ODIERNO. Well, first, Congressman, thanks for the question. And you are right about your assessment of what has happened over the last 10, 12 years.

I think the way we proposed building our Army proved itself over the past 10 or 12 years, the fact that you have to have an Active component that is very responsive, more ready, able to respond quickly, and then you have a National Guard who is ready to continue to provide us depth and capability to the operational force that allows us to conduct extended operations.

And so, in my mind, you have to sustain that balance. So you need enough Active component that allows you to respond quickly, have higher readiness levels, and which also then allows the National Guard—that takes more time because we are not investing quite as much in their training because they are part-time soldiers. And so we have to continue to figure out what that right balance is.

I just remind everybody that if we get out of balance, if we have too much Active component, not enough Reserve component, it will be too expensive for us to sustain. But if we have too much Reserve

component and not enough Active component, the readiness levels will not be sufficient for us to meet the needs of the future.

So, as we move forward, we have to constantly look at that mix. And we have identified that because in our initial cuts we have cut—a majority, a large majority, have been Active component cuts, because that is what grew to support Iraq and Afghanistan. And my guess is, if sequestration goes into full effect, you will see probably a bit more Active component cuts than Reserve component cuts as we go through this. But I am going to have to sustain that right balance and mix in order for us to have the ability to respond and have the right readiness levels, as well as sustaining the operational Reserve capability that we need from a Federal force.

And, also, we have to take into consideration what is needed for each State Governor in order to meet the needs internal to the State with the National Guard. So we have to figure out all those factors. But I think we have the right way ahead as we work our way through this.

General WELSH. Congressman, I am not happy with it going forward because I don't know what it needs to look like. I don't know what the Air Force is going to look like going forward yet.

Like Ray Odierno, I believe that the mix we have had for the last 10, 12 years has served us very, very well. Your acknowledgement of the performance of the Guard and Reserve is absolutely accurate. They do fantastic work every single day. We can't have a strong Air Force without a strong Reserve component. It is impossible. And the opposite is true, as well.

Going forward, we have established a task force on the air staff now, under the Secretary's order, to look at options for the Active-Air Reserve Component (ARC) mix. It has a two-star general from the Active component, one from the Reserve component, one from the Guard component. It is also advised by a couple of State adjutant generals. We will report out through Frank Grass and the National Guard Bureau team routinely.

And our intent is to look at what are the options going forward and apply the same analytical tools to each of the options they develop. What is the right force structure mixture? Should we put missions in one place or the other? How do you modernize the force? Is it proportional and concurrent, or is it done in a different way? I don't know the right answers yet, but by the time we submit the 2015 budget, we intend to have them.

That group will also advise the Senate commission that was stood up to look at Air Force force structure, to provide context for their discussions. But our intent is to develop an independent position that can add to that discussion.

General GRASS. Congressman, first, I would like to recognize 460,000 Army and Air Guardsmen that do great work today. Today there is about 35,000 somewhere doing some mission, about 5,000 of those in the homeland. The rest are either deployed or getting ready to deploy. And we have created a force that is just truly incredible. And we want to work very closely with the Army and Air Force and maintain a very ready Reserve, a ready Guard.

One of the main concerns we have right now, though, is if we cannot afford the strategy that we have been given to put together, how do you build a force to support that and figure out what the

Active component and Reserve component mix should be? Without a budget, we can't even move forward to have those honest discussions. And that is what we really need to get at.

DUAL SERVICE TECHNICIANS

Mr. WOMACK. The last question, to be respectful of everyone's time, is that I understand the pain associated with the furloughing of civilians throughout our military structure, but there are some civilians in the Reserve component structure—we call them dual service technicians—that are impacted. And, in fact, if I am not mistaken, these will be the only uniformed members of our forces who will be subject to furloughs.

And if any of my colleagues have not heard from their dual service technicians already, they will hear from them very shortly.

Are you working with the States' adjutants general to give them some flexibility so that they can maintain their level of readiness, knowing that a lot of these civilian employees Monday through Friday are wearing the uniform on the weekend as part of our Reserve component structure?

General GRASS. Congressman, we have discussed this. In fact, I was with the adjutants general this morning, and I briefed them on the impact. They all know the impact on their States right now. And what we are trying to do right up front is make sure the next deploying and those deployed and the ones returning, that we take care of those first.

There are also some very strategic missions that we do for the Air Force and the Army that we want to make sure stay at the top priority, to make sure that our technicians are there to do the maintenance, the administration, the training that they do every day. Because they do wear a uniform to work even though they are a technician.

By the first of March, the Secretary of Defense's Comptroller has asked us all to provide our exceptions to the policy. We are working on input from that right now, but with the budget cuts we are facing, we think those exceptions will be pretty thin.

Mr. WOMACK. Well, I am hopeful that we can have a positive resolution, given the importance that these dual service technicians have.

And, Mr. Chairman, I just want to make this last comment. This committee, as everyone knows, is tasked with appropriating funds for discretionary programs, roughly a third of Federal outlays. And one of the hallmarks, however, of our military has been its ability to plan beyond, say, the next generation. And unlike any other Federal program that we fund, this organization, the organization these gentlemen represent, have to have the capacity to look into the future, because modernization is not an overnight exercise, nor is the professional development of the men and women that we are going to ask to be fighting the next conflicts. In fact, a lot of those kids are in the third and fourth grade right now. And in a few short years, based on decisions that will come out of this Congress, we will severely impact the capacity of those elementary-school-aged children today to be able to lead our men and women into battle in the future.

So this is—I think Tim said it earlier—this is chilling testimony that we are hearing today. And I sure hope that our country is paying close attention, because the outcome could be devastating.

And I yield back my time.

Mr. YOUNG. Thank you, Mr. Womack.

The plan now—we are getting close to the end of an exciting hearing. We are going to go next to Ms. Kaptur and then to Mr. Visclosky. And then the chair is going to have one last final question to ask of our very distinguished witnesses.

Ms. Kaptur.

REMARKS OF MS. KAPTUR

Ms. KAPTUR. Thank you, Mr. Chairman, very much.

And I want to thank all of our military leaders who have come here today. Thank you for your valor and service to our to the people of our country and to freedom's cause. You know how much the American people think of you and appreciate your service.

You could not manage your departments without regular order, and, unfortunately, you are being subjected to a set of decisions that result from very irregular order here in the Congress. And I want to thank our chairman for bringing us together on this subcommittee to try to reinstitute regular order of this committee so that sound decisions can be made for today and tomorrow.

We will never balance the budgets of this country and pay down the long-term debt without full employment. And when you have 7.8 percent hanging out there and many people unable even when they are working to earn a living wage, I don't care how much you cut, you are not going to be able to meet the bottom line.

And so what it is happening is that your programmatic budgets for necessary spending for our country are being invaded. It is really a sad day for our country and a sad period that we are living through, and we all have to get through this together.

But it is probably important to put on the record that upwards of half of the Members of Congress have served here, I think, less than 6 years. Somebody gave me that number the other day. So imagine if those in your top command had less than 6 years' seniority with no service on budget committees, no service on committees that deal with revenues. So we have a challenge of our own inside this institution.

Let me also say that, in trying to balance the budget and look at who is not paying their fair share, I just want to state for the record that I represent lots of businesses who pay double the rate of Wall Street hedge funds. Our businesses pay over 30 percent in Ohio on their corporate income tax; hedge funds, 15. Why should that be? There has been no criminal prosecution of those who led us into this financial crisis—no criminal prosecution. And we could be yielding tens of billions of dollars back to the people of this country. Offshore tax havens, where very large companies and interests park their money. And that is not even a part of this discussion.

What is part of this discussion, General Grass, is taking away medical and dental benefits to those in the Guard and Reserve, for which I take personal offense at, because why are their lives less important than any other soldier that serves our country?

And so we look at pharmaceutical companies who aren't willing to allow competitive bidding, the Government of the United States to ask for competitive pricing, and we put billions out the door. Meanwhile, you are probably burning the midnight oil trying to figure out how you are going to maintain readiness, as each of you have stated, and cut into your respective services. I am actually embarrassed that the process of the internals in this Congress have forced you to waste time on this because you have other things to worry about.

So we have to get back to regular order in this institution. We have to have pro-employment growth budgets in order to dig out of the deep hole that we are in.

Meanwhile, if I am to summarize quickly what you have said, General, the totality of what you have all said is that we will have an over 737,000 civilian employees who are going to pay the price, part of the price, of balancing the budget. These are not people who earn a lot of money. They are going to have their pay cut, a 20 percent pay cut. What is fair about that, when Wall Street hedge fund managers are feeling really good and probably have got seven boats now and many houses around the world?

General Odierno, you have said there will be 251,000 civilians furloughed in the Army, and you have a shortfall of $18 billion for this fiscal year.

Admiral Greenert, you have said you have an $11.2 billion shortfall, and there will be 186,000 civilians that will have that pay cut.

General Amos, you talked about $1 billion more in cuts facing our brave marines.

And, General Welsh, you have said there will be 180,000 civilians in the Air Force, with a $12.4 billion shortfall.

And then, General Grass, you have said 115,000 of those in the Guard and Reserve will lose their annual medical and dental care, reducing Guard and Reserve to a 39 percent readiness rate. Thirty nine percent?

How can we be proud of this? You are being forced to make these tough decisions, but look who is paying the price.

BUDGET REDUCTION IMPACTS

I wanted to ask, as you have gone through this terrible budget process inside of your respective services, may I ask each of you just to state for the record what has been the most difficult part for you? You have each talked about readiness and what this means long-term. What has been really difficult for you? A, the time you had to spend on it. What a shame that is. But what really has been difficult?

General ODIERNO. Well, for one thing, Congresswoman, there are no good choices here. There are no good solutions.

And, for me, it goes back to what I said earlier about, you know, we talk all the time, we want to keep faith with our soldiers in the Army. And I think it is important for me we do that, but I think they have to be questioning us in some of the things that we are being forced to do here, at least this fiscal year. The fact that we are reducing help for their families on our installations, the fact that they might not be able to train to the standard they need to

be trained at in order for them to be ready if we asked them to deploy—that is not keeping faith with our soldiers.

And, to me, that is what bothers me the most about this process, because it is about them. It is about our men and women. Everybody talks about taking care of soldiers. In my mind, do you know how you take care of a soldier the best? Is that when you ask him to do something, they are the best trained, best equipped person, and they go and they come back. That is what I owe to our soldiers. And right now I can't say that I can do that to every one of our soldiers, and that bothers me.

Ms. KAPTUR. And I know what a great job you do. Thank you. Admiral Greenert.

Admiral GREENERT. There are some that think that a lot of our civilian force are here in the Washington area, when actually it is a very small percentage. So I worry about kind of a split, you know. We are teammates, and I will tell you what, 9/11 really brought us together. Since 9/11, you know, in the Navy for sure, we have been closer than ever, in my career, ever. And so now they become, as you articulated very well, ma'am, they are paying a price. And it bothers me big time that we have to do that, that this is sort of self-inflicted.

Number two, I am looking for the strategic horizon here, and General Welsh mentioned it earlier, so that actions I take today, how do they affect and how do I make this coherent toward a strategic horizon? Kind of like, give us the numbers and let us work this from now to the future, is kind of spinning around in our thoughts.

And then, lastly, what is truly reversible, actions that I would take today, and I would say, you know, if I can figure this out, maybe I can buy that back later and it won't be debilitating, it won't be a lost opportunity. So finding what is lost opportunity and what I can recover later if the opportunity presents itself, the action of this committee or the Congress on a bill and reprogramming, that is sorting that out.

Ms. KAPTUR. You know, one of the aspects of this furloughing of nearly three-quarters of a million Americans, this has a price. This has a price inside this economy. It is not going to be positive; it is going to be negative.

And if I look at Ohio, 26,000, minimum, are going to be furloughed, half of those around Wright-Patterson Air Force Base, a part of Ohio that has been hit so hard by the loss of DHL carrier and General Electric and other automotive jobs that have been lost in that region.

I really have been wondering about the geographic distribution of where this economic impact will be felt. Of course, no one can tell us. But we know it is going to happen, unless something can be averted this week.

General Amos.

General AMOS. Congresswoman, there are two things, two issues here.

One is more strategic, and that is—my biggest concern is maintaining readiness. I mean, I use that term, and it is the truth. How do you maintain a force that can respond today, and being able to cut Solomon's baby in all the right pieces and all the right propor-

tions, and being able to move a lot of that into the readiness accounts or those forces that are on the edge, the forces that are right there ready to go and respond. So that is probably, strategically, the most persistent problem I have.

Internally, almost spiritually, is the problem of uncertainty inside the Marine Corps, the uncertainty with my civilian marines. You have talked about 20 percent; it is a 20 percent pay cut. You know, I have 20,000 civilian marines who come to work every single day, as Jon Greenert said, and have been faithful employees. They are not sure what is going to—you know, they probably would be okay if they just knew that it was going to end at the end of this year. They don't have any idea what is going to happen next year.

So it is not just them. It is my young enlisted marines that are wondering, hey, I am—the ones that are in Afghanistan. I just got back 2 weeks ago, and the questions were, hey, sir, is there going to be a Marine Corps for me to be able to be a part of over the next 5 years, 10 years, 20 years? So it is the young enlisted marines that want to know about the future of the Corps, the future of our Nation.

And then my officer corps is exactly the same way. Is there going to be room for me? Am I going to be competitive? Am I going to be able to stay in this organization that I have dedicated two or three combat deployments to?

So uncertainty is kind of the spiritual thing that runs through the Corps that is probably my greatest problem.

General WELSH. I love listening to Jim Amos talk about the Marine Corps, which is why I am so proud to have a son who calls him Commandant.

Ma'am, I will tell you, one of the things that is sometimes insinuated is that people who get to senior rank in our military services have lost touch with the younger troops in this business. I would argue that the people sitting at this table are here precisely because they haven't lost touch. We know the impact to everybody, and we feel it. These are our families. These are our children. These are our people, every one of them. And we understand the impact this will have on them.

Our job, from a different perspective, is to fight and win the Nation's wars, and nobody is going to care how well we treated those people if we lose the next war. And we are a little concerned about where we are going as a fighting force for this Nation.

Our people are very proud of how good they are at this business. It is an ugly business, but somebody has to be good at it. And our people are incredibly good at it in all the services. They are very proud of that, and so are we. And right now our force is in turmoil. We are not proud of that.

Ms. KAPTUR. Thank you, General, very much.

General GRASS. Congresswoman, I think my biggest concern, especially looking at the National Guard being scattered across 3,000 communities where our units are based out of and many more communities throughout the United States, is the stress that we are going to see if sequestration happens and we continue to draw down our ability to take care of people and also to train. But the stress on the soldiers, airmen, as well as the stress on the families.

And people in the community won't really understand what is happening.

And we don't know. After every war, we have had medical issues we have had to deal with, we have had mental issues we have to deal with. We really don't know yet what the impact of 12 years of war is, even on our Guard forces that have had two, three, and four deployments. So that is my big concern for our people.

Another concern that we have is—you mentioned it—the health care, because there is a fairly high standard of being in the military, and we meet the same standard that the Air Force and the Army prescribe for medical readiness and dental readiness. When the war started, we didn't have the money and a lot of soldiers and airmen didn't have the money or didn't have a way to do their dental checkups, to do medical surgery they may have needed. They just put it off. But we had to get that for their deployments. Today we have a mechanism that we can take care of that for them, and that will go away with sequestration.

Ms. KAPTUR. I want to thank you gentlemen.

Mr. Chairman, let me just place for 30 seconds here on the record a finding that came from work we have been doing in Ohio with our Adjutant General Ashenhurst and her predecessors, along with our returning Guard and Reserve troops.

And one surprising finding in terms—and this is following on what Congresswoman Granger was talking about, General Odierno, with some of the unusual incidents that have happened inside the services. They have been working with Dr. Castro and a whole team of physicians from the Cleveland area all the way up to the University of Michigan and found that one of the factors that appears to cause some of this aberrant behavior: These individuals come from families that had a lot of violence prior to their enlistment. And they have found this is a very serious contributing factor.

I would just point that out. You may already know it. But in terms of recruitment and screening that is done, this has proven to be a really extraordinarily important factor, what happens before they come to the military and their ability to handle military service.

So I thank you very, very much.

Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Ms. Kaptur.

We have now gone over the time that we had allocated, but that leaves time for Mr. Visclosky, who is now recognized.

REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Thank you very much, Mr. Chairman.

Gentlemen, I would like to ask a positive question as far as trying to prevent some terrible things from happening. We do not have a 2014 budget, and there has been a lot of discussion about the inability to plan. And sequestration begins on Friday.

General, you mentioned you have a CR. All of you in a different fashion over a number of questions said you only solve part of the dislocation here.

If, instead of a CR for 6 months, you had an underlying bill, Congress did its work and you had a defense appropriations bill, obvi-

ously you still lack next year's bill, you still have sequestration, can you give some examples of how things would be better if we, in fact, did a bill? How does that help you? How does that help our country?

Any of you. And all of you don't have to answer. I know the chairman——

BUDGET UNCERTAINTY

General AMOS. Congressman, I will just throw a couple of figures at you.

Number one, we get a multiyear contract for a V–22, which is built in Texas out at Amarillo. It has fingerprints on our H–1 program, our Hueys and Cobras. It has fingerprints on the H–47 because there is shared touch labor. But the V–22 multiyear will save a billion dollars, $1 billion, if I have the authority to actually sign a multiyear contract today. So that is one thing.

I have $730 million worth of military construction money. It is there; it is not money that has been taken. But it is sitting in military construction accounts, and they are to build facilities in places like Kaneohe Bay, Hawaii, for MV–22s; Joint Strike Fighter accommodations, because they require a particular kind of hangar and security, in Beaufort, South Carolina; barracks for marines, to complete the barracks—but $730 million.

So there are just two examples of where, if we had transfer authority and the ability to be able to sign multiyear contracts this year, if we had a budget, we would be able to save that much money and be able to get on with it.

On the MILCON, there is every chance that if we stay in continuing resolution and I can't execute those contracts and I am all set to go, that money goes away. I mean, I have no expectation that in fiscal year 2014 I am going to find another $730 million on top of what my other fiscal year 2014 MILCON is. I mean, it is gone. And it will be another 5 or 6 years before I can go back and regenerate that.

So there are two examples.

NEW STARTS

Mr. VISCLOSKY. Admiral.

Admiral GREENERT. Sir, we are talking new starts. Jim mentioned a lot of those. So I don't know how many there are, but there are, like, hundreds of things that we want to get started, so rather than writing anomalies over and over and over again, we can just do it. Time is so critical because of lost opportunities, and that would eliminate that temporal factor of, like I said, lost opportunities because we are holding back expending resources, trying to get through a CR.

The multiyear the Commandant mentioned, we have it in ships and aircraft. And I won't give you numbers to bore you. Quantity increases can now—we can just carry on, instead of trying to spend all this time hoping we capture all of the anomalies that we would have to do otherwise.

Mr. VISCLOSKY. General.

General WELSH. Sir, we have things in the same categories.

Mr. VISCLOSKY. Yeah. Yeah.

General WELSH. It is all the same stuff, just has different names to it.

General GRASS. And, Congressman, we have 40 MILCON projects today we would like to get started on that we can't for the same reasons.

Mr. VISCLOSKY. How come your nameplate is larger than the other—no.

I am done. Gentlemen, all of you, thank you very, very much.

Thank you, Mr. Chairman.

CHAIRMAN YOUNG'S CLOSING COMMENTS

Mr. YOUNG. Thank you, Mr. Visclosky.

The chairman recognizes himself for one question.

And this is serious. No one wants to be credited with creating sequestration. And that is pretty obvious. And it is pretty obvious why no one wants to be credited with creating this sequestration.

What I would like to know is, as service chiefs, were any of you tasked by anyone at the decision-making level, whoever made that decision, as to what the effect would be if, in fact, we created this thing called sequestration?

Were you called? Did you talk about it in the tank? I am sure you did. But were you called by higher authorities to say what would be the effect? It would have been really helpful if we would have known what you saw that the effect would be before we agreed to sequestration.

So what can you teach me?

General AMOS. Mr. Chairman, I was the Commandant when the bill was passed, and I guess I was the Commandant when it was being discussed. But it was never discussed with me, and there were never any questions with regards to the impact and potential impact of sequestration.

General ODIERNO. I think Jim Amos was the only one who was the chief at the time when this occurred. I think the rest of us came in after that. So we weren't there when they had these discussions. So I personally can't answer your question.

Admiral GREENERT. Same here, Chairman. I was not in the job. Subsequent to it, though, we talked about its impact, especially over this past year. And as described earlier, we articulated that clearly for the Secretary.

General WELSH. Mr. Chairman, I also was not in the job. But, very clearly, in the Department of Defense, the Secretary, and the Deputy Secretary have been very vocal about this for over a year now.

General GRASS. Mr. Chairman, I wasn't in the job either, but during our testimony for confirmation with the Senate back in July, in doing the work, we did say that it would be devastating to defense.

Mr. YOUNG. Well, Secretary Panetta was very, very outspoken. And I don't know whether he passed on advice to whoever might be making the decisions at the executive branch or the legislative branch. I just don't know the answer to that. But I will tell you, anybody who would make a decision like that without consulting the top military leaders responsible for providing for this national

defense, somebody made a big mistake. Sequestration is a mistake, and there is no doubt about it.

Well, thank you very much. This has been a very good hearing. I know that you have repeated a lot of these issues time and time again. Every time we do it, hopefully somebody else will listen.

And Chairman Rogers said that he was on his way to the Speaker to see if we could at least give a defense appropriations bill some life on the floor, shy of a continuing resolution. So we will keep our fingers crossed.

Thank you all.

Does anybody have any closing comments?

If not, we will adjourn this hearing. And thank you very much.

[CLERK'S NOTE.—Questions submitted by Mr. Kingston and the answers thereto follow:]

DEPARTMENT OF DEFENSE CIVILIAN WORKFORCE

Question. According to the National Defense Budget Estimates for FY2013, the number of Department of Defense civilians has risen by almost 100,000 since 2007, a period during which Active Duty military strength has remained constant. What additional missions have these employees taken on during this time period to justify the increased numbers? What roles are these civilians filling that didn't exist six years ago? In absence of the fiscal difficulties imposed on the Department by the CR and the looming sequester, did the Department have plans to reduce the number of civilians? What were they?

Answer. This growth in the civilian workforce since 2007 is attributed to primarily three reasons: 1) in-sourcing of contracted services to government performance; 2) the conversion of military to civilian manpower to relieve stress on the force and cost effectively align workload; and 3) the expansion of civilian workload for new and emerging missions. In-sourcing added new civilian positions to perform previously contracted workload that was:

- Determined to be inherently governmental in nature.
- Determined to be exempt from contractor performance to mitigate risk or to maintain continuity of operations and readiness.
- Determined civilian performance was more cost effective.

Conversion from military-to-civilian manpower freed-up military manpower for operational requirements and used civilians for workload that was deemed not military essential. New and expanding workload has been, and continues to be, in skill sets such as acquisition, intelligence, cyber and information technology, and medical.

The Department's current plans, reflected in the FY2013 President's Budget request, projected a decline of approximately 2 percent in civilian levels over the next five years. The proposed FY2014 budget will include additional reductions in the civilian workforce that reflect changes in mission and workload as a result of the Department's changes in force structure, resource changes required by the Budget Control Act of 2011, and other management efficiencies. The Department remains committed to maintaining a balanced force between military (active/reserve), civilian, and contracted services consistent with mission requirements, funding availability, and readiness needs while maintaining support for the All-Volunteer Force and their families.

Question. Setting aside the tremendous growth the Department has seen in absolute numbers of civilian employees, there also seems to be considerable inflation in staff size at the highest levels of the Pentagon. The office of The Joint Chiefs of Staff has risen to 4,244 in 2012 from 1,313 in 2010. The staff in the Office of the Secretary of Defense is now over 2600, the highest in a decade. What has caused the dramatic increase in staffing required for the Pentagon's leaders? At the same time, the number of active duty officers has increased by over 9% since 2001, while the number of enlisted soldiers has decreased. Is the military moving away from a fighting force and towards a staff office? How do you justify additional military officers without troops to lead? Is the Department inflating the types of jobs that must be performed by officers rather than enlisted?

Answer: (A) Question: The office of The Joint Chiefs of Staff has risen to 4,244 in 2012 from 1,313 in 2010. The staff in the Office of the Secretary of Defense is

now over 2600, the highest in a decade. What has caused the dramatic increase in staffing required for the Pentagon's leaders?

Answer: The increase in staff size specifically for the Joint Chiefs of Staff from 2010 to 2012 can be directly attributed to the Joint Staff assumption of duties and responsibilities from the disestablishment (and decommissioning) of the former U.S. Joint Forces Command (USJFCOM). The decision by the Secretary of Defense to disestablish USJFCOM was made to eliminate redundant and non-critical functions. In the streamlining process of transferring relevant joint functions, the Joint Staff assumed 55 of 74 former functions, leading to an increase of approximately 2,500 active duty, reserve, and civilian personnel. Many of the inherited 55 missions are operations oriented rather than staff related. As a result, in fiscal years (FY) 2013 and 2014 the Joint Staff will take specific action to reduce the staff size by transferring inherited former USJFCOM missions and functions to appropriate Services and Defense Agencies for mission alignment and proper execution. Through these actions in FY 2013 and FY 2014, the Joint Staff will be reduced by approximately 1,100 active duty, reserve, and civilian personnel from the FY 2012 total of 4,244.

As a result of new missions related primarily to Congressional direction and workforce realignment initiatives, the size of the Office of the Secretary of Defense (OSD) staff peaked in FY2011 but is beginning a drawdown. These drawdovvn efforts began in FY2010 as a result of the Secretary Gates' Efficiency Initiative, which included reducing OSD to FY2010 levels and eliminating lower priority or marginal value functions, and have been reflected in past budget requests. Additional reductions based on workforce to workload prioritization and alignment will be reflected in the Department's FY2014 budget request. Acting as good stewards of the OSD Total Force manpower requirement, senior OSD leadership provides continuous critical oversight for any proposed changes to the staff size. The Deputy Secretary must approve any request for a change in the OSD staff before submission to the Program Budget Review for final sourcing actions, and the request is scrubbed to ensure the validity of the requirement.

(B) Question: At the same time, the number of active duty officers has increased by over 9% since 2001, while the number of enlisted soldiers has decreased. Is the military moving away from a fighting force and towards a staff office? How do you justify additional military officers without troops to lead?

Answer: While the number of active duty officers has increased across the Department by approximately 8 percent since 2001, in large part due to temporary end strength increases, authorized active duty officer end strength will have grown only by one percent as of FY2013 (as of the FY2013 President's Budget). In FY2001, authorized officer end strength (commissioned and warrant) comprised approximately 16 percent of the active duty force and is projected to remain at approximately 17 percent over the next four years. Given temporary end strength increases over the last twelve years, officer levels have increased to support a larger military footprint for operations in Iraq and Afghanistan and the requirement to have a more senior force. This skewed the number of officers as compared to enlisted personnel. The number of officers is expected to draw down by the end of FY2016 in concert with the military drawdown in the Army and Marine Corps. In FY2001, the Department's officer active duty end strength was over 219,000 personnel and is projected to be approximately 220,000 by the end of FY2017.

(C) Question: Is the Department inflating the types of jobs that must be performed by officers rather than enlisted?

Answer: The Department is not inflating the types of jobs being performed by officers rather than enlisted personnel. The officer/enlisted force mix represents a leaner military that is agile, flexible, and technologically advanced and is postured to respond to a rapidly changing strategic environment. The military is not moving away from being the formable fighting force that it has been in the past, but rather reflects the evolution of the complexities of warfare, which requires fewer junior enlisted personnel. Experience over the last decade has reflected the need for a more senior force for more complicated and rapidly evolving international environment marked by technological advancement (for example, cyber warfare and remotely piloted aircraft) and the increased necessity to work with allies, other governmental agencies, and nongovernmental organizations.

TRANSFER AUTHORITY

Question. If the services were given increased transfer authority as a way to lessen the impact of the sequestration by moving funds from procurement accounts to operations and maintenance accounts, what would be some of the lower performing or lower priority systems that could be delayed or cut to ensure a more fully trained and equipped military force?

DoD's Answer. No programs have been identified for reduction at this time. During each fiscal year, we evaluate program performance, requirements, and funding levels to ensure they are consistent. However, in FY 2013, we have experienced a 6 month Continuing Resolution and Sequestration which have both significantly impacted financial execution and planning.

Admiral Greenert's Answer: The Department is still reviewing procurement programs for potential transfer of funds to operation and maintenance accounts if authority is provided. Until an appropriation bill is provided, we will not be able to identify what critical operating requirements remain unfunded. When we are able to make that determination, we will assess options for resourcing those crucial shortfalls using whatever level of reprogramming authority is provided to us.

General Amos' Answer. Recognizing the fiscal realities that confront the nation, the Marine Corps has already made hard choices in developing our FY13 budget, and as such, the Marine Corps' budget ensures the Marine Corps remains the Nation's expeditionary force in readiness and is fully capable of executing all assigned missions in the new Defense Strategic Guidance with capabilities optimized for forward-presence, engagement, and rapid crisis response. Any transfer of funds between appropriations is not a decision taken lightly and must be weighed carefully in order to ensure the needs of today do not overly jeopardize our long-term readiness.

The Marine Corps uses a framework by which it can manage its readiness as an institution. Called the Five Pillars of Institutional Readiness, this framework seeks to ensure that Service-wide activities lead to the proper balance among five categories (i.e. pillars) that underpin the readiness of the Marine Corps. These pillars capture the Marine Corps' approach for generating ready forces today and informing an investment strategy that will ensure the future readiness of the Marine Corps and enable it to meet the tenets of the Defense Strategic Guidance. Maintaining balance across these pillars is critical to achieving and sustaining the Nation's expeditionary force-in-readiness for today and tomorrow. The five pillars are:

- High Quality People (Recruiting, training, educating, and retaining high quality people plays a key role in maintaining our high state of readiness).
- Unit Readiness (Maintaining readiness of the operating forces, including appropriate operations and maintenance funding to train to core missions and maintain equipment).
- Capacity versus Requirements (Force-sizing and naval capabilities to meet Geographic Combatant Commander requirements with the right mix of capacity and capability).
- Infrastructure Sustainment (Investing in real property, maintenance, and infrastructure).
- Equipment Modernization (Ensuring ground and aviation equipment matches the needs of the emerging security environment).

When developing its FY13 budget, the Marine Corps worked to build a comprehensive program that achieved balance between these pillars. Any transfer of funds requires careful scrutiny as it will not come without risk to this balance. For example, moving funds from procurement to operations and maintenance could result in increased unit readiness in the short term, but could mortgage our equipment modernization program and thus pose risk to our long term readiness. All Marine Corps appropriations are continuously reviewed as the year progresses, and should we identify a critical unfunded operating requirement, we will assess options to resource that shortfall with the levels of reprogramming authority provided to us.

SEQUESTRATION AND READINESS

Question. While planning for the sequestration, has the Department of Defense identified any ways in which to reduce spending without hurting readiness?

Answer. The Department of Defense has worked to minimize the impact of sequestration on readiness. Each Service Component has identified a number of actions, including reducing non-mission essential travel and training, reducing or eliminating conferences, implementing hiring freezes, and initiating civilian furloughs. The Department is taking additional actions like reducing supplies, materials, and support contracts, cancelling air shows, and releasing term employees. In addition, any assets identified through this process could be transferred to other Service Components to minimize the readiness impacts of sequestration. However, in light of as much as $41 billion in sequestrations cuts, there will be a negative impact on readiness.

REPROGRAMMING

Question. With $88.5B in the War Funding account and $106B in unobligated balances carried forward from previous years, would it be possible for the Department to find savings in these accounts?

Answer. The Department of Defense (DoD) continuously reviews its available funding to identify any amounts that can be redirected—reprogrammed, if necessary—to cover its high priority needs. Defending our nation's interests at home and about the globe, protecting and caring for our people and national treasure, and supporting/equipping the warfighters are always the high priority considerations.

The result of these review efforts may be included in a reprogramming request. For many reasons in FY 2013—complications/effects of sequestration, the continuing resolution, and changes in international policy and conditions on the ground in Afghanistan—there is a need to transfer funds between appropriations and programs to ensure the highest priority needs are covered. The Department may identify amounts from within its "unobligated balances carried forward from prior years" to pay these immediate, high priority bills; however, there may not be enough general and/or special transfer authority to accommodate the total need. We may need your help with resolving this difficult problem.

Lastly, we would like to point out that "unobligated balances carried forward from prior years" are not always available for other purposes. These amounts are in multi-year accounts, such as military construction and ship building, and not available for realignment to other purposes. In fact, depending on the timing, a transfer of this funding to other purposes could result in an increase in cost for the Department.

[CLERK'S NOTE.—End of questions submitted by Mr. Kingston. Questions submitted by Mr. Cole and the answers thereto follow:]

COUNTER ROCKET, ARTILLERY AND MORTAR SYSTEM (C–RAM)

Question. General Odierno, as you know, the Counter Rocket, Artillery and Mortar system (C–RAM) is the main line of warning and defense against enemy mortars and rockets.

Can you be sure that all necessary system enhancements to this critical program are kept current to warn and protect our Soldiers?

Answer. The C–RAM System of Systems integrates multiple capabilities that have already been developed, tested, and fielded. These capabilities are provided by various sensors (radars), warning systems, a Land-based Phalanx Weapon System (LPWS), and command and control hardware/software. The Army intends to transition C–RAM to its inventory of enduring equipment. Future enhancements to C–RAM are planned, to include: software upgrades to increase protection against low flying rockets on the RAM intercept (LPWS); replacing commercial off the shelf (COTS) radios with military radios for RAM Sense and Warn; and integrating RAM Warn into the Forward Area Air Defense Command and Control (FAAD C2) system replacing COTS equipment. The RAM warning system is planned for fielding to all Brigade Combat Teams and the RAM intercept (LPWS) will be fielded to two composite Indirect Fire Protection Capability Avenger Battalions.

Question. General Odierno, it is my understanding that our current radar tools, including C–RAM, currently cannot detect low trajectory rockets, but that there are planned enhancements to address that issue.

Can you ensure that any necessary upgrades to C–RAM and other systems will take place as a way to better protect our soldiers in the field?

Answer. The Army has fielded multiple radar systems that have capability to detect low trajectory rockets. This capability is resident in the Lightweight Counter Mortar Radars (AN/TPQ–48, AN/TPQ–49, and AN/TPQ–50), the Counterfire Target Acquisition Radar System (AN/TPQ–53), and Ka and Ku band Multi-Function Radio Frequency System (MFRFS) radars. Each of these systems has different levels of capability in detecting and tracking various threats at different distances and Quadrant Elevations.

As the threat evolved in each combat theater, additional and different types of radars were procured. At the same time, continuous upgrades to both software and hardware were made to improve the performance of previously procured radars. Some of the latest efforts include the ongoing fielding of Ku MFRFS and the AN/TPQ–50, as well as the fielding of upgraded software for the AN/TPQ–48 and AN/TPQ–49. The AN/TPQ–50 and AN/TPQ–53 have transitioned from quick reaction capabilities to enduring capabilities and are currently being fielded to every Brigade

Combat Team in the Army. Future enhancements will be governed by their approved requirements documents and funded through the base budget.

SYSTEMS AND SOFTWARE

Question. General Odierno, understanding that cuts have to be made everywhere, what assurances can you give that our deployed and soon to be deployed warfighters will not only have the equipment they need, but also the proper training, systems and software to ensure that they can actually use that equipment effectively?

Answer. The Army's support to deployed and deploying forces remain our top priority as we conduct detailed planning in response to anticipated impacts under sequestration. Under current fiscal constraints, deploying Brigade Combat Teams will have training and equipping priority, over non deploying Brigade Combat Teams. Every effort will be made to equip our deploying and next-deploying brigades with the latest capability; the Army will curtail training for 80% of our force and have already cancelled all but one of the Brigade Maneuver Combat Training Center (CTC) rotations for non-deploying units in FY13. Combat Training Center rotations ensure Army units receive specific training tailored to the operational requirements the unit will execute on deployment. The Army is working to ensure that our ability to provide properly trained soldiers to Afghanistan in 2014 is provided.

Question. General Odierno, if, as a way to save money, we're going to be cutting out planned new systems aimed at replacing old ones that still work well enough, shouldn't we make sure that every one of those existing systems has all of the necessary sustainment funds around it? Can you assure us that this is happening?

Answer. Yes, with every decision to terminate a new or planned system, the Army must then determine how to best address the capability gap now created. In the case of a termination of a software system, the Army must ensure it sustains the capability in the form of a legacy system or that some other provision is made to ensure the mission is accomplished. And while I cannot assure you that this happens in 100% of these situations, I will tell you that we have sound processes in place to monitor these cases and that in those instances where we determine action is needed, we take prompt action to put solutions in place.

CECOM PROGRAMS

Question. General Odierno, can you provide specific rationale for why certain CECOM programs fall under the "Battle Command C2" line and others fall under the "Strike" prioritization line?

Answer. The Army employs a large number of weapon systems in order to provide the operational capabilities necessary to accomplish its mission. These weapon systems are categorized within functional areas based on the capabilities they provide (i.e., Force Protection, Battle Command C2, Aviation, Strike, Medical, etc.). CECOM's depot maintenance program supports a wide variety of Command, Control, Communications, Computers, and Intelligence, Surveillance, and Reconnaissance (C4ISR) systems that are included in a number of these functional areas. CECOM's programs are categorized appropriately (some included in the Battle Command C2 and other included under the Strike functional areas) based on the capabilities they provide.

Question. General Odierno, shouldn't any and all systems maintenance, enhancement, testing, training and fielding around equipment used by our warfighters in Afghanistan be included in the "Battle Command C2" line?

Answer. The Army characterizes and prioritizes the depot maintenance and support of weapon systems in accordance with the functional capabilities they provide on the battlefield. These functions are too broad to capture under a single priority, such as Battle Command. Prioritizing by functional capability allows the Army to ensure that available resources are applied in order of most pressing operational needs.

PALADIN PIM

Question. General Odierno, the Paladin PIM is one of the Army's essential programs. I'd like to hear from you an update on the program and how sequestration will impact this and other critically important developmental and modernization programs for the Army. In particular, what is the Army going to do to ensure sole source suppliers, not only to this program but to other ground programs, can weather the sequestration and continue to supply key and common parts to multiple ground systems.

Answer. Although the PIM program is on schedule for a Milestone (MS) C decision in June and an anticipated low rate initial production (LRIP) award in August, reduced program funding due to sequestration in Fiscal Year 2013 and beyond will impact the Army's ability to maintain the current program schedule beyond this timeframe. The impact will likely affect the engineering and test efforts currently scheduled post MS C. The program is postured to mitigate this risk by modifying test events and engineering efforts. There is some development work post-MS C (addressing fixes identified to date; testing of LRIP vehicles, etc.) that would be delayed and/or reduced due to sequestration. Additionally, if PIM goes into LRIP as planned, reduction in production funding will decrease LRIP production rates and delay production of test assets, consequently slipping Full Rate Production (FRP) and First Unit Equipped (FUE).

The Army is closely monitoring the effects of this fiscal uncertainty on sole source suppliers of critical components. Our focus remains on efforts to ensure that these suppliers continue to provide these components or, in the alternative, develop alternate sources of supply. The Army is also currently conducting a comprehensive analysis of the ground combat vehicle industrial base. This effort studies the complex interaction between the organic facilities, prime contractors, and suppliers at multiple tiers that form a portfolio of ground combat vehicle programs, including the PIM. Analysis and risk mitigation planning are being conducted to properly assess the impact of declining budgets that correlate directly to manufacturing facility workloading. Full completion of this study is expected in late spring.

PROGRAMMATIC ENVIRONMENTAL ASSESSMENT FOR ARMY 2020 FORCE STRUCTURE REALIGNMENT

Question. General Odierno, according to the "Programmatic Environmental Assessment for Army 2020 Force Structure realignment" dated Jan 2013, the Army is looking at how to realign its force structure as you reduce your end-strength from 562,000 down to 490,000. I understand that every installation will likely be impacted and that the total numbers of Brigade Combat Teams will decrease, however, the size of the BCTs remaining in the force may actually increase. The installations where many of these BCT's are based are some of the largest in the world, with populations of 40,000 to as much as 56,000 troops. But not all installations have BCT's, such as Fort Sill, Oklahoma, which is the home to the Fires Center of Excellence. Fort Sill, as you know, has a training mission and an operational mission. It has both TRADOC and FORSCOM units. It also has the firing ranges and infrastructure for artillery and air defense artillery that are the best in the world and its military population is much less than your bigger posts. In fact, the number of operational, FORSCOM units are almost half of what there were just a few years ago. I have heard the TRADOC commander state that "the Army will become an Army of preparation" and that the Army will face challenges for strategic and operational mobility as the strategic focus shifts from the Middle East to Asia.

Under this scenario are you confident that the Army will be able to adequately train and prepare for future missions and have the Power Projection Platforms to get the troops to the fight?

Answer. In order to achieve the fiscal reductions required by the Budget Control Act of 2011, the Army will reduce its active duty end strength by 80,000 soldiers. from a peak of 570,000 in FY2010 to 490,000 by the end of FY2017. As the Army reduces and reorganizes, it will thoroughly review all options to realign Soldiers and civilian employees to meet the Nation's needs in an era of reduced resources. I am confident the Army will be stationed in a manner that will allow it to meet its demanding training and power projection requirements.

Operational factors, especially those related to training and power projection (including maneuver land, training facilities, range sustainability. indirect fire capabilities, airspace, deployment infrastructure and proximity to air/sea ports of embarkation) are among the attributes that will be addressed in the Army's Military Value Analysis (MVA) model. These are important factors that the Army will use to ensure units are properly stationed where they can train and deploy to meet a wide variety of missions worldwide. Qualitative factors will also be assessed outside the MVA model, including, cost, environmental arid socioeconomic impacts, and consistency with the National Defense Strategy.

Question. General Odierno, would you consider analyzing a realignment of extremely large installations which have many units competing for the same training areas and resources and instead, assess the benefit of moving some of those units, particularly artillery units, to Fort Sill which has the best ranges in the world that can handle their training very effectively and efficiently with the resources and capability to support a much larger FORSCOM role in the future?

Answer. In order to achieve the fiscal reductions required by the Budget Control Act of 2011, the Army will reduce its active duty end strength by 80,000 soldiers, from a peak of 570,000 in FY2010 to 490,000 by the end of FY2017. As the Army reduces and reorganizes, it will thoroughly review all options to realign Soldiers and civilian employees to meet the Nation's needs in an era of reduced resources. The Army recognizes the tremendous capabilities Fort Sill provides and will fully consider all of the benefits that Fort Sill offers to train Soldiers as our analysis proceeds.

BEHAVIORAL HEALTH SYSTEM

Question. General Odierno, the United States Disciplinary Barracks (USDB) at Fort Leavenworth, Kansas offers Assaultive Offender's Group Treatment (AO) to inmates that are confined for violent offenses. The group meets once a week for 40 weeks, includes 10–15 inmates per group, and is offered every 10 months. Currently, there are 12 inmates enrolled in the (AO) group treatment program. Provide a cost break out of the Assaultive Offender Program from the comprehensive, Behavioral Health System budget.

Provide Budget Justification materials for FY 13 and FY 14 President's Budget for the Behavioral Health System Budget at Fort Leavenworth.

Answer. The United States Disciplinary Barracks (USDB) is one of two correctional facilities within the Military Corrections Complex (MCC) at Fort Leavenworth. The two facilities at the MCC include the USDB, the Department of Defense's only Level III (over 10 years confinement) facility for long term prisoners, and the Midwest Joint Regional Correctional Facility, a Level II. (10 years or under) facility. Both have operational capacities of approximately 460 prisoners each. The Behavioral Health System at MCC involves shared services and the identified costs reflect services provided to both facilities. The current costs associated with operating the MCC Behavioral Health System with respect to personnel are: one Military Psychiatrist at an annual cost of $145,648; two Psychologists (one military, one civilian) at an annual cost of $208,316, and ten social workers at an aimu.al cost of $855,000. The current annual cost associated with training is $16,500, and the current annual cost associated with supplies is $35,000. The total current annual cost associated with operating the MCC Behavioral Health System is $1,260,464.00.

It is not possible to break out the exact cost of the Assaultive Offender Program at the MCC. The program is a part of a comprehensive intervention model composed of numerous layers of programming that are combined to address the eriminogeni.c needs directly linked to the criminal behavior. An estimated cost for the Assaultive Offender Program, as determined by the hours dedicated by the assigned program facilitators to the Assaultive Offender Program and the pro rata cost of supplies and training, is approximately $6600 annually. In addition to the estimated annual cost, there is a one-time licensing fee for training materials associated with this specific program of $3000.

Title 10 USC § 951 mandates that the Secretary concerned shall provide for the education, training, rehabilitation, and welfare of offenders confined in a military correctional facility of his department. This requirement is implemented through DoDI 1325.07 (Administration of Military Correctional Facilities and Clemency and Parole Authority), which further provides that programs of rehabilitation shall be conducted to aid in alleviating custodial problems and to prepare the prisoner for release from confinement and successful reentry into the community. Therefore, in order to comply with law and policy, the MCC staffing and funding requirements for Behavioral Health Services through FY13 and FY14 must remain consistent.

BALANCING CRITICAL PROGRAMS WITH MODERNIZATION

Question. General Welsh, in the FY13 budget proposals, the Air Force slowed modernization to protect programs that were deemed critical to future capabilities but did maintain modernization priorities including the long-range strike bomber, the KC–46 refueling tanker and key space programs. In light of the extreme budget environment we are in currently, how does the Air Force plan to balance current critical programs with modernization, in addition to catching-up with delayed maintenance backlogs for airframes that cannot go into production due to the sequester?

Answer. The Air Force has limited ability to transfer funds from one account to another without congressional approval. Those programs, with funds that cannot be realigned, will be assessed and adjusted to minimize the negative impact to changes in development, milestones, and deliveries. With respect to accounts the Air Force can realign, the plan is to minimize any negative impact while ensuring the utmost safety standards as well as meeting mission requirements. The Air Force is fully committed to ensuring any impacts to the workforce, operations, and missions are

well understood and minimized as a result of sequestration. Balancing the funding available under sequestration and meeting Air Force goals and objectives, with respect to modernization, is of the highest priority. The impact to all the programs in the future years is a critical concern and will be addressed as we move forward.

50% Ceiling Waiver for Depot Maintenance

Question. General Welsh, with sequester upon us, I understand that you have advocated for a 50–percent ceiling waiver for depot maintenance. Please provide a justification for this request as well as a cost savings estimate or business case analysis. What contract workloads have been identified and over what period of time does the Air Force view this waiver would provide a benefit?

Answer. During my testimony I stated that, with the advent of sequestration, the Air Force may need to request a waiver to the 50 percent ceiling for contracted depot maintenance. We will not know for certain whether we will need a waiver for FY13 until the February/March 2014 timeframe, when the depot maintenance actual costs have been tabulated. We are currently reviewing where additional adjustments are laid into organic accounts and are working with our industry partners to determine how best to lay in the reductions to the Contractor Logistics Support accounts, which include contracted depot maintenance. The systems that could drive a 50/50 breach would be the F–22, MQ–1, MQ–9, KC–10 and C–17. If it becomes necessary for the Air Force to request a waiver then we will abide by the process set forth in 10 USC 2466 by requesting the waiver through the Secretary of Defense who will provide notification to Congress. The Air Force continues to monitor the process and ensure that funds are expended so mission requirements are met.

[Clerk's note.—End of questions submitted by Mr. Cole. Questions submitted by Ms. Kaptur and the answers thereto follow:]

Leveraging Commercial Technologies

Question. General Welsh, I have listened carefully to the witness testimony today, and I share many of the concerns that you and your fellow Service Chiefs have expressed concerning the negative impacts of further defense spending reductions. I also believe the Defense Department and Military Services need to evolve their business practices to more effectively leverage demonstrated commercial technologies to cost effectively manage readiness, safety, and operation and maintenance costs. This is particularly evident in the Air Force's efforts to sustain and modernize its aging aircraft fleets. Currently, Air Force research & development, procurement, and operations & maintenance initiatives are largely managed within separate "stovepipes" without the kind of meaningful coordination among the various stakeholders that would speed adoption of current commercialized technologies to enhance performance and affordability throughout the fleets. There are simply too many administrative and cultural barriers within the respective service bureaucracies that prevent timely transition of mature, commercialized technologies to the Air Force, or that prevent newly developed technologies from being leveraged by the Air Logistics Centers to sustain aging legacy fleets where supplier bases no longer exist.

Do you agree that in addition to moderating the level of spending reductions, we also need to fundamentally evolve the culture and business practices of the Air Force to eliminate these stovepipes and more effectively leverage mature, commercialized technologies to enhance fleet availability, improve aircraft safety, and to minimize operation and maintenance costs?

Answer. Air Force leadership recently conducted a thorough and vigorous scrub of organizational structures, facilities, programs, business practices, civilian and military personnel levels, and associated overhead costs, resulting in impressive efficiencies over five years. One of the more significant initiatives is the internal restructure within Air Force Materiel Command (AFMC) that began on November 5, 2011 and achieved Initial Operational Capability on October 1, 2012. Under the new 5–Center construct, there is one "Lead Center" for each mission area. Additionally, this organizational construct will enable the Air Force to better implement changes to our programs, as well as improve our culture by bringing together organizations in a synergistic structure. This concept reduced the number of AFMC Centers from twelve to five, effectively eliminating some of the referenced "stovepipes" within the Air Force.

The Air Force is also mandated in the Federal Acquisition Regulation (FAR, Part 10 "Market Research") to perform acquisition planning and conduct market research for all acquisition programs. This thorough analysis of available and mature technologies helps the Air Force capitalize on efficiencies and minimize operation and maintenance costs as well as technology development costs.

Question. Do you agree that the Air Force should expand its collaborations with industry so that it can more effectively identify and "fast-track" the transition of commercial technologies that offer low-risk, high return-on-investment opportunities to address so-called "problem parts" that undermine safety, readiness, and affordability of aging aircraft fleets?

Answer. The Air Force acquisition and sustainment processes allow opportunities for collaboration with industry and academia to transition commercial technologies into Air Force systems. We work closely with industry through many collaborative venues such as hosting Industry Days and interfacing with industry trade organizations. Furthermore, using techniques and processes like Analyses of Alternatives (AoA) for future acquisition programs helps evaluate concepts to best meet future requirements. These concepts are informed by our industry partners using our Concept Characterization and Technical Description process. In addition to AoA, the Air Force Materiel Command is evolving the Sustainment Technology Process (STP). The STP provides visibility and strategic direction to the research, development, transition, and implementation of cross-cutting sustainment technologies. This process provides a systematic and repeatable method for identifying sustainment needs and matching transition opportunities with existing commercial technologies.

Question. There is a company in my district, Alcoa, which has been a partner with the Department of Defense since the earliest days of flight. In recent years, Alcoa has been working with the Air Force Research Laboratory and the Air Logistics Centers to demonstrate/validate a framework for the low-cost, low-risk transition of commercial technologies to Air Force legacy fleets to increase aircraft availability, resolve supply chain issues, and reduce total ownership costs. The results to date have been quite impressive. Would you commit to working with my staff to ensure that the Air Force is able to derive maximum benefit from these collaborative efforts with Alcoa—including through utilization of authorities granted in Section 332 of Public Law 112–239—to address urgent readiness and affordability issues?

Answer. The Air Force applauds Alcoa's collaborative efforts with the Air Force Research Laboratory and the Air Logistic Complexes and is committed to working with industry partners and original equipment manufacturers toward common goals that meet our weapon system requirements. Increasing aircraft availability, resolving supply chain issues, and reducing total ownership costs are requirements in Air Force programs. Within the bounds of the Federal Acquisition Regulation, Part 5, the "Government-wide point of entry (GPE, fedbizopps.gov)" and Public Law, the Air Force welcomes the opportunity to work with Alcoa and others on efforts to develop technologies and programs that will save valuable resources and provide greater capabilities in meeting our nation's military and security requirements.

Pilot Program for Availability of Working-Capital Funds for Product Improvements

Question. As our nation enters an era of increased budgetary pressures, it is imperative that we maximize return on investment from our precious defense expenditures. Wherever possible, the military services should leverage low risk, commercialized technologies to improve system performance, enhance reliability, and minimize total ownership costs. Section 332 of Public Law 112–239, the National Defense Authorization Act for Fiscal Year 2013, authorizes the Military Services to utilize Working Capital Funds to pursue Pilot Program initiatives costing less than $1,000,000 for each item that would upgrade, modernize or retrofit a component or subsystem of an existing weapon system platform or major end item of a weapon system currently sustained in the service inventory. I am very interested in the work that you are able to perform using this new authority, and urge you to expand collaboration with companies like Alcoa so that you may fully leverage state-of-the-art, commercialized materials and manufacturing processes in order to enhance performance, sustainability, and affordability of legacy systems.

Please provide me with an overview of how your service intends to utilize the authorities granted in Section 332 to address urgent cost and performance issues.

General Odierno's Answer. The Army welcomes the opportunity to use the working-capital funds pilot program to conduct maintainability, sustainability and reliability product improvements. The Army intends to use the authorities granted by the Fiscal Year 2008 (FY08) National Defense Authorization Act (NDAA), Section 330 (SEC 330) in a limited manner, to the extent a need is determined.

From FY08 through FY11, the U.S. Army Aviation and Missile Command (AMCOM) used the authority to implement the DoD-directed Condition Based Maintenance Plus (CBM+) program, adding Digital Source Collectors (DSC) to the helicopter fleet. AMCOM increased the number of CBM-enabled aircraft from an origi-

nal population of 23 used to refine health monitoring technologies to the current inventory of 2,896, or 82 percent of the manned aviation fleet.

Portions of the helicopter fleets equipped with DSCs achieved as much as 7.3 percent improved readiness while flying at a higher operational tempo. The DSC-equipped portions of the fleets have experienced up to 19.6 percent reduction in mission aborts and have up to 6 percent fewer flights dedicated to maintenance test flights.

Beginning in FY09, AMCOM's CBM+ program expanded to include missiles and missile systems, utilizing SEC 330 authority to provide funding for missile DSCs, known as Health Monitoring Units (HMU), for the Hellfire II missile system. The Hellfire II HMU lessened the burden on the Soldier by improving data accuracy and timeliness, reduced missile-handling man-hours per year, and decreased records management requirements. Benefits of the HMU also include a four month increase of missile "time on wing", a longer missile reset time interval, and a reduction in the frequency of missile/launcher/rocket system component replacements, which increased missile availability by 29 percent. Missile data collected by the Hellfire II HMU supported trade-off analyses leading to improved reliability, availability, and maintainability in other missile programs with similar design characteristics.

SEC. 1403 of the FY11 Ike Skelton National NDAA provided new authorities within AWCF that addressed the concerns identified prior to the SEC. 330 pilot program being initiated. The Act amended 10 USC § 2208 subsection (c)(1), by inserting the following: "including the cost of the procurement and qualification of technology-enhanced maintenance capabilities that improve either reliability, maintainability, sustainability, or supportability and have, at a minimum, been demonstrated to be functional in an actual system application or operational environment." This change allows mainstream working-capital funds to be used for maintainability, sustainability and supportability improvements without the need for a separate pilot program.

In FY12, the Army continued the procurement and installation of helicopter DSCs and missile HMUs using the established mainstream AWCF fund approval process, in accordance with the amended 10 USC § 2208.

Question. Are additional authorities needed at this time? If so, what do you recommend?

General Odierno's Answer. No, there are no additional authorities needed at this time.

Question. Please provide me with an overview of how your service intends to utilize the authorities granted in Section 332 to address urgent cost and performance issues. Are additional authorities needed at this time? If so, what do you recommend?

Admiral Greenert's Answer. DoN is assessing how to use this authority in concert with existing programs and authorities. No additional authorities are requested at this time.

General Amos' answer. As Public Law 112–239, the National Defense Authorization Act for Fiscal Year 2013, was only recently signed into law, the Marine Corps currently does not have plans to use the authorities granted in Section 332. The Marine Corps will assess how to use this authority in future years and appreciates the authorities granted by the Congress. No additional authorities are requested at this time.

Question. Please provide me with an overview of how your Service intends to utilize the authorities granted in Section 332 to address urgent cost and performances issues.

General Welsh's Answer. The Air Force welcomes the new authority and will immediately take steps to identify and fund high priority needs in the areas of extending useful life, enhancing safety, lowering maintenance costs, and potentially providing weapon system performance enhancements. Headquarters Air Force Materiel Command is in the process of establishing an enterprise process across our weapon systems. This process will identify and prioritize technical issues and candidate changes for this new funding source, thereby lowering costs and improving overall operations. However, the ability to generate sufficient cash in the Working Capital Fund to finance projects or improvements outside of normal depot maintenance and repair depends upon many factors. A significant factor is the ability of the operating commands to afford the potentially higher prices associated with these new investments and/or weapon system changes. We will work to ensure that we can effectively meet the intent of this new authority without impacting affordability in normal depot maintenance and repair, and we are committed to working with Congress to resolve obstacles that may inhibit optimum use of this authority.

Question. Are additional authorities needed at this time? If so, what do you recommend?

General Welsh's answer. The Air Force embraces the funding latitude provided in Section 332 of Public Law 112–239. Air Force Material Command (AFMC) is addressing and analyzing this new authority and how it impacts our current funding and prioritization processes. Once the analysis is complete, AFMC will be better able to identify and recommend further changes that will enable even greater efficiencies in the support of our weapon systems.

[CLERKS NOTE.—End of questions submitted by Ms. Kaptur.]

WEDNESDAY, MARCH 20, 2013.

FY 2014 NATIONAL GUARD AND U.S. ARMY RESERVE BUDGET OVERVIEW

WITNESSES

GENERAL FRANK J. GRASS, CHIEF, NATIONAL GUARD BUREAU
LIEUTENANT GENERAL WILLIAM E. INGRAM, JR., DIRECTOR, ARMY NATIONAL GUARD
LIEUTENANT GENERAL STANLEY E. CLARK III, DIRECTOR, AIR NATIONAL GUARD
LIEUTENANT GENERAL JEFFREY W. TALLEY, CHIEF OF THE U.S. ARMY RESERVE

OPENING STATEMENT OF CHAIRMAN YOUNG

Mr. YOUNG. The committee will be in order. Good morning, everyone.

I would like to explain to our distinguished witnesses our attendance might be a little shy this morning because almost every other subcommittee is holding hearings this morning, and so many of our members are either chairman of a subcommittee or ranking members of a subcommittee. But anyway, we are going to have some very distinguished members here.

The hearing this morning is on the National Guard and U.S. Army Reserve's readiness. It focuses on readiness issues related to personal training and the affects of constraints on readiness. Because the senior military services have consistently underfunded Reserve components, Congress has provided funding for the National Guard and Reserve Equipment Account for over 30 years beginning with the 97th Congress. This congressionally directed funding continues to make all the differences in the ability of units to perform critical missions, both Federal and State. And because dual-mission equipment for certain State requirements has not been requested by the President, these missions depend solely on NGREA funding.

We are pleased to welcome several very distinguished general officers as our witnesses today: General Frank Grass, Chief of the National Guard Bureau, who actually sits as a member of the Joint Chiefs; Lieutenant General William Ingram, Jr., Director of the Army National Guard. And, General, this is your second year to testify before this committee. Welcome back.

General INGRAM. Thank you, sir.

Mr. YOUNG. Lieutenant General Sid Clarke, Director of the Air National Guard. And, General, I think it is your first time before this subcommittee. And finally, Lieutenant General Jeffrey W. Talley. General, this is your first time testifying before the committee, and we congratulate you on your recent appointment as Chief of the Army Reserve.

You will find this committee is interested in what you are interested in. This is a supportive committee. Our job is to provide you and the services, the military, with what you need to fulfill your missions, whatever they might be.

At this point I would like to yield to distinguished ranking member Mr. Visclosky.

OPENING REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Thank you very much, Mr. Chairman, for holding this hearing, as well as the panel.

I would note that over the past decade the Reserve component, especially your organizations, have moved from a strategic force waiting to join at the fight until needed to an operational Reserve called upon in every conflict.

As an operational Reserve, readiness takes on a new meaning. Now maintaining the people in hard-earned skills and competencies from a decade's worth of deployments, as well as the readiness of the equipment that supported those missions will take time and resources. The committee has great interest in ensuring your equipment needs are met through the National Guard and Reserve and Equipment Account. It is important for us to hear how your requirements are filtered through this approach.

And just as the Active Force is dealing with profound affects of a prolonged war, so, too, are you. Injuries, both physical and psychological, are realities of war, unfortunately, and Reserve members have not been spared. Access to medical care after returning home can be challenging even without a life-changing injury. We obviously are interested in hearing about your efforts to help your members to heal once they are released from Active Duty and return home to their families and communities.

So, gentlemen, again I join the chairman in welcoming you. And again, Chairman, thank you for the time and for holding the hearing.

Mr. YOUNG. Mr. Visclosky, thank you very much.

I expect we will hear from each of you with a prepared statement. We will ask that you summarize the statement. The entire statement will be placed in our record, and the biographies of those who are here for the first time will also be listed in our record.

And so at this point I would like to recognize General Grass for your statement, sir.

SUMMARY STATEMENT OF GENERAL GRASS

General GRASS. Thank you, Chairman Young, Ranking Member Visclosky, members of the subcommittee. It is an honor and privilege to be here today.

The chairman introduced my good friend and colleague here, Bill Ingram. General Ingram was Adjutant General of North Carolina. And my good friend and colleague Sid Clarke, who I worked with when I was at Northern Command, also served as the first Air Force Commander and an Alabama guardsman. And it is always great to see Lieutenant General Jeff Talley, my good friend. We have known each other since we were captains and worked together.

The United States is nearing the conclusion of its longest continuous period of war, during which time the National Guard has supported combat operations while responding at home to significant natural and manmade disasters of a magnitude and impact rarely seen in a similar period in our Nation's history.

Through it all, the National Guard transformed into a premiere operational force, fully capable and persistently interlaced with Main Street America. The National Guard continues to prove its value to America by providing combat-ready forces overseas, effective homeland defense, and proven life-saving response to destructive natural disasters.

The difficult fiscal environment today comes at a time of emerging and increasing asymmetric and symmetric threats from state, nonstate and environment. These challenges demand the full capability the National Guard currently provides both at home and overseas, and its potential to adapt to future mission sets, including cyberthreats, in responding to complex catastrophes in the homeland. The National Guard, when called into Federal service, rapidly and competently expands Army and Air Force operational capacity by providing trained, equipped and professionally led soldiers and airmen.

Over the past decade guardsmen have deployed more than 750,000 times in support of operations in Iraq, Afghanistan and other security missions. Over the same period Congress has invested heavily in the National Guard, especially through the National Guard and Reserve Equipment Account, which has been the lifeblood of our efforts to equip and modernize our force to meet the demands of our dual-purpose force.

The return on investment is seen every day, both at home and abroad. The National Guard today is better trained, better equipped and better led than at any time in the 376-year history. Our soldiers and airmen are ready, and they expect to deploy for the future.

At home National Guardsmen in thousands of communities, living and working among their neighbors in the 54 States, territories and the District of Columbia, serve as the most visible measure of governors' resolve when disaster or emergency strikes. Our neighbors see and feel the importance of a well-trained and -equipped National Guard in every major emergency. In the last year National Guard soldiers and airmen responded to more than 100 natural disasters across the Nation, most recently Hurricane Sandy. Additionally, the National Guard continues to assist Federal, State and local law enforcement agencies' efforts to combat illegal drugs through the counterdrug program.

Last year the National Guard also provided support to a number of national special security events, including the Republican and Democratic National Conventions, the G8 and NATO summit, and Asian Pacific Economic Cooperation Summit. Recent activities include providing security to the Presidential inauguration and to the Super Bowl. The Guard provides the quickest and most effective force to carry out these critical missions in the homeland.

In addition to supporting Federal and State missions, the National Guard has proven itself to be a valuable and effective option for the combatant commanders in their Theater Security Coopera-

tion Program through the National Guard State Partnership Program. The State Partnership Program is a small-footprint, unique model that provides high-impact, low-cost security engagement in every combatant command.

Over the last 20 years the program has built trusted and enduring security relationships with 65 partner nations. Recently we signed a partnership agreement between Vietnam and Oregon, which demonstrates the program's global importance. Forty State partnership program countries have provided well over 30,000 troops and military experts to United Nations peacekeeping operations and well over 11,000 troops to the efforts in Afghanistan. This program provides great security benefits at very low cost.

Today one of our top priorities continues to be efficient and effective stewardship of resources entrusted to the National Guard. The National Guard Bureau continuously works to ensure auditability and accountability of our public resources. These resources, along with the congressional investments in equipment and personnel policy, are critical to the Guard's success of an operational force.

For centuries the men and women of the National Guard defended our homeland. The fundamental mission of the National Guard remains the same as it has been for 376 years: to defend America at home and abroad. As the largest part of our Reserve component, the National Guard must maintain a status as an operational force. The Guard's current combat capability is an economical and critical element in U.S. national defense and provides a strategic hedge against national security risk. The National Guard mission is to be always ready and always there.

Chairman, thank you for the opportunity to be here today, and I look forward to your questions.

Mr. YOUNG. General, thank you very much.

[The written statement of General Grass follows:]

STATEMENT BY

GENERAL FRANK J. GRASS

CHIEF, NATIONAL GUARD BUREAU

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON DEFENSE

FIRST SESSION, 113TH CONGRESS

ON

THE FISCAL YEAR 2014 GUARD AND RESERVE BUDGET

MARCH 20, 2013

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE

Opening Remarks

Chairman Young, Ranking Member Visclosky, distinguished members of the subcommittee; I am honored to appear before you today representing more than 460,000 Citizen-Soldiers and Airmen in the Army and Air National Guard. The National Guard serves with distinction as the DoD's primary reserve component and as the Governor's force of first choice in times of crisis. Each day Citizen-Soldiers and Airmen serving from throughout the nation, its communities, the states, territories and the District of Columbia contribute to our nation's overseas and domestic security objectives. The National Guard stands poised to fully implement its authorities, to execute its responsibilities, and to build upon its 376-year legacy as an operational force deeply engrained within the foundation of American strength and values.

Always Ready, Always There

Over the past decade, the National Guard Bureau has evolved to better support a truly operational force. Today that evolution continues as the Bureau adapts to support the responsibilities concomitant with a position on the Joint Chiefs of Staff. We have undertaken an expansive review with numerous stakeholders including the States, the Active Army and Air Force, and the Office of the Secretary of Defense. Informed by senior leaders and armed with the lessons of the force's many overseas deployments and non-federalized stateside responses to natural

disasters, we have identified enduring priorities for the National Guard Bureau.

A major priority is to ensure that the National Guard is providing the best possible capabilities to the Department of Defense. To that end, the National Guard Bureau has worked with Congress and the Department to improve our most important programs. Recently, new guidance, in the form of a DoD Instruction, was promulgated to enhance the National Guard's unique State Partnership Program. This innovative, low-cost, and small-footprint program leverages funding from other programs (such as annual training and DOD's humanitarian assistance program) and enhances partner capabilities, advances defense reform efforts and achieves greater military interoperability to support U.S. security cooperation efforts. Among other benefits, State Partnership Program alignments have resulted in joint National Guard and partner country deployments in support of multi-national operations in Afghanistan. These critical partner-country deployments reduce pressure on U.S. forces worldwide and hedge against the need for more direct and costly U.S. military involvement in future contingencies. With the additional guidance, this program will better support the goals of the partner nations, the Combatant Commanders, and our national interests.

The National Guard Bureau's efforts reflect the Department's overall goals of meeting the defense strategic guidance and protecting the

nation in a fiscally constrained environment with ever present threats. We must deliberately make tough choices and budget accordingly during the dynamic and tough fiscal challenges currently facing the Department of Defense and the nation. A core competency of the National Guard is to rapidly, robustly, and competently expand the nation's full-spectrum military capability to defend vital national interests in the most affordable, lowest risk manner possible. The National Guard remains ready – every day, to expand the capacity of the President and our Governors to meet the needs of the American people whether shaping the security environment, engaging across the world and within our communities, or bringing full-spectrum military power during times of critical need.

An Operational Force for Domestic and Overseas Missions

Over the last decade, the American people have made a tremendous investment in ensuring the National Guard is an operational and integral force. There is no question now that National Guard Citizen-Soldiers and Airmen training, equipment, and capabilities mirror that of their active component counterparts.

The Department of Defense continues to meet the challenges posed by the persistent, evolving, and emerging threats and to engage around the world. The operational capabilities of the National Guard are an integral aspect of that effort. Both the Army and Air National Guard

have contributed thousands of soldiers and airmen to Iraq, Afghanistan, the Balkans, Guantanamo Bay, Djibouti, the Sinai, and other locations across the globe. Today's Citizen Soldier is likely to have deployed at least once since 9/11 with an expectation that he or she will deploy again. With recruitment and retention rates at record levels, it is clear they are able to carry the load.

Today's fiscal environment requires the Reserve Component to be maintained as an operational force. This means the National Guard has to be trained, ready, and equipped to face the full spectrum of threats facing our nation. The Nation's investment in its National Guard has resulted in an operational force that is ready, available, and accessible. Throughout history, the National Guard has answered every call, participated in every contingency, and supported the full spectrum of international responses. As a part-time force that has met or exceeded established readiness and proficiency standards, the National Guard is a crucial operational asset for future contingencies.

The National Guard also provides the Governors with an organized, trained, and disciplined military capability to rapidly expand the capacity of civil authorities responding under emergency conditions. Each year, the National Guard responds to a myriad of domestic emergencies. In fact, shortly after I assumed duty as the Chief of the National Guard Bureau, the National Guard responded to a near-complex catastrophe caused by Hurricane Sandy. During those operations nearly 12,000

Soldiers and Airmen from 21 states responded to calls from their governors for assistance to save lives, clear debris, and perform transportation and security missions. Air National Guard aircraft hauled personnel and more than 2,160 tons of equipment, food, water, and other need supplies during Sandy recovery missions. The response to Hurricane Sandy also demonstrated how robust Emergency Management Assistance Compacts between governors enabled states to help each other build, rapidly employ and sustain military capabilities tailored to the size and kind of disaster. During Hurricane Sandy, these EMACs allowed West Virginia National Guard power restoration teams to go into New York and expand the capacity of civilian agencies to reconnect and restore power there, the beginnings of a critical infrastructure strike team concept that begs further development. More recently, thousands of Citizen-Soldiers and Airmen from across the Northeast responded to the massive blizzard that dumped over three-feet of snow in some areas.

Last year alone, the National Guard responded to more than 100 natural disaster missions. The Air National Guard provided almost 237,000 duty days in response to floods and dropped more than 2.4 million gallons of retardant and 1.49 million gallons of water over wildfires. The Army National Guard also provided nearly 7,000 Soldiers in support of national security events such as the Republican and Democratic National Conventions, the G-8 and NATO Summits, and the Asian Pacific Economic Cooperation Summit.

The National Guard quickly and efficiently responds to new contingencies, providing a constant presence throughout the homeland. The Air National Guard has also been protecting American skies since 2001, flying more than 5,050 sorties in support of the Aerospace Control Alert mission. The National Guard continues to provide support to interagency partners along the Southwest border. Since 2010 the National Guard has supported U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection to detect, deter, and disrupt transnational criminal organizations. The Counterdrug Program also provides unique capabilities to local law enforcement agencies to enable federal, state and local counternarcotics officers to better fight transnational organized crime and other national security threats.

As a scalable response force, the National Guard can quickly provide lifesaving capabilities to complex catastrophes through Civil Support Teams, Chemical, Biological, Radiological, Nuclear Enhanced Response Force Packages, and Homeland Response Forces.

There is a Guard member in nearly every zip code; the National Guard links Main Street America to the military. In order ensure the DoD is cost-effective and connected to the American people, the Army and Air National Guard in 50 states, Guam, Puerto Rico, the Virgin Islands and the District of Columbia must remain strong as an operational force.

Fiscal Responsibility in Shaping the Future

The National Guard is dedicated to providing State and Federal leaders with an organized, trained, and disciplined military capability. As a part-time force, the National Guard is able to provide this capability in a cost-effective manner. The National Guard must be adequately funded and sized to continue to provide this integral operational capability.

The National Guard provides a cost-effective, proven solution to our country's budgetary crisis while helping to ensure our security. The National Guard allows the nation to maintain a robust military capability at the least possible cost to the taxpayer and is a viable resource for reducing the Department's cost of doing business. Maintaining a significant force structure in the National Guard allows for a scalable force, able to provide tiered responses at local, state, regional or national levels as required by the events themselves. As a cost-effective force, the National Guard is able meet steady state demands and act as a hedge for unforeseen world events. At any time, the National Guard can augment the active duty to surge and regenerate forces. Adequately funding the National Guard ensures the Department of Defense has access to a uniquely agile and skilled force postured to embrace new missions outlined in the President's Defense Strategic Review. During a time of constrained budgets, using the National Guard an operational force will

help to ensure the nation is getting the most defense capability at the lowest cost.

National Guard Personnel and Readiness

The Citizen Soldiers and Airmen of the National Guard are our greatest asset. I am committed to providing a healthier, more resilient, more diverse, and values-based force able to perform the most difficult tasks on behalf of our citizens, the states, territories and the nation. Citizen-Soldiers and Airmen exemplify and live by American values and, as a result, are recognized as community leaders. Serving out of a sense of civic responsibility, Citizen-Soldiers and Airmen become the model citizen others strive to emulate. Located in over 3,000 communities, the National Guard is the link between citizens and their Armed Forces. It is imperative that we maintain this high quality of service member and continue to support those currently serving and attract the best and brightest to join the National Guard's ranks.

Today, every member of the National Guard has joined or re-enlisted after 9/11. These Citizen Soldiers and Airmen have gained a vast amount of experience over the past decade. They have used that experience to defend our Nation overseas, respond to emergencies at home, and contribute to their communities. While the National Guard focuses on high quality recruits, it is imperative to retain the hard-earned combat-seasoned leaders and service members currently within

National Guard units. While providing a highly capable force the National Guard can continue to maintain cost-effective readiness by regaining talented Soldiers, Sailors, Airmen, and Marines returning to their home communities following extended periods of active duty. This natural progression provides the force structure and opportunities needed to allow for a continuum of service and strengthening America's Armed Forces.

To maintain this high quality operational force, it is my responsibility to provide the highest quality services to the Citizen-Soldiers and Airmen and their families. I am committed to keeping the faith of the all-volunteer force which includes caring for our wounded warriors, preventing suicides, preventing sexual assault and sexual harassment, and aggressively pursuing appropriate disciplinary and administrative actions in cases of sexual assault and sexual harassment.

Today both the Army and Air National Guard are providing care to wounded warriors. Through programs like Warrior Transition Units, Community-Based Warrior Transition Units, and the Air National Guard Wounded Warrior program, service members are getting professional support and assistance from the point of injury to life after separation or retirement.

The National Guard has taken significant steps to prevent suicides. Resiliency training and the Applied Suicide Intervention Skills Training program are working to recognize individuals in crisis, intervene to keep

them safe, and refer them to the help they need. The National Guard Bureau Joint Surgeon's Office (NGB-JSG) has established a National Guard Psychological Health Program. With NGB-JSG guidance, the Army and Air Guard have placed licensed behavioral health providers, known as State and Wing Directors of Psychological Health (S / WDPHs), in every Wing, state and territory. DPHs work for the Wing commanders, senior leaders, and others to advise leadership on psychological health issues. These counselors also provide immediate expertise for Soldiers and Airmen as consultants for individual and family psychological issues, offering professional clinical assessments and referrals to help navigate complex systems of care. In the last 18 months, DPHs have provided 14,177 consultations and 2,881 clinical referrals. During that same time, DPHs actively mitigated 954 high risk situations; to include suicidal, homicidal and assault cases.

Over the last year, the National Guard Bureau has worked with the Department of Defense, the Army, the Air Force, and the states to redouble our efforts to prevent sexual assault and sexual harassment and improve our reporting and response when it occurs. Commanders and action officers running the National Guard Sexual Assault Prevention and Response Program are committed to creating a command climate that encourages victims to report incidents to trained Sexual Assault Response Coordinators or hundreds of victim advocates in the Army and Air National Guard. These trained personnel are available to

assist National Guard sexual assault victims with their reporting options and resources.

In keeping faith with an all-volunteer force, we must support the National Guard families that sacrifice with the Soldiers and Airmen. The National Guard Bureau created Family Assistance Centers in all 50 states, three territories, and the District of Columbia to act as "one-stop" shops. These Centers provide information and referral, assistance with identification cards and the Defense Eligibility Enrollment Reporting System, assistance with TRICARE and dental issues, legal assistance, financial issues help, and employment issues referral to Employer Support of the Guard and Reserve. The Army and Air National Guard are also working to ensure that National Guardsmen can help support themselves and their families when they return from deployments. To assist returning service members find employment, the National Guard has available: the Guard Apprenticeship Program Initiative which partners with the Department of Labor Office of Apprenticeship to facilitate job skill training opportunities for Soldiers and Airmen that enables them to earn national certification in chosen occupations; the Job Connection Education Program which improves the service members and spouses' ability to research, obtain, and retain civilian employment through one-on-one career counseling, job skill searching, job fairs, and local employer partnerships; and, the Employment Partnership of the

Armed Forces which links service members and employers to mutually beneficial employment resources and career employment opportunities.

Closing Remarks

As the new Chief of the National Guard Bureau, I want to thank you for your continued support of our Citizen-Soldiers and Airmen. I look forward to opportunity to work with you throughout my term. I look forward to your questions.

Mr. YOUNG. General Ingram, glad to hear any opening statement that you have, sir.

SUMMARY STATEMENT OF GENERAL INGRAM

General INGRAM. Thank you, Mr. Chairman.

Chairman Young, Ranking Member Visclosky, members of the committee, thank you for this opportunity to speak with you today.

It is my honor to represent the 358,000 citizen soldiers of the Army National Guard. Thanks to the support of this committee, the daily support of families and employers, and the magnificent performance of Guard soldiers, I am proud to say that today's National Guard is the best manned, best equipped, best trained, best led and most experienced in its 376-year history.

Today there are more than 23,000 Army National Guard soldiers mobilized at locations across the world, including nearly 21,000 in support of Operation Enduring Freedom in Afghanistan and Southwest Asia.

Since September 11, 2001, there have been more than half a million individual soldier mobilizations. At the same time, Guard soldiers continue to fulfill their centuries-old obligation to their communities. In fiscal year 2012, Army National Guard soldiers served over 447,000 duty days conducting State missions, and that was historically a very slow year for the Guard.

As we look to the future of the Army National Guard, there are several characteristics I would like to highlight, and those are accessibility, capability, readiness and value.

The Army National Guard is fully accessible. A proven battle-tested force, Army National Guard units have answered the call and accomplished the mission time and again without fail. Through the recent revisions to section 12304, Title 10 U.S. Code, Congress has removed the last remaining barriers to accessing the Reserve components for preplanned missions and support of combatant commanders. Coupled with existing authorities, the Army National Guard is always accessible to Federal, State and military leaders.

The Army National Guard is fully capable, whether it is a brigade combat team conducting full-spectrum operations in Iraq or Afghanistan, or small units executing security cooperation missions worldwide. The Army National Guard has accomplished every assigned mission. This was most evident during Hurricane Katrina. While over 80,000 Guard soldiers were deployed overseas, another 50,000 soldiers from every State and territory converged on the Gulf Coast to support rescue and recovery efforts.

Governors across the Nation depend on the Army National Guard to save lives and property in the face of disaster. Simply stated, as we have done since 1636, the Guard will continue to accomplish assigned missions both at home and abroad.

The Army National Guard also remains ready to be a part of the solution, whatever that may be. Some have said that this is a tired force. To the contrary, Army National Guard soldiers have repeatedly shown that they are ready to serve.

Without question, like the Active Army and the U.S. Army Reserve, Army National Guard soldiers and their families have born the stress of deployments. Half of currently serving Guard soldiers have deployed at least once, and many have deployed multiple

times. That has not deterred their will. All Guard soldiers have either enlisted or reenlisted since 9/11 fully aware that they would likely be deployed into combat. The current generation of Guard soldiers expects to be utilized on a predictable basis. They look forward to the most challenging training and desire leadership-development opportunities.

The Army National Guard has proven to be of great value to the Nation, especially in a time of fiscal constraints. The Guard provides unmatched capability for both domestic and global missions. With trained and ready citizen soldiers as the foundation, the Army National Guard presents a tremendous value to the Nation, to our national defense and to America's communities.

If there is one message I could leave with you today, it would be this: It would be a terrible waste of energy, effort, and especially resources to let the Army National Guard, a superb operational force, atrophy as a result of across-the-board cuts. Such cuts would fail to consider the significant value relative to cost of the Army National Guard. It takes only a continued modest investment to maintain an operational force when compared to the Strategic Reserve the Nation had prior to 9/11.

I appreciate the opportunity to be here today, and I look forward to your questions. Thank you.

Mr. YOUNG. General Ingram, thank you very, very much. We appreciate your statement and appreciate your being here.

[The written statement of General Ingram follows:]

STATEMENT BY

LIEUTENANT GENERAL WILLIAM E. INGRAM JR.

DIRECTOR, ARMY NATIONAL GUARD

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON DEFENSE

FIRST SESSION, 113TH CONGRESS

ON

THE FISCAL YEAR 2014 GUARD AND RESERVE BUDGET

MARCH 20, 2013

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE

Opening Remarks

Chairman Young, Ranking Member Visclosky, members of the subcommittee; I am honored to appear before you today, representing the nearly 356,000 Soldiers in the Army National Guard. For 376 years Citizen Soldiers have been central to how the nation defends itself at home and abroad. Through resolve and readiness, Army National Guard Soldiers deliver essential value to our nation and its communities.

The men and women of the Army National Guard contribute immeasurably to America's security. They have been an integral part of the active Army, supporting the National Military Strategy and Army commitments worldwide. In more than a decade of fighting two wars, the Army National Guard has demonstrated the capacity to conduct every mission assigned. Since September 11, 2001, Guard Soldiers have completed more than 514,000 mobilizations in support of federal missions. Currently, more than 23,000 members are mobilized at multiple locations around the world defending our national interests.

At the same time, the Army National Guard continues to fulfill its centuries-old obligations to the communities in which we live and work. Guard Soldiers live in nearly every zip code, playing a vital role as the military's first responder. In fiscal year 2012 Army Guard members served over 447,000 duty days under the control of the nation's governors responding to domestic emergencies – and that was, historically, a slow year. This current fiscal year, which began with

Hurricane Sandy, will likely post far higher numbers. The training and equipment used to ready the Guard for overseas service has paid dividends here in the U.S.; it is the Guard's preparedness for war that has made it so effective in responding to domestic emergencies.

Whether at home or abroad, the National Guard lives up to its motto – Always Ready, Always There.

The Army National Guard of 2013 is the best-manned, best-trained, best-equipped, best-led and most experienced force in its long history. This is a direct result of the resourcing and legal authorities that Congress has dedicated to this purpose over the past decade-plus of conflict. The Army Guard has used those resources wisely, and is an operational force that provides capabilities and strategic depth to meet U.S. defense and homeland security requirements. The Army National Guard complements the active component, ensuring the Total Force remains capable of providing trained and ready forces in support of the Nation's security strategy. As an operational force, the Guard is resourced, trained, ready, and used on a continual basis, conducting the full spectrum of military operations in all environments as a part of the Total Force.

If there is a single message I could deliver to you today, it would be this: it would be a terrible waste of effort and resources to let this superb operational force, built at great expense in blood, sweat and treasure over a decade of conflict, atrophy as a result of across-the-board cuts

that fail to take into mind the value relative to its cost of the Army National Guard in meeting America's national defense and domestic response needs.

It only takes a continued modest investment to maintain an operational force when compared to the strategic reserve the nation had prior to 9/11. But that investment is more than made up for in the added responsiveness, flexibility and readiness resident in a reserve component where 84 percent of the personnel serve in a part-time status.

The past decade of conflict has done much to dispel many of the myths associated with the National Guard, its role, capabilities, costs, and limitations. As the military enters a period of constrained resources and the Services conduct their analysis of the proper mix of active and reserve forces needed to accomplish national strategic goals, the Army National Guard as an operational force offers an effective and efficient solution to a wide variety of mission sets.

Status of the Force

One persistent false impression is that the Army National Guard is a "tired force" whose Soldiers, families and employers are worn out from the strain of more than a decade of conflict. No doubt, there has been strain. However, the Guard's Soldiers continue to show a strong appetite for service, and the Guard's appeal as a winning team that embodies selfless service to both nation and community continues to draw

America's youth to its ranks. The Army National Guard recruitment rate is 102% of goal, while the retention rate stands at 94.6% (as of March 5, 2013). Every member of the Army Guard has either enlisted or re-enlisted since September 11, 2001. This is a key point, as today's Guard differs from that of the pre-9/11 period in that today's Soldiers anticipate being deployed abroad in service to their country.

Indeed, nearly 50 percent of the Soldiers in the Army Guard today are veterans of a deployment, many having served multiple tours. Retaining this core of experience is critical to maintaining an operational force, and this year and the next present a particular challenge as the large cohort of enlistees that grew the Army National Guard in 2007-8 comes due for re-enlistment. While bonuses and incentives play an important role in deciding to stay in the Guard, the desire for relevant training and utilization at home and abroad drew many of these men and women to enlist in the first place, and will play a role in their decisions to stay. A key component of the operational reserve is that it is a force that sees regular use, through a progressive readiness model – such as Army Force Generation – that prepares Soldiers and units for deployment every five years. This gives Soldiers, their families and civilian employers the predictability they need to plan their civilian lives and careers, while developing critical military skills exercised through tough, realistic training or operational employment.

Accessibility

In the 2012 National Defense Authorization Act, the Congress wisely increased the degree of access that the military services have to their reserve components for both domestic emergencies and preplanned operations. Because the dual federal-state status of the National Guard makes it fully accessible to the states, the additional authority granted in Title 10, section 12304a for domestic emergencies will likely not be exercised for the Army National Guard. The authority granted in Title 10, section 12304b, however, increases the ways Services can access the reserve components for preplanned and budgeted missions to meet combatant commander requirements. This authority removed one impediment from maintaining an operational reserve that can be flexibly employed by combatant commanders as required. An additional benefit to this access is the honing of the operational reserve through continued employment. There remain no significant statutory barriers to accessing the Army National Guard or any of the other reserve components for either domestic or overseas missions.

While the National Guard takes great pride in its militia heritage and the service it renders to local communities while under the command of the nation's governors, this dual status has never limited the federal government's access to Guard units for any mission. By established law, the federal government takes priority over the states

whenever there is a need for Guard forces. The needs of domestic response are assured through the careful apportionment of essential capabilities to each of the states. This, coupled with the proliferation of Emergency Management Assistance Compacts among the states, assures that the nation's governors have access to essential capabilities should their own National Guard be deployed or otherwise unable to meet the demand for a particular capability during a disaster. By way of example, 21 states provided National Guard forces to the effected region when Hurricane Sandy caused massive damage to coastal New York and New Jersey late last year.

When needed, the Army National Guard has always answered the call – both at home and abroad.

An Operational Force for Domestic and Overseas Missions

The most immediate advantage of an operational force is its readiness to conduct the full spectrum of missions, overseas and domestic, when called upon. The Army National Guard has demonstrated this capability in full during the conflicts in Iraq and Afghanistan, mobilizing units ranging in size from 2-3 man teams to 3,500-man Brigade Combat Teams to Division headquarters exercising command and control over multiple Brigade Combat Teams and supporting forces. Guard BCTs performed every mission in Iraq and Afghanistan that their active component counterparts performed, to

include security force, advising and training of host nation military and police forces, and full-spectrum operations in both countries.

In fiscal year 2012, nearly 25,000 Army National Guard Soldiers were deployed in support of a multitude of ongoing missions around the world. The vast majority, over 21,000, served in support of Operation Enduring Freedom, with others serving in the Horn of Africa; in support of Operation Joint Guardian in Kosovo; in support of the Multinational Force and Observers in the Sinai; in Honduras; the Philippines; and mobilized for operational missions within the United States.

While this contribution is noteworthy, there is significantly more capacity within the Army National Guard should the nation require. By way of recent example, at one point during 2005 over 100,000 were deployed and eight of fifteen Brigade Combat Teams in Iraq were Army National Guard. Later that same year, with 80,000 Soldiers still mobilized overseas, the Army Guard surged more than 50,000 Soldiers in the space of a week to deploy to the Gulf Coast in the wake of Hurricane Katrina. In summary: in the year in which the Army National Guard experienced its largest mobilization since the Korean War, it also experienced the largest domestic response in its history. This capacity and capability continues to reside in today's Army National Guard, with the ability to respond with appropriate notice for overseas missions – or no notice for domestic emergencies – when it is resourced as an operational force.

Response time is a critical consideration when determining the right mix of forces to meet planned or unanticipated contingencies. The past dozen years of war has demonstrated that even the largest Guard formations can be trained to standard, validated and deployed well within the timelines required by Combatant Commanders. The experience of deploying, and deploying repeatedly, over the past decade has honed this training regimen and reduced post-mobilization training time considerably since 2003. Many companies complete their post-mobilization training in approximately 30 days; Army National Guard BCTs, large units required to achieve a collective training standard on more complex tasks, take a little longer, averaging 50-80 days of post-mobilization training. Predictability of scheduled deployments is preferable for Soldiers, families and civilian employers, and is key to maintaining an operational force in the reserve component. The ability of the Army National Guard to respond to worldwide contingencies provides tremendous flexibility to the nation as we seek to achieve defense goals with a constrained budget.

Domestic Operations

In the 2012 calendar year, Citizen Soldiers responded to floods, wildfires, tornadoes, hurricanes, and snow storms. The biggest storm of 2012, Super Storm Sandy, devastated communities along the east coast. Guard members from 21 states responded and many remained on duty

for several weeks. Many who responded live in the communities hardest hit by the storm.

Just a few weeks into 2013, National Guard Soldiers were called up to help dig out people in the northeast, where up to 40 inches of snow fell during a weekend storm. Our Citizen Soldiers were needed to help clear roads of snow and tree limbs and to transport people for medical treatment. Guard personnel also assisted crews to restore electric service to the 650,000 customers who lost power.

During 2012, the Army National Guard also provided 44,327 duty-days of support to special events. Most notably, the Guard served during both the Democratic and Republican National Conventions, as well as the Asia Pacific Economic Cooperation Summit and the NATO Summit.

The Army National Guard's support of the Southwest Border mission was much lower in 2012 than in previous years. Still, their work spanned the 1,933-mile border of California, Arizona, New Mexico, and Texas. The current Southwest Border support focuses on criminal analysis and aerial detection and monitoring.

Army National Guard aviation was particularly active in the domestic arena, flying more than 7,880 hours supporting Customs and Border Protection and assisting in 13,780 apprehensions and the seizure of 82,471 pounds of marijuana. Throughout 2012, Army Guard helicopters flew more than 30,880 hours for domestic operations,

transported 6,554 personnel, moved 201,731 pounds of cargo, and dropped nearly 6 million gallons of water while extinguishing wildfires.

Support to Security Cooperation and Building Partner Capacity

In 2012, the Army National Guard provided approximately 18,575 Soldiers to support 69 military exercises in 104 countries. The Guard's dual mission capability, combined with Soldiers that possess a wide variety of civilian, professional, and educational experiences along with grass-roots community support, ideally positions it to play a significant role in global security cooperation.

Army National Guard partnership capacity-building activities serve to deepen and strengthen a foreign nation or region's positive perception of the United States as a valued partner, serving to prevent future conflicts. Army National Guard's participation in security cooperation programs is unique because the relative stability of a Guard Soldier's career, in most cases in a single state, allow that Soldier to forge enduring relationships with their foreign counterparts over long periods of time. In some cases, the crucial bonds have been cultivated and maintained for more than two decades.

In 2012, 4,200 Army National Guard Soldiers participated in the National Guard Bureau's State Partnership Program (SPP) that includes 65 partnerships and two bilateral agreements with a total of 67 partner countries. This program promotes security cooperation activities for

military-to-military training, disaster response, border and port security, medical, and peacekeeping operations.

This year marks the 20th anniversary of this innovative and highly beneficial program, which has yielded immense benefits for the United States and partner nations. Administered in cooperation with the US Department of State and working hand-in-hand with the Air National Guard in each state and leveraging funding from other DOD programs, SPP is not strictly an Army program. Nevertheless, the Army Guard's extensive experience with the State Partnership Program, and the worldwide bonds that it has forged, are a vital element of the Army's Regional Alignment of Forces concept.

The commitment of SPP partner countries has been sustained and durable - throughout the past decade of conflict. Twenty-seven SPP partner countries have deployed alongside Guard Soldiers in Iraq and Afghanistan. At the close of fiscal year 2012 there were 20 SPP partner countries contributing more than 8,500 troops in Afghanistan.

Guardsmen possess a range of valuable professional skills and expertise acquired as civilians. Within the ranks of the Army National Guard are first responders (firefighters, law enforcement, emergency medical technicians, and analysts), medical professionals, legal professionals, engineers, agricultural specialists, educators, mechanics, and plumbers. The combination of these skills civilian acquired skills with individual and collective military expertise uniquely postures Guard

formations to accomplish missions requiring smart power skills. A prime example is the innovative Agribusiness Development Teams (ADTs) currently employed in Afghanistan.

Agribusiness Development Teams provide training and advice aimed at supplementing current Afghan farming practices by introducing advanced techniques and new, profitable crops. These teams are making significant contributions to Afghanistan's economy and achieving sustainable, yearly growth of the nation's economic output. As a result of the ADTs, Afghanistan has increased harvests of apples, grapes, pomegranates, cherries, almonds, wheat, corn, alfalfa, and saffron.

Since the ADT program was implemented, 49 teams, consisting of 2,995 personnel, have contributed to more than 680 agriculture projects generating more than $42M for the people of Afghanistan. Currently, seven ADTs, are serving in Afghanistan. These teams are comprised of Soldiers from Kentucky, Indiana, Nebraska, Wisconsin, Georgia, Mississippi, and South Carolina – all states with large agricultural sectors.

Maintaining the Operational Force: Resourcing

Resources remain the principal reason why the Army National Guard is now an operational force, and will determine whether it stays that way. Resources have allowed the Army Guard to reach its authorized end strength levels and retain valued experience in the ranks.

Resources have allowed us to take care of families, promote resiliency, and provide post-deployment reintegration services. Resources have permitted the Guard to achieve individual and unit proficiency with advanced training devices and simulations, attend Army schools, and participate in live and constructive exercises at the Army's premier training centers. They have allowed the Guard to surge personnel on active duty in order to better prepare units for scheduled deployments. They have equipped the Guard to a higher level of modernized equipment on hand than at any time in its history.

Quite simply, the Army National Guard can only be as ready as it is resourced to be. The Guard will achieve desired levels of responsiveness if properly resourced – and it will do so by maximizing taxpayers' investment in programs directly contributing to Army National Guard readiness and a laser-like focus on proper stewardship of those funds.

Maintaining the Operational Force: Medical Readiness

Medical Readiness is a crucial requirement to maintaining the Army National Guard as an operational force. Every Soldier in the Guard, by law, must be assigned to a position in a unit. The Army Guard does not have a holding account similar to the active Army's to manage a significant volume of non-medically ready Soldiers. Nonetheless, the Army National Guard has made great strides in improving medical

readiness. Fully medically ready Soldiers are the key to ready and relevant units. The Army Guard improved from a fully medically ready percentage of 41% in 2007, to 77% by the end of FY 2012. That's the highest percentage of medical readiness ever recorded. However, this is an area where readiness will rapidly slip as sequestration will make it challenging for the Army Guard from performing 115,000 annual health assessments this year.

Maintaining the Operational Force: Support to Soldiers and Families

Soldiers join the Army National Guard for many reasons. One thing they all have in common is the desire to serve ... a desire to be part of a winning team, a force for good in this world. The National Guard represents this.

Adequate pay, benefits, training and other incentives play an important role for those deciding to enlist or reenlist in the Army Guard. Important benefits include Tri-Care Reserve Select, educational assistance, commissary access, legal assistance, life insurance, Thrift Savings Plan, home loans for veterans, and morale programs such as recreation facilities and Space Available travel.

People are the Guard's most precious resource. Nowhere can the Guard demonstrate this principle more strongly than in the effort it devotes to suicide prevention. This has been a persistent challenge for the Army Guard, since leaders typically only see the majority of their

Soldiers during a single drill weekend each month. This limits a leader's ability to intervene in a crisis. That's why the Army Guard is focusing on training and programs to increase resilience, reduce risk and increase leadership awareness. These programs are intended to enhance coping skills in Soldiers, their families, and the civilian work force – skills with an application to everyday life as well as the military.

The Army National Guard established a Master Resilience Trainer (MRT) Course at Fort McCoy, Wisconsin in July 2011, later adding a second course, in order to quickly increase the number of fully qualified MRTs able to serve their fellow Soldiers. By establishing these courses, the Army National Guard expects to meet the base requirement of 3,532 by the end of this fiscal year. This base requirement represents one MRT for every company across the Army Guard. Through this program, we touch every Soldier and teach fundamental resilience skills to the force.

The Army National Guard also trained 334 Applied Suicide Intervention Skills Training (ASIST) program trainers in FY11. An additional 150 ASIST trainers were trained in FY12. These trainers will train approximately 35,000 gatekeepers in advanced intervention skills.

In late 2011, the Army National Guard teamed with the Office of the Secretary of Defense for Reserve Affairs, as well as the Air National Guard, to launch a highly successful peer support line, Vets4Warriors. The peer support line serves all Army National Guard and Reserve Component members nationwide. As the foundation of each Soldier's

support network, Army National Guard families are being trained to assist in identifying high-risk individuals. States have capitalized on community-based resources and solutions to provide services outside of military installations.

The Army National Guard has been, and remains, deeply concerned with the civilian employment status of its Soldiers. The ability of Guard Soldiers to gain and maintain civilian employment is essential to the Army National Guard as an operational force. Furthermore, employment challenges extend beyond returning mobilized Soldiers; the Guard continues to work diligently to find solutions to assist its geographically dispersed population.

The Veterans Opportunity to Work (VOW) Act of 2011 mandates the Transition Assistance Program (TAP) for all Soldiers separating from a Title 10 active duty tour of more than 180 days. The Army National Guard is working closely with the Department of the Army and OSD, including on the Veterans Employment Initiative Task Force to implement the transition mandates set forth in the legislation. The goal is to enhance and increase participation of Guard members in an array of employment assistance programs made available by the Army and the Department of Defense.

Additionally, the Army National Guard offers several national programs to assist the states with their local employment programs. The National Guard Employment Network helps states that need resources to

people find employment, and to help companies hire outstanding candidates for success. The Network partners with private companies, and also helps Guard Soldiers and family members write resumes, develop interview skills and dress for success.

Similarly, the Job Connection Education Program assists Guard Soldiers and family members in researching, obtaining, and retaining civilian employment. It provides support services such as job skills training, workshops, and job search assistance with positions offered by more than 400 established business partners. This started as a pilot program in Texas, but has expanded to Iowa, Wisconsin and Tennessee. The program has helped 2,100 Army Guard Soldiers or family members secure employment, including 55 last month in Texas alone. Many of these jobs are in the financial and information technology sectors, and offer professional positions that feature good salaries and benefits.

Maintaining the Operational Force: Equipping the Force

The Army National Guard has received significant investments in its equipment over the last few years, increasing Equipment on Hand (EOH), Critical Dual-Use (CDU) equipment, and the overall modernization level.

Army National Guard EOH for Modified Table of Organization units is currently at 88 percent, an increase from 85 percent two years ago. Overall CDU EOH is 90 percent, an increase from 86 percent two years

ago and a significant increase from 65 percent at the time of the Hurricane Katrina response in 2005. Of the 88 percent EOH, 83 percent is currently at home station (not mobilized) and considered available for domestic operations. Of the total quantity of equipment authorized, 70 percent is on-hand and considered modernized, while 18 percent of the on-hand equipment is not modern.

While modernization levels overall are good, and within 1 percent of active component levels, there are nevertheless areas of concern. The Army Guard's UH-60 Blackhawk fleet is the oldest in the Army. HMMWV Recapitalization and general engineering equipment are additional areas of concern for modernization. Some of the items under consideration for potential purchase with procurement funds include Decontamination Trailers and Radiological Protection Kits, Virtual Convoy Operations Trainers and Close Combat Tactical Trainers, Hydraulic Excavators and fuel systems to extend the range on CH-47 and UH-60 helicopters.

Equipment reset – field and depot level maintenance – is another area of concern. Currently, the Department of the Army is developing strategies and plans for the way forward as it copes with cuts in maintenance due to sequestration. As it currently stands, approximately 1,000 pieces of Army Guard equipment will not enter Automatic Reset Induction during FY13. At this time the Guard has eight brigades and 450 units expecting reset. The brigades impacted hail from Minnesota, Oklahoma, Ohio, Hawaii, New York, Missouri, and two from Texas. The

Army's reset priorities are driven by the readiness requirements of units that are next to deploy, the global response force, and forward–deployed units. Since Army Guard units can only fall in the "next to deploy" category, there is the potential over time that Guard units would not receive reset equipment until it is time to deploy. As fewer units deploy, the equipment reset backlog increases over time.

Maintaining the Operational Force: Aviation

In the broader category of equipment, sustaining the Army National Guard as an Operational Force depends upon having the same equipment as the active component, including rotary wing aircraft. The Army National Guard currently has 1,277 rotary wing aircraft against an authorized fleet of 1,394 aircraft. The inventory includes a mix of the most modern capabilities (AH-64D Block II Longbow Apaches, CH-47F Chinooks, UH/HH-60M Black Hawks and UH-72A Lakotas), older but capable airframes (AH-46D Block I Apaches, CH-47D Chinooks, UH-60A/L Black Hawks, and OH-58D Kiowa Warriors) and 98 legacy aircraft (OH-58A/C Kiowas and AH-64A Apaches).

Programmed Army procurements will ensure the Army National Guard fleets are modernized on pace with the other components, except in the case of the Black Hawk fleet. Even in 2020, only 25% of the Army National Guard Black Hawk fleet will be equipped with the new UH/HH-

60M. Rotary wing aircraft remain a Critical Dual-Use asset whether mobilizing for the warfight or responding to domestic emergencies.

Due to the fiscal environment, the Army will accelerate divestiture of the C-23 Sherpa by 15 months, with a likely completion in September 2013. The C-27J was originally scheduled to replace the C-23. In 2009 the Department of Defense transferred the aircraft and cargo direct support mission to the USAF. Subsequently, the Army determined there was no longer a requirement for the C-23 and began divesting the aircraft in 2011.

To date the Army Guard has divested 8 of 42 aircraft. This month the Army determined that accelerating the divestiture will yield roughly $34M in cost savings through 2014 that could then be applied to other priorities. Though losing this capability is difficult, recognition of the current fiscal environment causes the Army Guard to accept the C-23 divestiture.

Maintaining the Operational Force: Installations

The Army National Guard has facilities in more than 3,000 communities. In many towns and cities these facilities are the only military presence, with the Guard serving as the most visible link between hometown America and the nation's armed forces. Providing quality facilities across 50 States, three Territories and the District of Columbia has been an on-going challenge. While the Army National

Guard transformed from a strategic reserve to an operational force during more than a decade of deployments, many facilities have not been updated in several generations. Currently, more than 46 percent of Army Guard readiness centers are over 50 years old. Many fail to fully meet the needs of a 21st century operational force, cannot easily accommodate modern equipment and technology, are poorly situated, and are energy inefficient. Facilities are critical to readiness and support unit administration, training, equipment maintenance, and storage. They serve as platforms for mobilization during times of war as well as command centers and shelters during domestic emergencies.

This wide array of use makes Military Construction and Facilities Sustainment, Restoration and Modernization funding a critical matter directly impacting unit readiness and morale, continuity of operations and interagency partnership, and community awareness.

Closing Remarks

With our nation operating during an era of budgetary pressure, the Army National Guard is structured for success in the future. With committed Citizen Soldiers as our foundation, the Army National Guard presents tremendous value to the nation at large and within American communities where we live, work and serve. A flexible force serving our citizens for 376 years, the Guard's history shows that it has always adapted to change in America and around the world and risen to the

challenge. The last decade-plus of war has demonstrated these traits in full: we are ready; we are accessible; we are capable; we are eager to serve.

We stand ready, as always, to take on any mission.

Mr. YOUNG. General Clarke, we would be happy to hear from you at this point.

SUMMARY STATEMENT OF GENERAL CLARKE

General CLARKE. Yes, sir.

Chairman Young, Ranking Member Visclosky, other members of this subcommittee, it is an honor to be here today. Yesterday I mentioned in another testimony that I would keep my remarks as short as my time as the Director of the Air National Guard, so I will be quick.

I have had an opportunity to observe the Air National Guard from both inside the organization and outside the organization. For the last arguably 3 to 4 years, I have been serving kind of outside the Air National Guard; that is, 2 years in the diplomatic mission in Turkey, and then for the last year and a half as the Commander of 1st Air Force in the Continental Region for NORAD, a consumer of Air National Guard forces, if you will.

I couldn't be more proud of the Air National Guard today than I have ever been, or in the future. I would tell you we are really good at what we do. And men and women of the Air National Guard deserve the credit, not me. So I am just a proud member to represent them today.

My immediate priorities? The first one is to as well as we can mitigate the affects of budget turmoil, to make sure there is stability, and ensure that the people realize that they have a great future and are rewarded for the great service that they provided so far.

My second one is to work with the Air Force and Air Force Reserve to make sure that we optimize the right mix with the acting component and the right Reserve components to give the best service to the Nation.

And lastly is to make sure that we modernize and recapitalize on par with the Regular Air Force, that we can continue to serve the Nation the way we have been doing for the last 20 years or so because we had a great force to work with. And the Air Force has done a good job at keeping us at a readiness level that allowed us to participate in so many things overseas and at home and gave us great capabilities, but the credit goes to the airmen out there who are doing this mission day in and day out.

And when I get asked a question, do we have an operational force or Strategic Reserve, my answer is yes, we can do both. And that is the beauty of this structure. You can dial that rheostat up and down as you want to. Right now we perform a boatload of operational missions. In fact, as we are sitting here right now defending this Capitol, our air guardsmen, Army guardsmen, with a robust command-and-control structure that makes sure that we have the operational freedom to do what we want to, this constitutional body doesn't have to worry about air attack. It is well defended, and it is done by guardsmen right now.

So that is just one example of the operational missions that we do, but we are also ready to stand up if we are called up, either mobilized or through volunteerism, to do other missions. So that is why I am so proud of the Air National Guard. We have a great

story to tell, and I am happy to be part of it and get to tell the story. Thank you.

Mr. YOUNG. General, thank you very much.

[The written statement of General Clarke follows:]

STATEMENT BY

LIEUTENANT GENERAL STANLEY E. CLARKE III

DIRECTOR, AIR NATIONAL GUARD

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON DEFENSE

FIRST SESSION, 113TH CONGRESS

ON

THE FISCAL YEAR 2014 GUARD AND RESERVE BUDGET

MARCH 20, 2013

NOT FOR PUBLIC DISSEMINATION
UNTIL RELEASED BY
THE HOUSE APPROPRIATIONS COMMITTEE

Opening Statement

Chairman Young, Ranking Member Visclosky, members of the subcommittee; I am honored to appear before you today, representing the men and women of our nation's Air National Guard.

I wish to take this opportunity to update you on status of your Air National Guard, specifically, the status of the men and women that are the foundation of the Air Guard, the condition of their equipment, the impact of current fiscal uncertainty, and finally, a look to the future and how the Air National Guard can help secure our nation.

Personnel

The men and women of the Air National Guard (ANG) continue to prove their value to America and remain our top priority together with their families and employers. As of last week, the Air Guard had filled over 562,000 Overseas Contingency Operation positions since 9/11, with an 87% volunteer rate. Currently there are 2,290 Guard Airmen deployed around the globe performing a myriad of tasks including Overseas Contingency Operations, counterdrug, support to the National Science Foundation expeditions in Antarctica, and routine operational missions supporting national security. Even as the war in Afghanistan draws down, the men and women of the Air Guard continue to volunteer to serve.

At home, Guard Airmen have responded to countless local and national emergencies. Whether helping in local search and rescue operations, securing vital state infrastructure, or helping orchestrate the national response to Hurricane Sandy, your Guard men and women can be relied upon to bring manpower, dedication, professionalism, organization, and resourcefulness to any call for help.

As of 8 March 2013, ANG end-strength was 104,204 – 1,496 under authorized. Throughout FY2013, Air Guard recruiters met or exceeded monthly enlistment and officer accession goals, but monthly losses were higher than expected resulting in the current under-strength. The ANG is implementing a number of short-term and long-term resolutions. First, recruiting goals have been increased to account for the increased unexpected losses. To assist the

local recruiters, the ANG has also increased the number of bonus/incentive-eligible career fields and expanded the pre-qualified officer database. Long-term initiatives include providing state leadership with local recruiting and retention production statistics for accountability, and the introduction of the Career Motivation Program for commanders to utilize Unit Career Advisors and periodic interviews/surveys to identify loss trends and facilitate retention of critical skill sets. Overall, I am very confident in our ability to not only meet end-strength but to recruit and retain the skill sets necessary to perform at the level the nation asks of its Air Guardsmen.

Unfortunately, the ANG struggles with many of the same personnel challenges as the other Services, including the tragedies of suicide and sexual assault. The Air Guard family is united in their efforts to overcome these challenges.

Since 2010, the ANG has implemented the ANG Psychological Health Program, which places Wing Directors of Psychological Health at 89 wings to support wing personnel resiliency efforts, including Comprehensive Airman Fitness, suicide prevention, and wingman culture. ANG has implemented the ANG Community Action Information Board (CAIB) and integrated Delivery System (IDS) to provide a forum for the cross-organizational review and resolution of individual, family, installation, and community issues that impact the readiness of the force and the quality of life of our Airmen and their families.

The Air National Guard has joined the Air Force in a multifaceted campaign of zero tolerance for sexual harassment and assault in the Total Air Force. In December, at the direction of the Secretary of Air Force, the Chief of Staff of the Air Force conducted a meeting with all Regular Air Force wing commanders with the intent of focusing their awareness on creating an environment for our Airmen to work in that enables them to accomplish the mission "with honor and distinction." This meeting was followed with an assessment of all work areas throughout the Air Force to discover, correct and deter conditions detrimental to proper standards of readiness and to ensure military fitness and good order and discipline.

In January, the Air National Guard followed suit with its own initiative mirrored after the steps taken by the Air Force. The *Take A Stand – Make A*

Difference campaign began with bringing in Air National Guard wing commanders and refocusing them on changing the culture within the Air National Guard. Commanders were made aware of unprofessional behavior and workplace environments which, as General Welsh has said, "are leading indicators of sexual assault and other behavior and performance issues." The January meeting was followed with a request for wing commanders to conduct an assessment of their units, similar to the one ordered throughout the Air Force. The overall intent of the Air National Guard's *Take A Stand – Make A Difference* campaign is to build on the distinctive heritage of the Air National Guard versus bringing forward outdated practices of unprofessional behavior that have negatively marked its history. The Air National Guard leadership views sexual assault to be as detrimental to mission effectiveness as shortfall in equipment readiness and modernization

Air National Guard Equipment

The preponderance of equipment in the ANG can be used for both state domestic missions and support for civil authorities as well as federal missions. The Total Force relationship between the Air Force and the Reserve Component has resulted in similar equipping levels. Currently, the ANG has 91 percent of all authorized equipment. Though there has been a reduction in authorized equipment due to mission changes and unit associations, approximately 88 percent of all the authorized ANG equipment has a valid use in both federal and domestic support operations – what is termed "dual-use" equipment.

The ANG also benefits from the Air Force's general guidelines to use mostly active Air Force equipment in support of overseas contingency operations (OCO). Currently, 1.6 percent of ANG equipment is deployed in support of OCO. Another 0.7 percent of ANG equipment is deployed throughout the 54 states, territories and the District of Columbia in support of domestic operations.

The advancing age of some ANG equipment could result in difficulties meeting ANG domestic support responsibilities. In addition, greater than 25 percent of ANG vehicles have exceeded or will soon meet the end of their useful economic life, including aircraft maintenance vehicles, refueling trucks, firefighting, heavy maintenance and snow removal vehicles.

There is, however, an important distinction between equipping levels and the modernization required in order to remain relevant in today's changing environment. Though equipping levels for the federal mission remain high, the quality and sustainability of the equipment is rapidly decreasing as the ANG possesses the oldest equipment in the Air Force inventory. The Air National Guard maintains the oldest "block 30" variant of the F-16 and has the preponderance of the C-130H fleet while the active duty is recapitalizing to an all C-130J fleet. The ANG also operates unique aircraft such as the RC-26 for counterdrug operations.

Basic ANG equipment requirements are determined through a Total Force process to determine standard support equipment requirements for federal missions. Once valid requirements have been established, those requirements are filled based on the mission priority of the unit and weapon system. Most funding comes from the annual Defense budget process, with other funding coming from Air Force central agencies for support items that are interchangeable across the Air Force enterprise, such as personal protective equipment, communications equipment and some vehicles. The ANG has been aggressive in seeking other funding sources to replace items that have been expended supporting federal and domestic missions, or to modernize equipment to ensure its reliability and interoperability.

The procurement funds that Congress provides have made a significant impact on our ability to support both the war fighter and civil authorities. We strive to use these funds as efficiently as possible by pursuing lower cost 80 percent solutions to the immediate needs of our war fighters at about 25 percent of the cost -- needs that are identified directly by our war fighters and first responders out of our weapons and tactics classes.

The Air Guard used National Guard and Reserve Equipment account (NGREA) funding to modernize the Block 30 F-16, the backbone protecting America's skies.

Specialized missions such as Weapons of Mass Destruction Civil Support Team (WMD-CST), Chemical Biological Radiological Nuclear High Explosive (CBRNE) Enhanced Response Force Package (CERFP), and the Homeland Response Force (HRF) use equipment and other non-dual-use equipment for emergencies or response to major disasters. Their funding is based on using a

combination of Army, Army National Guard, Air Force, and ANG appropriations, along with Defense Department appropriations (e.g., the Chemical and Biological Defense Program (CBDP) funds. The National Guard Bureau continues to work with the Department of Defense to pursue modernization for equipment used by domestic response teams as technology evolves.

For the past three years, the ANG has emphasized modernization, upgrades, and procurement in two broad areas, communications and firefighting. These efforts were focused in both combat operations and domestic operations. In communications, the ANG sought to leverage networks and data links to bring current information and data directly to aircraft cockpits and Battlefield Airmen Joint Terminal Air Controller/Tactical Air Control Party/Parachute jumper (JTACs/TACPs/PJs), improve situational awareness for air defense operations, provide a common operational picture for Joint Force Headquarters-State, and provide capability to bridge communications between military and civil authorities. In firefighting, the ANG brought aboard an improved Mobile Airborne Firefighting System (MAFFS-2) in time for the CY2012 wildfire season and purchased upgraded and newer firefighting vehicles, protective equipment, and equipment for rescue operations.

With the need to fully fund ongoing operations and continued pressure on defense budgets, obtaining adequate funding for procuring equipment and modernization efforts is a challenge. By supporting annual procurement funding requests, the ANG will be able to modernize legacy platforms and equipment to remain an equal and effective partner in the Total Force Enterprise, as well as allow the ANG to provide support to civil authorities. It must also be noted that with ongoing Total Force Integration actions, the overall authorizations and on-hand balances continue to shrink, resulting in fewer equipment items in the availability ratios for ANG support to civil authorities. Despite the shrinking budgets and equipment balances, the ANG will continue to strive to adapt and meet the needs of the combatant commanders for combat and combat support forces and of our states for support of domestic operations. The ANG is fully engaged at all levels in operations in Afghanistan as well as in operations Gatekeeper, Hold-the-Line and Safeguard, directly defending our homeland. We are ready to respond to any tasking with fully mission-ready professionals equipped with capable, yet aging, weapon systems.

Impact of Budget Uncertainty

The current budget uncertainties are having a direct negative impact upon ANG personnel readiness and equipment readiness and modernization.

As the Committee is well aware, since 1 October 2012, the Department of Defense (DoD) has operated under a Continuing Resolution (CR) scheduled to expire on 27 March 2013. The CR distribution of funds is based on FY 2012 levels and did not account for the ANG's higher than normal Weapons Systems Sustainment (WSS) depot-level maintenance inductions in the first two quarters of the fiscal year.

To minimize the effect of the shortfall, the ANG is taking precise, measured steps by reducing flying hours, Base Operating Support (BOS) funding and rescheduling WSS depot maintenance. Meanwhile, the ANG will ensure critical flying missions are funded such as Aerospace Control Alert (ACA), Search and Rescue, Modular Airborne Fire Fighting Systems (MAFFS), and Air Expeditionary Force (AEF) pre-deployment activities.

Separate, but compounding the challenges of the CR, Sequestration will have immediate and significant negative impacts on the operational readiness and capabilities of ANG forces across all federal and domestic missions. The worst case scenario for FY 2013 would be sequestration combined with a continuing resolution that extends through the rest of the fiscal year without a reallocation of Department of Defense funds to the right accounts. Sequestration actions effecting personnel, equipment, training and facilities will all factor in a rapid reduction in combat capability, combat ready forces and, by extension, reduce capability and capacity for homeland defense, homeland security and domestic response.

The effects of the Continuing Resolution and Sequestration will be felt long after the immediate impact. Civilian furloughs reduce manpower available at the unit level to maintain equipment, which in turn reduces readiness. The impact is more acute in the ANG because Title 32 guardsmen in Technician status are civilian employees subject to furlough, unlike their Title 10 Active Component counterparts. Modernization will suffer as funding becomes more competitive to obtain. Delays in WSS will cause a back-log; a back-log which will take a considerable time to resolve given limitation on throughput at the

depots. Similarly, delays in personnel training, especially formal school training, will delay the Air Guard's ability to transition units to new missions for years.

The Future of the Air National Guard

As we build the Total Air Force of the future, it is essential to build capabilities that meet the advanced technologies potential adversaries might bring to a conflict. Futurists predict that the proliferation of technology will mean that US forces will face a plethora of long-range precision weapons and sophisticated air defense networks – the environment in which the B-2, F-22, F-35, and the next generation bomber are designed to operate. I believe it is equally important, even in a world driven by Moore's Law, that we not forget the lessons of the past. History tells us that high technology capabilities are not always the sole solution to security challenges. More often, the answer is capacity in combination with capability. During the Korean War the USAF deployed its newest jet fighters only to learn that what it needed most was large numbers of World War II vintage P-51 Mustangs for close air support. Similarly, during the first Gulf War, the nation marveled at the capabilities of the F-117, but it was the B-52, A-10, F-15, and F-16 that were the workhorses of the effort. The principal lesson of the past is that we cannot predict the future; the best we can do is to instill versatility and flexibility into our planning.

Do not misunderstand, I believe the capabilities of the latest air, space, and cyberspace technology are essential to the future security of the US, but I also believe capacity is equally important for it is capacity that permits multiple simultaneous actions in different parts of the world, and it is capacity that allows for extended actions without over stressing the men and women in uniform and their families. Recognizing that capacity is often as expensive capability, the question becomes, how do we sustain both capability and capacity in an era of austerity? The simple answer is investment in the Air Reserve Components of the Air Force.

A recent RAND study by Al Robbert examined the total costs of active duty (AD), Air Force Reserve (AFR), and Air National Guard (ANG) F-16 and C-130 units. The study, while still in draft, concluded that while the cost of

employing the three components was similar, the cost per aircraft and the cost per flying hour were significantly less in the reserve components (RC).

C-130	Cost per PMAI	Cost per Flying Hour
Active Air Force	$18,770,349	$24,179
Air Force Reserve	$9,394,071	$21,365
Air National Guard	$8,427,894	$20,926
F-16		
Active Air Force	$8,398,198	$29,190
Air Force Reserve	$6,356,380	$22,406
Air National Guard	$4,626,238	$22,296

There have been two major post-war draw-downs in recent history. The first occurred in the 1970's as the Vietnam War was drawing to a close. The second was in the 1990s at the end of the Cold War. In 1970, Secretary of Defense Melvin B. Laird put his faith in the Reserve Components and created the Total Force that served the nation through the end of the Cold War.

In 1990, our Air Force faced challenges not unlike those of today. And, the threats to national security and interest had not gone away with the fall of the Berlin Wall, in fact, the future looked just as unknown and ominous as it does today. First, there was a new strategy shifting focus from the Soviet Union to major regional conflicts. There was growing concern about the security implications of a possible breakup of the Soviet Union; economic, political, and geographic expansion of China; and, new challenges in the Middle East. The U.S. was trying to get the budget deficit under control – at that time it was sequestration under the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985. Faced with significant budget cuts and amorphous but growing threats abroad, Secretary of the Air Force Donald Rice decided to follow Secretary Laird's lead from the 1970s. As Secretary Rice wrote in his 1990 Report to Congress:

"The Air Force Total Force policy, formalized in 1973, has evolved to the current policy for a mix of Active and Reserve component forces, using all available assets, to ensure that maximum military capability is achieved at

minimum cost. We intend to allow as much force structure growth in the Air Reserve Component (ARC) as possible while maintaining a realistic balance between the ability of the Guard and Reserve to absorb that growth and the ability of the Active force to meet peacetime and contingency tasking."[1]

It was the Air Force that Secretary Rice built that maintained Northern and Southern Watch after operation Desert Storm. This Air Force, built upon heavy reliance on the Air Force Reserve and Air National Guard, also responded to the crisis in Bosnia and Kosovo, fought Operation Enduring Freedom and Operation Iraqi Freedom. Air Guard KC-135s were the first on the scene for Operation Odyssey Dawn protecting Libyan civilians. Secretary Rice's Total Air Force also responded to numerous humanitarian crises around the world including Pakistan, Japan, Haiti, and here at home.

The future of the Total Air Force is not just about aircraft and other equipment; it is about people – our most valuable asset. As the Air Force adjusts to post-Afghanistan and fiscal realities, we in the ANG urge Air Force leadership to remember that its Reserve Components are not only warehouses of combat ready equipment but combat ready personnel as well. We need to ensure that as highly educated, trained, experienced men and women leave active duty they have somewhere to go; somewhere to continue to serve their nation. In FY2011-2012, 777 pilots, most with combat experience and all with many years of service ahead of them, separated from active duty. One-third of them chose to continue serving their country as Guard Airmen. What if there was no place for them to go? What if the ANG and Air Force Reserve had no place for those leaving active duty to continue to use their skills in service of the nation?

Closing Remarks

I believe that working together we can build a Total Air Force equal to all the challenges our nation faces.

Thank you for the opportunity to share my thoughts with you, and for allowing me the honor to represent the outstanding men and women of your Air National Guard.

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[1] *The United States Air Force Report to the 101st Congress of the United States,* Fiscal Year 1991

Mr. YOUNG. General Talley, it looks like you are the clean-up batter here.

SUMMARY STATEMENT OF GENERAL TALLEY

General TALLEY. Roger that, sir. Thank you.

Chairman Young, Ranking Member Visclosky, distinguished members of the subcommittee, thanks for the opportunity today to appear before you. On behalf of the more than 200,000 Army Reserve soldiers and over 12,000 civilians and military technicians and their families, I want to thank the committee for its continued outstanding support of the Army Reserve.

I am proud to report that America's Army Reserve is a ready and trained operational force. For more than 11 years of war, we provided critical life-saving and life-sustaining capability to all services and all components. Our soldiers are on duty at home and abroad, continuously engaged in missions in support of the your Army and the Department of Defense.

The days of a Strategic Army Reserve, a force that was poorly resourced and seldom used, are simply gone. Today's Army Reserve is a complementary force to the Active component, providing routine combat and combat service support essential for both combat and contingent mission requirements.

The Army Reserve is also a great return on investment. We comprise almost 20 percent of the total Army for just 6 percent of the Army's budget. In fact, we provide the majority of the Army's theater enablers. Furthermore, the overwhelming majority of our soldiers are traditional reservists; that is, they hold full-time civilian jobs, often in the same speciality as their military occupation, so when—they keep their technical skills sharp at little or no cost to the Defense Department. And by the way, this includes our general officers.

That civilian experience and outlook allows the Army Reserve soldier to bring a unique perspective to complex environments. Last week I was in Djibouti, Africa. I was visiting one of my civil affairs teams. One of those soldiers, who also happened to be a career firefighter from Seattle, Washington, was helping the city of Tadjourah set up a firefighting first response training program. This was in addition to him executing all the civil affairs missions. What a great example of America doing good in the world.

I could share many similar stories to this, as the Army Reserve currently has over 12,000 soldiers mobilized and deployed serving in more than 28 countries, with almost 6,000 today in Afghanistan.

Last October, the Army Reserve's expanded role under the 2012 National Defense Authorization Act was tested. Providing 100 percent of the DOD's emergency preparedness and liaison officers to FEMA, and deploying pump units for dewatering missions to Brooklyn and Queens, New York, the Army Reserve provided critical support to our fellow citizens devastated by Hurricane Sandy.

Never in our Nation's history has the Army Reserve been more indispensable to America. As the only component in the total Army that is a single command as well, we have evolved into an effective and efficient part of the force, with streamlined, deployable forces and citizen soldiers who embody the warrior mind-set and spirit. Stay demand for the Army Reserve capabilities has introduced a

new paradigm of reliance on the Army Reserve as a positive investment for America and as an essential part of our national security architecture. Supported by engaged employers, resilient families and caring communities, our soldiers and civilians truly are twice the citizen.

In closing, Mr. Chairman, members of the committee, we have the best Army Reserve in history, and with your help we can keep it that way. Thanks again for the opportunity to testify today, and I look forward to your questions. Army Strong.

[The written statement of General Talley follows:]

STATEMENT BY

LTG JEFFREY W. TALLEY

CHIEF OF THE U.S. ARMY RESERVE

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON DEFENSE

FIRST SESSION, 113TH CONGRESS

20 MARCH 2013

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INTRODUCTION

Chairman Young, Ranking Member Visclosky, and distinguished Members of the subcommittee, thank you for the invitation to appear before you today. It is an honor to testify on behalf of more than 200,000 Army Reserve Soldiers.

America's Army Reserve is a life-saving and life-sustaining force for the nation. We have emerged from eleven years of war as an integral and proven component and command, leveraging unique capabilities in service to America.

A GREAT RETURN ON INVESTMENT

Ready and direct access to a high quality, all-volunteer, operational Army Reserve for the Army and joint missions at home and abroad is essential to the Total Force and the nation. As the Army's Federal Operational Reserve Force provider, the Army Reserve provides a cost effective way to mitigate risk to national security, comprising almost 20% of the Total Army for only 6% of the current budget. The Army Reserve is a federal force under federal control, ready and accessible 24/7 with unique capabilities not found in the Regular Army, the Army National Guard, and in some cases, our sister services. We are a streamlined force – with the lowest ratio of full-time support to headquarters per capita (less than 1%) in the Army.

The Army Reserve is the Army's one-stop shop for assured access to trained specialized individuals and units – efficiently managed by a single command – seamlessly integrating and generating essential assets and capabilities across the nation and globally to complement and enable the total Army and Joint Force.

The Army Reserve needs continued support from Congress to remain the great return on investment for America's Total Force and the American taxpayer. The Army Reserve possesses unique skill sets, maintaining key support capabilities, such as logistics, transportation, engineer and civil affairs - as well as intelligence and medical assets.

AN OPERATIONAL FORCE

In order to maintain our operational proficiency, it is vital to invest in the training and readiness of our Army Reserve force. The nation cannot afford to give up the readiness gains achieved since the events of September 11th. Since 2001, an annual average of 24,000 Army Reserve Soldiers have been mobilized and seamlessly integrated to support the Total Force.

The Army Reserve is a complementary force for the Active Army and provides a significant portion of the Total Army's capability in combat service and combat service support. These enablers are organized into streamlined and deployable units. Its Citizen-Soldiers embody the warrior mindset and spirit and are essential to the Army's ability to support the Joint Force, both in contingent and combat-effects missions. We take great pride in the demonstrated competence and professionalism of Army Reserve Soldiers and units, which are globally engaged in multiple campaigns across a full range of military operations in support of the Total Force. We are the only Army component that is a single command - the United States Army Reserve Command. This structure allows for immediate access to - and use of - Army Reserve Soldiers and units for missions at home or abroad.

Since the majority of our Soldiers are traditional drilling reservists, they hold full-time civilian employment in the public and private sectors, which keep their technical and managerial skills sharp at minimal cost to the defense department. We have a worldwide organization of 205,000 Soldiers and 12,600 civilians. As a community-based force, the Army Reserve maintains a strong connection to America's industrial base and its people.

The Army Reserve's combat support and combat service support capabilities, which include the majority of the Total Army's significant expertise in legal, information support, police, human resources, finance, chaplain, and training operations, are necessary to enhance and sustain the Army's ability to conduct a full range of military missions worldwide in order to Prevent, Shape and Win.

By aligning Army Reserve Theater Commands with Army Corps, Army Service Component Commands and Combatant Commands as part of the Army's Regionally Aligned Forces, Army Reserve Soldiers and leaders are executing critical planning and implementation to ensure the Department of Defense's global requirements are fully supported. This alignment will provide critical staff planning and support, ensuring the unique capabilities of the Army Reserve are maintained and used.

The way ahead for maintaining an operational reserve will involve progressive readiness for the Army Reserve, which means having the right level of readiness at the right time. The Army's force generation model offers a balanced, cost-effective approach to training and mobilization that allows for the predictability that our Soldiers, Families and their civilian employers need and deserve.

MODERNIZATION AND EQUIPMENT

In partnership with the Army, the Army Reserve has made great strides in filling its equipment shortages since 2001, increasing its equipment on hand from 75% in 2001 to 86% today. In addition we now have 88% of our Critical Dual Use (CDU) equipment on hand. This is equipment that is used for both the warfight and domestic support operations.

In regard to equipment modernization, however, the current uncertain fiscal environment significantly challenges our ability to modernize our equipment for unit training and employment as a part of the operational force. Our equipment modernization level currently stands at 65% and fiscal constraints that impede our ability to improve this will adversely impact Army Reserve readiness.

The Army Reserve is now an operational force supporting planned and contingency operations at home and abroad. This requires investment in equipment, training, and sustainment. However, we face a major challenge in modernizing our equipment for unit training and employment as a part of the operational force which impacts the Army Reserve's readiness.

As of December 2012, the Army Reserve has 86% of its needed equipment, but only 65% has been modernized (brought to the current standard of design). To maintain our readiness, we need to improve modernization levels for critical equipment. We received $285M in the National Guard and Reserve Equipment Account (NGREA) funding during FY 2011 and FY 2012. Priority should remain on resourcing the Army Reserve with modernized equipment for unit training and employment as a part of the operational force, and to fully equip the Army Reserve to meet the needs of the Army.

SIMULATIONS

In a new modernization initiative, the Army Reserve is using more simulation technology to save time and money. The Army Reserve funds simulations to meet the requirements of the Army Reserve Training Strategy (ARTS). Related costs include:

- Combat Simulations - $6M: purchases war gaming suites at the Company/Detachment level for Virtual Battlespace Training 2 (VBS2);
- Constructive - $36M: purchases distributive simulation capability equipment to support multi-echelon and geographically-dispersed training;
- Live - $23M: purchases Home-Station Instrumentation Training Systems (HITS) and supporting radio systems for Combat Support Training Exercise and Warrior Exercise execution on Army Reserve funded installations; and
- Virtual - $17M: purchases portable weapons systems training capability.

DISASTER RESPONSE

The National Defense Authorization Act of 2012 recently expanded the Army Reserve's role as part of the Federal Force, giving us the flexibility to provide specialized capabilities for domestic disaster relief including critical lifesaving, property preservation and damage mitigation support. The new mobilization authority for Defense Support of Civil Authority (DSCA) allowed us to activate specialized capabilities to assist in the Hurricane Sandy relief effort by providing three tactical water distribution units, which operated six 600-gallon-per-minute water pumps to help alleviate flooding. The core competency of the Army Reserve lends itself readily to such missions. The Army Reserve is also part of the Defense Chemical, Biological, Radiological, and Nuclear

(CBRN) Response Force, maintaining mission-ready Soldiers and equipment available for deployment in the event of a national emergency or disaster.

THE PROJECTED IMPACT OF FUNDING REDUCTIONS

Under an extension of the current continuing resolution (CR) and "Sequestration", the Army, and by extension, the Army Reserve, will be forced to make dramatic cuts to its personnel, its readiness, and its modernization programs. This will negatively impact Operational Tempo, Medical Readiness, Equipment Readiness, Depot Maintenance and Sustainment, and Restoration and Modernization.

Disruptions to the cyclic progression of training, which were developed for the Army Force Generation (ARFORGEN) model, will jeopardize the Army Reserve's ability to produce validated, technically and tactically proficient Soldiers who are available for missions. If there is no change in the CR and sequestration is not turned off, it will be challenging for us to perform annual health exams and dental readiness treatments for non-deploying Soldiers.

Depot Maintenance will suffer, as it will be difficult to afford to maintain more than 40% of ARFORGEN-critical equipment. Disaster Relief and Homeland Defense missions will be negatively impacted as already aged equipment continues to age unattended. Sustainment, Restoration, and Modernization (SRM) will be degraded, causing subsystem failures to impact facility readiness in support of Soldier training. Reductions will also cause the deferment of other repairs that will lead to less-functional operating environments.

Sequestration will complicate the FY 2013 Military Construction, Army Reserve (MCAR) program because reductions will force project delays and deferment of other projects. Sequestration and the CR will also have a long-term impact on the out-year Military Construction. Cascading projects from FY13 ($305M) will force reprogramming over the next 3-4 fiscal years.

A full-year Continuing Resolution that does not reallocate funds where they are needed would reduce and delay contract support necessary to perform daily operations, exercises, and other services contracts. It would potentially defer or reduce accessions, and cause the AGR personnel end-strength objectives to drop below 16,261, adversely affecting unit readiness. Moreover, a full-year CR would make it challenging for Troop Program Unit (TPU-part-time) Soldiers to meet statutory Annual Training requirements, and perform the obligatory amount of Battle Training Assemblies. High priority programs such as "Strong Bonds" will be cut back.

CLOSING

Mr. Chairman, Members of the Committee: Thank you again for the opportunity to testify and for your continued support to our Army Reserve Soldiers. Complex demands for the future at home and abroad require continued reliance on the Reserve Component. The global fiscal environment brings growing security challenges to our nation and our coalition partners, necessitating a balance between identifying efficiencies and the continued engagement of a ready, agile and adaptable force. We need Congress' support to preserve the hard-earned skills of our battle-tested Soldiers as we continue to make strides toward Army Reserve Vision 2020. The Army Reserve remains a great return on investment for America, providing an indispensable and versatile mix of enabling capabilities to Army 2020 and Joint Force 2020.

We have the best Army Reserve in history. With your help we can keep it that way as we protect and serve America. Twice the Citizen, Army Strong!

RESERVIST-EMPLOYER COOPERATION

Mr. YOUNG. Well, Generals, all of you, thank you very, very much. You do have an important role, and I have the opportunity to have visited with our troops deployed in every war starting with Vietnam, and I can tell you that when you discuss the mission, discuss the troops, discuss the readiness, you will hear—at least I heard—that Guard and Reserve soldiers, you couldn't do the job without them, you. And I think thread runs through every conflict that we have had since I have been a Member of the Congress, as I said, starting in Vietnam.

And there are a lot of questions that our Members will have to make sure that you have what you need to fulfill that tremendous responsibility, but I want to ask you about something different. This was not on my program today, but if you look at the Washington Post this morning, the major story on the front page and all of the back page is talking about how members of the National Guard and Reserves, when they come home, they are not getting cooperation from their previous employers or the potential new employers to try to help them find a job to fit back into their civilian life.

This bothers me because I know that I attend every deployment ceremony for my part of Florida, as well as the welcome home ceremonies. We also include a large number of employers who had troops in that deployment, and we always congratulate them and say thank you for being so supportive. But if this story has any truth to it, there is something wrong here. And I wonder if you have any programs that we should know about where you have an outreach to employers to try to help these soldiers get back to civilian life, to get a job so that they can once again be productive leaders of their families.

Who would like to respond to that question?

General GRASS. Chairman, I will start, and then I will ask definitely for the Army Guard and Air Guard to talk about some of their programs.

This is a serious concern. Large employers tend to be able to absorb the deployments back and forth, whether it is responding to a Hurricane Sandy event or a deployment overseas. As you get down into the smaller range of employment organizations, one of the things we experience is that turnover creates a lot of turbulence. And we are working hard to try to get to those employers and figure out where the stress is and see what we can do to help out. Part of that is predictability, and the other part is working very closely with employer support to the Guard and Reserve to make sure that they get in with their volunteers and talk to local employers to make sure how important this is to us as well as the community.

I will let General Ingram talk about what he has out in the States today and also on the Air Guard side in the wings.

General INGRAM. Mr. Chairman, we do have programs in the Army National Guard, Job Connection Education Program, Veterans Opportunity to Work, and we are funding people in our organizations to implement those programs. ESGR has transition assistance advisors, part of the Yellow Ribbon Program, for returning

soldiers from deployment. It usually includes a job fair. Those are done at the unit level, at the local level. So the States and territories craft the Yellow Ribbon Program to their individual needs. But the majority of the programs on the second—the second phase of Yellow Ribbon include a job fair for those soldiers that either don't have jobs or were downsized from their companies.

The VOW Act has worked well for us. And by way of statistics, the Job Connection Education Program placed 2,100 people so far this calendar year, and that is as of last week. We spend about $13 million on total employment outreach programs for the Army National Guard.

General CLARKE. Sir, I think one of the most important things that we should do and continue to do is to get with employers before deployment and tell them about the value of their airmen or soldier just to make sure they understand that we value them, and they probably value them, but before they actually deploy, to know what we think about their service as an employer and what that means to the guardsmen.

I would tell you that you have to keep your employer, your family and your Guard unit all happy at the same time. That is a struggle, and anybody who has done that before knows it. That is hard work.

But that acknowledgment prior to deployment is important. All of the wings out there have employer support awards where you have employers awards for supporting their airmen as they do operational activities.

And then the last one, at least in my wing, when I was a wing commander, we created a company index to share with everyone to go—these are the different people who come out here to this unit and participate as guardsmen—so that they could share that with others, which might be an index in a way of finding who supports the Guard out there and provide companies—or provide business, if you will, to those companies. So I think the employers really appreciate that.

ARMY RESERVE TRANSITION PROGRAMS

General TALLEY. Mr. Chairman, thank you for the question. This is one that is very important to me. I come from the private sector. I was a CEO before getting, so to speak, drafted back into the Active service, and one of the commitments I have made to the Army Reserve soldiers and families, if you join the Army Reserve, we are going to make you more marketable to your family, to your civilian employer. And I am not going to worry about the Army, because if I make you more marketable to those first two, you will definitely be a better soldier.

And so I am really blessed that Jack Stultz, my predecessor, created the Employer Partnership Program Office at the Army Reserve. It became so successful in the Army Reserve, you know, it was replicated across all components and services, and now at the DOD level they call that Hero 2 Hired.

That is a great program, but Hero 2 Hired is really a wonderful Web site. But as you know as well as I do, everything is about relationships. And so the Army Reserve maintains those personal relationships with companies. We have over 4,000 formalized relation-

ships with the private sector, from the largest companies to the smallest, and what we do is in those relationships they come to us and say, we want an Army Reserve soldier, we want to hire an Army Reserve soldier.

So just a recent story. When I was out on the west coast, when I was out doing a promotion, a change of command somewhere, and I always want to stop and thank some of those special employers. So we had an energy company that came to the Army Reserve that said, we want to hire 40 soldiers to help us in our new business. So we got with Erin Thede, the head of our Employer Partnership Office, and we provided 40 Army Reserve soldiers. They hired 40 soldiers; they started them at $80,000 apiece per year.

After about 2 to 3 months they came back and said, these guys and gals are great. They come to work, they are drug free, they are physically fit, they are loyal. Give me 20 more. We gave them 20 more.

So we are seeing some challenges, but I will tell you our EPO is the way to go, and we continue to put emphasis on that. Thanks, sir.

Mr. YOUNG. Well, thank all of you for this response. And I know that so many of my colleagues have in their own districts job fairs and working with individuals. This story just disturbed me, and I really had to ask about it. Whatever programs we have, we need to make sure that they are even more effective than we want them to be, because these returning guardsmen and reservists, they need all the help that we can get them. So I thank you very much for your responses and the programs that you all mentioned.

Mr. Visclosky.

FULLY BURDENED LIFECYCLE COSTS OF PERSONNEL

Mr. VISCLOSKY. Thank you, Mr. Chairman.

I would like to talk about compensation from the Federal Government. In January, the Reserve Forces Policy Board issued a report that the Department overall suffers from a gap in cost data in identifying the true fully burdened lifecycle costs of personnel.

In the eleventh Quadrennial Review of Military Compensation, there were proposals to change Reserve component pay and retirement benefits to create a total force of pay structure. In looking at that, one of the proposals in the review suggests paying 1 day's pay for a day of drill or traditional weekend duty instead of current system of 1 day's pay for 4-hour block of drill duty. Another proposal was to change retirement eligibility for members with 20 years of qualifying service to receive benefits on the 30th anniversary of service or age 60, whichever come first.

Looking ahead and understanding there is a lot of political difficulties when we talk about compensation, particularly retirement and health care—we had a vote on the House floor, I think, a year ago, and the vote essentially was we should never touch TRICARE, and only 17 of us voted no. Do you believe that given some of the recommendations or at least a question being raised by the Quadrennial Review, should we be considering for the longer term changes particularly on the retirement side or even on the compensation side? I assume many changes would be prospective. I would certainly like your reaction.

General GRASS. Ranking member, let me just start off by saying that I have seen the report, and the day's pay for a drill weekend, I have been out talking to company-grade officers and NCOs, and they will tell you that that will be the death of the National Guard and the Reserve. And the reason why is most of our members, even though they will receive 4 days' pay, which that they could start on midnight on Friday and run through midnight on Sunday—normally it is, you know, 10 to 12 hours versus the 24-hour clock—but if they are going out on a drill weekend, they are going to work right through and they are going to the field, they will be working right through the weekend.

What they tell me, and anyone that has served in the Guard and Reserve knows this, if you go to your local armory any time of the week, you are going to find members there doing work and not getting paid. The squad leaders are getting the squad work done, there are young soldiers coming in and picking up equipment, and we are not paying them for that time. So I think the 4 days' pay for one weekend drill far exceeds the benefit that the government gets for that.

Mr. VISCLOSKY. What about the retirement side, General?

General GRASS. As a member of the Joint Chiefs, I have sat in on an awful lot of meetings, and, as you know, the increase in the cost of personnel, as any business—a friend of mine recently said that worked for the airline industry, once the cost of retirement, the cost of benefits in the airline industry gets so large, they file bankruptcy and start all over. We are not going to that in the military, but we are going to have to tackle the issue of benefits and retirement for our military.

I think the National Guard and the Reserve offer great opportunity. When you use them, you pay the full benefit; when you don't use them, you are paying—for the National Guard, we are about 11 percent on the Army side, about 9 percent or so on the air side of the daily operations and personnel accounts. So there is some real value added, and we need to find the right mix.

MILITARY RETIREMENT

Mr. VISCLOSKY. We have continued to defer in the Congress on retirement program decisions. Do you anticipate any immediacy as far as the Department looking at this? And again, I assume any change would be prospective, and so the long-term benefits would be down the road. But my concern is making sure, given the limited quantity of dollars to start with, that they are most effectively used. Do you see any immediacy of some proposals coming out?

General GRASS. Ranking Member, I will defer to the others at the table here so I don't take up all the time.

Mr. VISCLOSKY. And if nobody wants to answer, I have an answer.

General INGRAM. I would like to make a comment about the drill weekend. The four pay periods are all basic pay with no allowances that go with that, and, as General Grass mentioned, soldiers use that pay. Many have long distance to travel. They pay for their gas, they spend the night, they do—they buy a number of things out of that pay, and if you were to go to full pay and allowance—and al-

lowance with—basic allowance for housing subsistence, add travel, you are probably not going to save any money at all.

And Guard soldiers traditionally have been—live in the town where their unit is located, and more and more as we move forward, that is not the case. They have to travel to drill. And the four pay periods was traditional. That was after World War II when drills occurred on weeknights, on Monday night, 4 nights a month. That is where that came from, and it has morphed into today's operational environment. It is traditional, and it makes sense.

And again, the 1 day for 1 day, we do that at annual training, we do that for Federal duty days, but Inactive duty pay makes sense to keep it the way it is. If you did a cost comparison, it would probably be very obvious.

Mr. VISCLOSKY. Gentleman, I will close. Other Members have questions. I appreciate your reticence. I do come from a district where we lost 38,000 jobs in 2 counties in 10 years, and you can do the math. It was horrific. I have seen pension-savvy companies go bankrupt, and except for the Pension Guaranty Corporation, people would be just living in abject poverty.

I grew up and still remain a defined-benefit guy, realizing nobody in this country has a defined-benefit pension plan anymore, but I also realize that as far as the Federal systems, including the military is untenable at some point in time, and it is always better to start sooner rather than later, and also understand all of these changes will be prospective. So I do hope that at least people are considering what is best for the security of our country and how we are going to work out this financial problem.

Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Mr. Visclosky.

Mr. Calvert.

RESET THE FORCE

Mr. CALVERT. Thank you, Mr. Chairman.

General Grass, thank you for your service, and thank all of you for your service.

A number of folks have repeatedly testified about the need of significant funds to repair and reset the force. And obviously, after many years of combat, much of the equipment has been destroyed or needs significant repair. How would you describe the state of equipment readiness in the National Guard?

General GRASS. Congressman, thank you for the question. It is something we look at every day, and I know that General Ingram and General Clarke are spending a lot of time right now looking at the reset side of this of getting equipment back from overseas. And there is a huge backlog right now of equipment that needs to come out of Kuwait and over the next 2 years a lot of equipment that will be returning out of Afghanistan that needs to go through reset and depot, basically called back to zero miles. So it is a piece of equipment that comes back, it goes through that process, and then it comes to the armory for us.

What we are really concerned is about the rolling stock. The tactical vehicles that we have are the same ones we use when we have to respond to an event where we are driving through high water

or driving through deep snow, and over time we will see degradation of that equipment readiness.

And another area that we are very concerned about is the backlog that is going to be created here on rotary wing assets. We use rotary wing assets every month somewhere rescuing someone as part of the Air Force Rescue Center, and the more the depots have a backlog, the less we will be able to get our equipment out of there.

And another thing I think General Ingram can talk about is our Lakota aircraft. We are at a point with sequestration and also the continuing resolution that we may actually have to park some of our Lakota aircraft that are coming out of the factory and put them in flyable storage until we can get flying our money and to be able to buy the repair parts as we fly them. So we are very concerned.

Today could we respond to a Hurricane Sandy? I think my colleagues would tell you and I would tell you that, yes, we could respond. When you start getting more, 2, 3 years down the road on this current sequestration plan, and the backlog will occur, it will take us years to recover from that, and it will take us longer and longer to respond to State needs, and especially a complex catastrophe, which is what keeps me up at night.

Mr. CALVERT. I understand your challenges regarding sequestration, but I will be optimistic and assume that we are all going to work this out at some point in time. But in the meantime, the President hasn't submitted his budget yet, so we don't know what recommendations in this area are going to be. Do you have any idea of what that is going to—is there going to be any recommendation at all to help reset this equipment?

General GRASS. Congressman, one of the major issues we are dealing with right now is absorbing OCO, Overseas Contingency Operations, money for the Army, absorbing it into the base budget. The last number I saw from General Odierno, even with some flexibility in an appropriation, that we could still be looking at a $10 billion shortfall this year, which General Odierno is having to off-ramp some of our units that were scheduled to deploy overseas because he won't have the money to pay an allowance which comes out of the OCO account.

Right now I don't feel good at all about what is going to happen in the next couple of years with an already huge backlog of equipment. I talked with the AMC Commander last week, Army Materiel Command, and he is very concerned because some of his contracts are being cancelled now of those same folks that are turning the wrenches.

General TALLEY. Congressman, can I get in on this?

ARMY RESERVE STATE OF EQUIPMENT READINESS

Mr. CALVERT. Sure.

General TALLEY. I want to reinforce what General Grass just said.

My concern, and I know General Odierno has commented on this, but as that equipment comes back, as we draw down in Afghanistan and all of that equipment comes back, my concern is if it doesn't get reset before it comes back to that Army Reserve unit or that Guard unit because they don't have the money to reset it,

then I take back equipment that is broken and not reset, which absolutely I will have little opportunity in the future to fix it, and therefore I am sitting—it is like having an old car that doesn't run. I can't use that for training; I can't use it to get ready for the next mission. So my biggest concern would be if the Army is financially not able to reset that before they do that battle hand-off of that equipment back to me as an Army Reserve unit or commander, then I am basically getting back equipment that I can't use. And in my budget, again, which is only 6 percent of the total Army budget, there is no chance that I will be able to, you know, fix it.

So that is my concern. So I just want to weigh in on that, sir, thanks.

Mr. CALVERT. Thank you.

One quick question, General Clarke. We are getting into the summer here pretty soon, and fire season is coming up, and we have probably the lowest number of aircraft that is suitable for that purpose in the history of the Forest Service. Is there any desire to transfer older equipment over to the Forest Service for that particular purpose?

General CLARKE. Sir, in my last job as the Commander of Air Force's Northern, I am very familiar with the firefighting capabilities that we have, three units in the National Guard and one in the Air Force Reserve. And the capability to suppress the fires is most helpful particularly in the light of civilian air fleet reductions. They don't have as much capacity as they used to to fight the fires.

And I have always believed this would be a bigger issue one day when we lose something we treasure in this Nation, like a nuclear power plant, or an oil refinery or something along those lines. It will probably grab the headlines very quickly.

But right now there is a desire to work with the interagency on anything that is good for the Nation and the defense support of civil authorities. So we are willing to look at it, study it, and see if it is possible. And I know that there have been different initiatives over the year to take a look at that, but if the priority is push to work harder with the interagency to create more capability for firefighting, then we are interested in having those discussions.

Mr. CALVERT. Thank you.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Moran.

EMPLOYMENT OPPORTUNITIES

Mr. MORAN. Thank you, Mr. Chairman. Thanks for being our chairman.

I have several questions, but I want to get to what Chairman Young raised initially with regard to employment opportunities and the fact that we are really wasting talent.

Lockheed, just to use one example, was telling us that they have a need for hundreds, and over the span of a few years thousands actually, of skilled engineers, technicians for aircraft assembly and maintenance and so on. They can't find the people. There is one junior college that actually trains for that skill, and they are so desperate, they sign up the people as soon as they enroll in the junior college before they finish the classes. And it just seems that

there ought to be a better connection between the Reserve and Guard and the jobs that are available.

We have talked about equipment that is not up to par for immediate usage, but it does seem as though that is a function that the Guard and the Reserve could perform. If they are getting paid for 4 days, they—I don't know what we are going to do with all this equipment, for example, we brought back from Iraq and are now bringing back from Afghanistan. We are just going to put it out in the desert and let it rust? Are we not trying to repair it so it can be put back in working order.

I know your first request, it seems from your testimony, was for us to buy new or reset better equipment so that you can be fully prepared for wartime capability, rather than the more traditional role of simply being in a backup position in case of some strategic urgency, but not in the kind of role that you have had to play in Iraq and Afghanistan over the years.

But I have seen some, and I am told that there are vast expanses of property that just have jeeps lined up for what seems like miles, even in some cases planes. I don't know what we do with the ships. But it would seem that maintaining that aircraft, and tanks and so on, and jeeps provides valuable experience, and that our defense contractors would be more than happy to provide information to the Guard and Reserve components on what jobs they need so that you could assume some of that responsibility for full-time employment between deployment.

So, you know, when the chairman raises this question, I think that is a very valid one. We have responsibility for these men and women during periods of time that go far beyond, it would seem, when they are actually on the battlefield or even training.

Do you want to respond to that what your perspective is on the employment during nondeployment periods?

General TALLEY. Congressman, thank you for the question.

MAINTENANCE CONTRACTS

Mr. MORAN. You are from the private sector. What would you do?

General TALLEY. Absolutely.

Well, the first thing that I would do is—let me tie this into sequestration. When I first got told, hey, Chief, you are going to have to come up with a certain amount of money that you will have to pay back, or give back, or not take from the Department between now and the end of the year, in my case it was right under 300 million, I said, hey, allow me to determine, kind of like a CEO, where I take that money from. And so one of the first places I said was I can reduce my maintenance contracts.

Now, why would I say that? Well, first I wanted to keep the benefits to the folks. And secondly, we have a large number of maintainers. And so I thought I only get budgeted for 39 training days a year in Army Reserve. That is the same it has been since post-World War II. That hasn't changed. In nondeployment, 39 training days a year. That includes our battle assemblies and our annual training for every soldier. But I said what we can do is we got lots of maintainers and transporters, and we can reemphasize what we used to do, which is maintain our own equipment, and we do that.

And so I said, so what I am going to do here is I am going to try—if the Army lets me, I am going to cut my contracts to civilian maintenance companies and use that annual training, if you will, to start emphasizing our having our maintainers do our own work.

We do that already in the Army Reserve. We have these big exercises called Warrior Exercise (WAREX) and Combat Support Training Exercises (CSTXs), these big CTC dirt exercises, which are all substainers, and that is exactly what you do when you go to these exercises, and we have the Guard participate and Joint Forces. Those maintainers do what they do; they maintain that equipment and do that second and third maintenance, shop-level maintenance, and we do that day in and day out.

The key is I have got a lot more equipment than 39 training days a year will allow those select maintainers to maintain, so I have to come to the civilian sector to help us. But that is the first thing I am going to continue to do is what we have been doing.

As far as the employment piece, you are right on the money, sir, so to speak, to coin a phrase. We are taking advantage of the fact that maybe we have it easier. Our formations are not combat effects, they are sustainers and maintainers, so those civilian-acquired skills is what they do—it correlates very well to a civilian job.

And so we have great relationships with these private companies, and we are able to, in many cases, get them the civilian job, because what they are looking for is a technical skill set that they do actually in the Army Reserve.

So I don't know if Lockheed Martin is one of our employers—our partners, but I do know, for example, GE Health is. And we have a lot of folks that have training, and they come in and operate that equipment for GE Health, and then they turn around and get their certifications in the civilian sector, and GE Health actually pays for that. So they do in the Army Reserve what they doing in the private sector. That also extends over to maintainers.

So I am just saying I think you are right on the money in terms of where we need to go and how we can save money for the government and continue to promote marketability in and out of the service.

POST-DEPLOYMENT REINTEGRATION FUNCTION

Mr. MORAN. That is a very good answer. It ties into the post-deployment reintegration function that has been assigned the Guard and Reserve. The Army National Guard is the largest user of that. And actually, this subcommittee earmarked money for that because it wasn't really requested. So this subcommittee put more money in to see if we can't step up the post-deployment and reintegration into the job market to a greater extent than was being performed. But that is probably going to be one of the areas that will be cut back.

Can we get a response perhaps from General Grass or Lieutenant General Clarke? Or if Lieutenant General Ingram wants to talk?

General INGRAM. Yes, sir, I will be glad to respond. Actually, that is one of the last programs that we want to cut. As deployments ramp down, we won't have as many people that will be going

through the post-deployment programs. However, family programs, psychological health programs, and programs that benefit soldiers and families, the job programs as well, will be the last that we do away with. And we are going to continue those programs.

Mr. MORAN. Of course, those programs of counseling and so on are very important. But the most important thing for the soldier is to be a breadwinner, whether it be a man or a woman, to be employed, and to know that they are of essential value to the rest of their family. The worst thing is what the chairman was talking about when they come home and they got no job, and that leads to marital breakup and even suicide in the worst of cases.

So I hope the emphasis is on getting them into jobs, not flipping hamburgers, but that use their skills and their discipline and their experience. I am sure you are all going to nod to that.

General INGRAM. It definitely is, sir.

Mr. MORAN. Sure. Is there anything more substantive that we have to add to that?

General GRASS. Congressman, I would like to add, and I do appreciate your support of those programs, they are critical. And I think we don't even know yet the impact of 100,000 service members that are going to be coming back to our communities as the Army and the Marines ramp down over the next 10 years. Those same 100,000 are going to be coming back to hometown America and competing for those same jobs. So we have to get out in front of this. Not only that, the mental health, as you say, sir, the stress it puts on the families, the divorce rate, the suicide rate, all of that is very much of concern. And our personnel representative, Marianne Watson, General Watson, I have tasked her to work with the Veterans Administration, because we see that as a crisis out there in the homeland that we haven't really experienced yet. But we need to figure out to get out ahead of it and provide services in working with all the components to figure out how we distribute those across the map so people don't have to go 100 miles to get help. And we think with the Reserve, we can help them.

Mr. MORAN. All right. I assume my time is up, Mr. Chairman. If it is, maybe somebody else can ask this. Since with regard to the sequester, we said that OCO is not exempt, but uniform personnel are, which seems to create a real problem in terms of how you are going to execute sequestration on nonuniform personnel when that is a pretty substantial bite out of our OCO money. If we have the time, it would be interesting to get a response. Do we, Mr. Chairman?

Mr. YOUNG. Hopefully, we will get a chance to come back.

Mr. MORAN. That is fine.

Mr. YOUNG. Mr. Bonner.

HOLLOW FORCE

Mr. BONNER. Thank you, Mr. Chairman. And I join with the entire committee in expressing our gratitude for your service to our country. It was a very proud moment for us when the Joint Chiefs testified a few weeks ago, to see you, General Grass, sitting at that table, something that many of us have wanted to see for a long time.

We do appreciate your willingness to share an update on current programs and challenges that you are facing this morning. I am sitting between two members of the Budget Committee who are also members of the Appropriations Committee, and they probably feel this frustration more than most of us. But it is frustrating to some of us that you are here without the budget from the White House. The President had time to do his basketball practice once again on time and on schedule, but the law required the budget to be submitted on February 4. We still don't have it.

Although the House will take up a budget, and we will have a budget by the Black Caucus, and the Progressive Caucus, and the Republican Study Committee. We will try to do our part. That is not your problem. It is just a frustration, because it would be nice to know what the administration's budget request would be as we are dealing with numbers. Going back to when the Joint Chiefs were testifying, General Grass, you probably recall this, it struck me, General Odierno, in his comments, said that he began his service in uniform in a hollow force. And he did not want to end it in a hollow force. Could you, or could really any of our distinguished panel tell us what a hollow force would be for our Guard and Reserves?

General GRASS. Congressman, if I could start, and I appreciate that question, because it is definitely a concern that I have both for the Army and Air National Guard, and I am sure my colleagues here share that same thought, that one of the major issues that we are going to deal with is a National Guard that could be underresourced. And as we underresource it, we will have less challenging training opportunities for our leaders, to grow leaders, where in the last 12 years we have had an opportunity to get all the training we need. And I lived a time when 50 percent of our soldiers in the Army National Guard were even funded to go to schools at times. A lot of our skills, our duty MOS, our military occupational skills, 75 percent was the best we could get at because of funding before the war started. So what did that do when we started mobilizing? It required us to cross-level between units because we didn't have the money. Now, all of that has changed in the last 12 years because the services have given us the money. In some cases we have mobilized and then trained after they mobilized to get them ready to make sure that everyone was trained to the same standard.

On the equipping side, I think there was a time in the 1990s we were probably setting at maybe one-third fully modernized equipment. We had old equipment. Today, once we get everything back through the reset, we will have some of the best equipment we have ever had in the National Guard. But if we don't have those programs to train and equip our forces, we won't have leaders for the future. And that will create a hollow force in the Guard.

Mr. BONNER. Anyone else?

General CLARKE. Yes, sir. From an air side, I would say that that period of time that the General offered that he entered a hollow force, I remember documentaries and things where they had aircraft sitting on the ramp with no engines inside the aircraft. And another general shared with me that the battle cry of the hollow force is do more with less. And eventually, less means you don't

have anything at all that is operational, and certainly not combat-effective. So from an equipment perspective, you have airplanes that are out there but they don't fly very well, or at all. And worse yet, you will see things like the accident rate soar. And that becomes very telling, but it is too late, you have already entered the hollow force. So we have to be careful to make sure we don't go in that direction.

General INGRAM. And if I could pile on for just a moment, I remember a time as well when the Army National Guard didn't have the resources to buy fuel to travel to annual training or to weekend assemblies at a post, camp, or station, where our equipment. I was in a heavy force, our tanks and Bradleys, in those days our tanks and 113s were at Fort Bragg, and we didn't have the money to convoy to Fort Bragg, much less have the money to run the tactical vehicles when we got there.

So the training opportunities were spaced out much more than they were. We adapted. We did things at home station. But it is not the train-as-you-fight way to do business that we have been able to do in recent times. I also remember times when not enough equipment in the arms room to equip every person, and we were using tattered and torn and old equipment. We had a number of substitute items on our table of organization and equipment. Instead of having the latest piece of equipment, we had several generations older. And again, that causes its own problems with repair parts and availability and maintenance. It is all a function, the Guard and Reserve can be as ready as we are resourced. And that is as ready as we can be.

General TALLEY. Congressman, thank you for the question. You know, I remember as a second lieutenant in the regular Army we didn't have money for fuel, so you would start up your vehicles in the motor pool, and you would do your Preventive Maintenance Checks and Services (PMCS), your maintenance checks, and then you would shut them off. And you would kind of do that over and over again. You couldn't go down to the training ranges because you couldn't afford the fuel, you couldn't afford the expenses of—back those days we called it bivouacking and field operations. You would go to the range and you wouldn't have enough ammunition to really get familiar, you would have to go right into qualification and hope you got it. And that was certainly a hollow Army.

I think the same is true today if we go down a road that none of us want to go down, and that is if you go to battle assembly or your annual training and you don't do anything because you don't have the resources, the soldiers, because it is an all-volunteer force, will vote with their feet, and they will leave because they—and me too. I want to do that stuff I see on those Army strong commercials, hooah. Thank you, sir.

Mr. BONNER. It deserves a follow-up. And again, we don't know what the final numbers will be for this upcoming fiscal year. We still don't even have a resolution on the current fiscal year that we are halfway in, although the House has acted. We are waiting on our colleagues across the building to act. Hopefully, they will today. We do know the effects of sequestration have begun, although we don't know the full impact of that yet. But do any of you worry that—I mean, the stories of yesterday, when we didn't have enough

money to put fuel in our Jeeps and planes and tanks, are you worried that we are inching closer to that? Because there is an impression among some in Congress, and certainly some in the country, that the Pentagon, and in essence, all of the men and women who work in our Armed Forces, have just been given a blank check for the last few years, and you are flush with cash.

General INGRAM. If I could answer that for a moment. The Guard has always been at a very—at a balance position. We have never had an overage of anything. And we have always made do with what we had. And we fully understand how to make something with not much. And when you take even a little bit from not much, that puts you over the edge. That puts you so far out of balance that we move toward that hollow force very quickly. Maybe not so much with the active services, but it really is a balancing act, and always has been with the Reserve components.

OPERATIONAL RESERVE COMPONENT

Mr. BONNER. Well, General, you mentioned about the amazing response of the Guard during Hurricane Katrina. And as someone who lives on the Gulf Coast, I know firsthand how blessed we were to have the Guard there, even though they were also in Iraq and also in Afghanistan.

And certainly others, I think General Grass has mentioned about the tremendous asset that the Guard provided during Hurricane Sandy a few months ago. So, again, as the chairman and the ranking member have said, this committee especially wants to be among your biggest supporters to try to help you do the important work you do in as best way as possible. I guess my last question, Mr. Chairman, would be this: And it is certainly not something that my staff would have prepared for me, because I am sure they are probably cringing at the thought of what I am going to ask. But my wife and I sometimes like to play the game that if money were no object, if money were no object, we would put a pool in the yard, or we would, you know, buy a new car or whatever. And of course, money is always an object.

And we are living—and I think we can all see the next few years, maybe the next few decades, we are looking at serious money challenges. But if money were no object, and you could do something—the chairman talked about, and others have talked about men and women coming home from Afghanistan and not having a job to go back to. And there is a story in the paper about the Tuition Assistance Program and the impact it might have on recruiting, as well as honoring the commitments we have made. And equipment being worn out and things like that. But if money were no object, what would you like to see us do that perhaps we haven't even discussed today that would help make sure that we are honoring the commitment back to the men and women who volunteered to serve their country so we can live in freedom?

General GRASS. Congressman, I think I can sum my thoughts up in probably one statement, and that is, we want to maintain an operational Reserve component. We have invested. It doesn't take that much money to sustain an operational Reserve component. And as we reset ourselves back in the homeland, as we draw from overseas, we also still want to maintain our engagements overseas,

whether that is supporting operations in Kosovo, where we are today, or supporting operations in the Sinai desert, or whatever the follow on to Afghanistan. And we want to be a part of theater security cooperation. And we can do a lot of that in annual training status that we have for years in Central America. So maintaining that operational force is critical to us as a Nation and as a Guard.

Mr. BONNER. General.

General TALLEY. Sir, thank you for the question. I think I might answer it a little bit differently, and maybe make it a little bit more personal. One of the things that my wife and I have said over the years, we have four children, is invest in your faith and invest in your education. And one of my other backgrounds is I used to be in academia for a long time. And so to me, we need to allow—we need to remember that the most important thing about our Army is its people. And we need to help them invest in themselves.

And so to me education, because you mentioned tuition assistance, is critical. Because at the end of the day, the most powerful weapon system, in my opinion, is the soldier. And it is what is in here in their head and what is in their heart. And that, we get that by going to school, by getting educated, and using those skill sets to help others.

So if there was an unlimited pile of money out there, I would expand upon our Tuition Assistance Program. I know it was a tough call for the Army to have to temporarily suspend it. But that is where I would put my focus. Thanks, sir.

General CLARKE. Sir, before I yield my time to General Talley, I was going to say the same thing, first thing to make sure we continue to fully fund the people programs, of which there is a variety of those. Because the airman and the soldier both mind and heart are the same, in the right place. Also, the second priority obviously is make sure that the equipment is modernized. We operate a lot of legacy systems in the Air Force at large. So if money was no object, then obviously we would bring up all the equipment to a newer age, new standard.

And the last one is to—the grease in the operational force a lot of times is man days, and the ability to put airmen forward because they volunteer. They continue to volunteer at rates unheard of. So in order to keep that going, to make sure that we are in step with the regular Air Force with the Air National Guard, and probably the Air Force Reserve, is to have the man days allocation or something so that we can continue to participate in all of the things that we are doing overseas. Because it truly puts you on the first string when you do that. Thank you.

General INGRAM. I have to concur with my colleague, people, equipment, and training, probably in that order.

Mr. BONNER. Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Cole.

Mr. COLE. Thank you, Mr. Chairman. I have got three big questions. And if we have another round, I have some little specific matters. But let me ask you this, and I know this is a delicate sort of question to put to you, so use all your diplomatic skills that you care to. Clearly, we are in a very difficult time in terms of our budgets. You have expressed that. We all know that here. And

none of us are particularly happy about it. A lot of those budgeting decisions are made by the regular forces as well.

So you have told us a lot of the things that are important to maintaining an operational force. Tell us some of the things that honestly we need to do as a committee to make sure as decisions are being made, that people in the regular force remember that you are an operational force. I mean, we do worry a little bit, I do worry, and it wouldn't be done deliberately, I am not casting any aspersions, but you know, if you are in the regular forces, you are more apt to put their needs at a higher level.

Having you there, General Grass, is probably one of the best insurance in that regard that we have ever had. And I think that is very useful. But are there things that we should particularly be looking for just to keep some of the decision makers focused and make sure we look on you in the same way we look at our operational forces?

General GRASS. Congressman, one of the issues we are going to deal with when we talk with operational force and being able to continue to deploy in this generation of warriors, both Air and Army, they expect to deploy. They expect to deploy in a predictable manner. If we can get them in a cycle and they know a few years out, for the most part, their employers and their families will work with us. And you know, whether it is a 6-month or a 9-month deployment, they want to be a part of that.

One of the problems I think we are going to face, especially with the sequestration as we start trimming all that money back and OCO, the overseas contingency account, goes away, I think the one thing that we are going to have to look at seriously to keep the Guard and Reserve in missions is a supplemental of some type, because I don't think we will be ever able to absorb all of it, especially in all the uncertainties that are out there now and the fact that things could pop up overnight that the Air Guard, the Army Guard would be ready to go, but the money won't be there unless there is some sort of a supplemental to continue those operations.

General CLARKE. Congressman, I appreciate the question. With regard to the operational force, at least for the Air Guard, the Air Force has always done a good job of making sure that we are on the first string as much as possible, that we can go out the door very quickly with them. Therefore, for the committee, and you asked what can you do, is make sure that we are meeting the same standards, that we take the same inspections, and that we are fully participating in the air expeditionary force, and that is in the rotations overseas.

Two parts of that. One I have already alluded to is the man days. And that is kind of the grease that makes the operational force work very well. But another part of that is relevancy in what you do and the equipment that you have. I know the Congress has been generous before with things like NGREA to make sure that we have equipment that makes our forces as relevant as any force out there.

And on the anniversary of Iraqi Freedom, my personal testimony on that is I have seen that happen, where we got the targeting pods into the Air National Guard which brought us to the first string. It was a combatant commander requirement to have it. And

the most experienced force and had the best equipment at the time were Air National Guard units.

So I led a 3,000-person wing in Jordan that participated in counter-Scud hunting. I happened to be the fortunate one selected to be the wing commander for all of it. But if we did not have those capabilities, we would not have been asked to participate in the way that we did. So relevancy is another big part for us. Thank you.

General INGRAM. In the case of the Army Guard, to be engaged and involved, an operational force is not operational unless they go somewhere and operate. And that can be—we need to be in the training rotations at the combat training centers, both the JRTC and the NTC, to be with Brigade Combat Teams. They need to operate at the level organized across the board with all of our units for that matter. And then to have an opportunity to get out in theater security engagement opportunities. The regionally-aligned force that the Army is going to to assist the combatant commanders in theater engagement, the Army National Guard and the soldiers and units in the Army National Guard are a very good fit with their civilian skills in that endeavor, as well as being resourced to—I think the funding piece and having the pot of money, whether it is a supplemental or a NGREA-like pot of money that we can use to fund the man days that it takes to use our soldiers in that capacity.

RECRUITING AND RETENTION

Mr. COLE. I just hope, Mr. Chairman, as we put together our bill, that we—you know, language can do a lot of remarkable things, and that some of these suggestions get put in our bill so that we get the right eyes focused on them. Because we do ask you to do tough things and your people to do tough things on very short notice. And I think we really owe it to them to send them forward with the very best that we can, the same way we would our regular force. Two other quick questions, I will try to be real quick. One, and you referenced this, General Grass, we are downsizing our regular force.

And I suspect there will be some involuntary retirements in that, unfortunately, because we have got a lot of very fine people serving us in uniform. And I would suspect they will be looking for other options in the Guard. What kind of programs do we have if soldiers are involuntarily mustered out that would like to continue to serve? Do you reach out to them? What are the sorts of things that you do?

General GRASS. I think General Ingram can give you much more detail. But one of the things we look at, and we are looking at it very seriously now, both on the Air and Army side, on the Army side is looking at ways—we already have transition coordinators, retention recruiters that work at all the active installations. And Bill can give you a larger laydown on where they are at. On the Air side, and this is driven more by the airline industry right now, I talked to General Welsh about how do we capture the large number of pilots who are going to leave the Air Force because the salaries and the recruiting of the airline industry because of that 65-year-old cap that just really we just started hitting that here in De-

cember, but how can we maintain those pilots in the Guard as they go to work for private airline industries?

So we are working with the Air Force to figure out how do we do that? Where is the best place to talk with them? When is the right time to talk to them and then capture them? Because once they leave the service, sometimes it is hard to get them back in. And if we can transition and make that transition smooth.

General INGRAM. The quick answer is this year we are at about 146 percent of the in-service recruiting, people coming off active duty into the Army National Guard. So we are vastly exceeding our requirements in that arena.

HEALTH OF RESERVISTS

Mr. COLE. Last quick question. I remember at the beginning of Iraqi Freedom, I was at Fort Sill in my district, and I was talking to the base commander, and they were mobilizing a lot of Guard units, and I said, well, how is that going? I said, what is your big problem?

He said they are great soldiers, they want to fight. He said my big problem is teeth. He said a lot of them are showing up and they need a lot of dental work. And you know, I am losing soldiers that, you know, we need to get in shape to do that.

So hopefully we have done some things since then to make sure that doesn't happen. But what are, again, the sorts of really basic types of things like that that we need to be looking at to make sure that, again, the men and women that you command don't always get the same kind of, you know, support in terms of health care and those sorts of things that regular forces do? How satisfied are you with what you have got to make sure that we don't have that kind of problem again?

General INGRAM. I guess that one is mine again. Previously, we did physicals that were done on a 3-year, and later a 5-year basis based on money available to do physicals. Currently, we do an annual physical health assessment that is a fairly thorough assessment.

Unfortunately, we can't use Army National Guard dentists to fix teeth. However, we can identify who needs dental work done. And there are some contracts that are available to have dental work completed before mobilization. So those stories that you were hearing several years ago have subsided a bit. Again, it is a function of resources. And if we are resourced to do that, as well as opportunities to mobilize. As the fight in Afghanistan winds down toward the end of 2014, the opportunity to mobilize large numbers of soldiers, which, again, allows for dental work to be done through a voucher system actually, will probably tail off a bit.

Also, the money, sequestration has affected in this year the money to do the periodic health assessments. So we may be curtailed from having 115,000 annual health assessments done, which is a readiness indicator, because personnel readiness is part of the unit status report.

Mr. COLE. Okay. Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Cole, thank you. Your comment earlier about hoping that the committee would make sure that we paid attention to the—we are going to ask you to make sure that you remind the

chair of that when we get to the point that we are going to prepare our bill. Ms. McCollum.

SPORTS SPONSORSHIPS

Ms. MCCOLLUM. Thank you, Mr. Chair. This has been a really good hearing. And I am going to follow up basically with two questions, and then a request for information later on, and a comment. I want to start, however, and it will come as no surprise to my dear chair, about sports sponsorships. On your testimony, Mr. Ingram, on page 13, you said that the Guard intends to achieve desired levels of responsiveness by maximizing taxpayers' investment in programs directly contributing to the Army National Guard readiness and a laser-like focus on proper stewardship of those funds. Sir, when we needed help with going out and recruiting during the last two major wars we found ourselves in, an idea came forward. And we need to explore ideas. And one of those was sports sponsorships for recruiting.

Unfortunately, it didn't pan out very well. Signed contracts, signed contracts for the amount of money spent just, in my opinion, and in the opinion, obviously, of some of the other branches of the service which dropped the sports sponsorships as a form of recruiting, they dropped that. Now I notice it is not recruiting anymore, it is marketing. You have a $300 million marketing budget. And you are spending $250 million of it now on sports sponsorships for marketing, not for recruiting. That is the term that I have from a piece of paper that I have from my office.

So the Guard, you know, spent $45 million on sponsorships for recruiting, $29 million on NASCAR, $14 million on Indy Car racing, $5 million on Worldwide Wrestling, and so on. Fairly, everybody, we spent it on fishing, too. You guys know I have a fishing license, I am passionate about fishing. But at a time when the Pentagon is making tough choices in spending and recruiting and retention—and what you don't know is I have a long history as a State legislator of working with our State National Guard for recruiting and retention where, you know, education, tuition was a big deal, making sure that we upgraded our facilities that we are welcoming not only to our community, but to our Guardsmen and women when they came up.

I want to know is this now recruiting or is it marketing? And with a $300 million budget, and this going towards it, what are we not—what are the choices not being made in reaching out to keep retention as well as recruiting?

General INGRAM. Thank you for the question. We use a comprehensive approach. And I am not sure of the numbers that you just spoke of. I can say that brand recognition is a part of that comprehensive approach. And marketing means brand recognition for us. The average youngster that we are looking at, a 17- to 24-year-old, doesn't know the National Guard versus the Coast Guard versus the active Army or any of the uniformed services. And branding through professional sports is an effective way to address not only the individual that we intend to recruit, but it is the influencers for those people.

Ms. MCCOLLUM. Well, sir, I served in the private sector for a long time. I worked for a company called Sears. Sears does a lot

of marketing. So marketing is something I actually understand. Recruiting is something you can figure out by the numbers. And so I would suggest that it is either recruiting or marketing. And if it is recruiting, I want to see the signed contracts. Because to date, for the amount of money that we are spending for the number of signed contracts it is just not out there. And that is why most of the other branches of the service have dropped doing the sports sponsorships.

General INGRAM. Actually, the other services use much more expensive means than the Army National Guard does to brand. The NFL——

Ms. MCCOLLUM. Sir, there is a difference between marketing and recruiting. And I am leaving it at recruiting. What you do with your marketing dollars is one thing. So this is no longer for recruitment, it is for marketing. Yes or no? Because before, this was a temporary pilot program, temporary when it started out for recruitment. So I will move on, and we can have a discussion with your folks on that later when you have the numbers in front of you. I want to follow back on both what Mr. Calvert and Bonner and Cole were talking about, and that has to do with equipment.

EQUIPMENT

You know, it is an old adage that my grandmother said when you borrowed something you returned it in better shape. So when we took equipment from our National Guard, I think the expectation that most of us have is that we would return it in at least as good a condition to the National Guard. And I am concerned from what I am hearing from you gentlemen that that very possibly will not be the case. And then how do you take the money out of hide to bring it back up to the standards it was when it left. I want to focus on one thing in particular. And I am not an expert on this, so please feel comfortable in correcting me and just saying you are dead wrong, or you don't understand it. But my understanding is that the C–130 is going to be through the AMP program, was looking at going from analog to digital. And digital, in international airspace, is going to become very important for your flight crews.

And right now, the program to change the C–130s to digital is on hold or it has stopped. I understand that this was done without a cost-benefit analysis for Congress, or even for how that is going to affect your readiness. And the fact that right now your pilots and flight crews are seamless, they are interchangeable. By not being digitally prepared in the C–130s, how is that going to affect your effectiveness and your ability to move seamlessly into international airspace?

General CLARKE. Yes, ma'am, thank you for the question. I do agree we all want to move onto the digital aircraft if we could, but the Air Force had to reprogram funds based on other needs. Because although it is important that you try to comply with ICAO, the international standard for aviation, you can still do work-arounds—it is more difficult—but you can still fly in international airspace. It is just more complex and difficult for the air crews. It is more difficult to operate there. But there is work-arounds for it. So how long we can do that, how long ICAO will allow us to do that I don't know. They have been allowing us to operate. But we have

to prioritize, obviously, for modernization if we can. But if there are work-arounds, and that is what we are doing right now, but I agree with you, ideally we wouldn't have to do that, we would just move onto all digital platforms if possible.

Ms. MCCOLLUM. So one of the work-arounds, if I understand it, once again, I could be totally wrong, is that you have to fly at lower altitudes than you normally would?

General CLARKE. Yes, ma'am. Well, and there are certain things inside the United States airspace, you have to have the right kind of equipment in order to have separation from other aircraft, a TCAS system. If you don't have that onboard, then you are required to fly below a certain altitude. Or in the case if you are flying fighters, you can fly above a certain altitude. But that is not always true, particularly for C–130s, who would have to fly at a lower altitude in order to abide with that. Some airplanes have TCAS, some don't. Ideally, everything has TCAS onboard, but they don't right now.

Ms. MCCOLLUM. So is it kind of like having a faulty, what is that called that is on there so the other airplanes to detect you, responder or something like that, so that they can detect where you are. And then you start doing——

General CLARKE. IFF?

Ms. MCCOLLUM. Right. Then you have to do it more visually than——

General CLARKE. Well, it is a holistic thing because you had the FAA involved with all of their systems as well. And there is radar, and then some systems are reporting from GPS. And there is a picture that is incorporated of all the things out there, either through radar contacts or even a data link system that can move things in a common operational picture for the controllers inside the United States so they can see it, see where you are.

Ms. MCCOLLUM. Thank you. Mr. Chair, I am concerned about this one for training here in the United States with our airspace becoming more and more crowded, we need to make sure that we are doing this as safely as possible, as well as making sure that if our planes are called up to fly internationally that we are up to international standards. And those were my questions. But Mr. Chair, I would like to make a comment. There was another very disturbing report once again, and there has been testimony in the policy committee on the number of sexual assaults going on in the military. The military prides itself as being a band of brothers and a band of sisters. Brothers and sisters look out for each other. They do not harm each other. And we are going to be having a lot of, unfortunately, women returning that went from Guard duty to active duty that have been victims, victims of assaults at the hands of their brothers.

And so I know that this is something that you know the Congress is very interested in doing. So if there is dollars, programming help that you need, especially with sequestration and cuts going on, I think that I speak for myself, but I think I kind of speak for my band of brothers here, you tell us what you need, because we are going to put an end to this. Thank you, Mr. Chair.

Mr. YOUNG. I would say to the gentlelady that the committee intends to pursue that in another hearing in considerable detail. It is an important issue. Mr. Womack.

REMARKS OF MR. WOMACK

Mr. WOMACK. Thank you, Mr. Chairman. And I thank the distinguished panel that is before us today. They are near and dear to my heart, Mr. Chairman, as you well know. I have a couple of comments I want to make to my friends from the other side of the aisle. First of all on marketing, I think it is foolhardy to try to separate marketing from recruiting. Marketing is simply a process by which you try to get people to buy something. Recruiting is hopefully they are wanting your product. And so this recruiting process—and I have been a supporter of these sponsorships, because I know that is a target audience for what these gentlemen represent. And so I think it would be difficult to separate the two from the meaning, at least in the context of what these guys are trying to do to try to fill ranks. And I always learned in my military career, Mr. Visclosky, that there is two things you don't mess around with with the guys that are serving in uniform, and that is their chow and their check. And any attempt to get away from the MUTA–4, that is the 4 days for 2 days of performance I think would be devastating to this group.

And it is in that particular context that I want to zero in on my first question. And I am a visual guy. And I look behind these guys at the people doing the real work, there is a major sitting over there with a bronze star and a CIB and a host of other things. Right across from me there is an Airborne Ranger infantry guy, major, with I see a bronze star and a CIB and a whole lot of other stuff that I would never do, jump out of perfectly good airplanes, those kinds of things.

If we were having this hearing 12 years ago, you wouldn't see that visual. The people that are out here doing this work have done some incredible things for this country. They have served side by side with their active duty counterpart, oftentimes balancing the difficulty between honoring a commitment they have made to an employer, honoring a commitment they made to a willing wife and children, who allowed them to enter service or tolerated that service.

Some of them aren't here today because they have been buried defending this country. And the one thing about the Guard and Reserve that is inescapable right now is that they are performing at a level that they have never in the—at least in my life, and perhaps in the history of the Guard and Reserve, their training level, their readiness level as we call it, is as high as it has ever been.

And I am afraid we are about to put them on a fast track to a strategic reserve again, a hollow force, and an organization that will be of little value to this country.

So it is in that spirit that I just want to ask a couple of real quick questions. What is the guidance we are getting on training center rotations? What is the guidance we are getting on health assessments? I know you talked about that briefly. What is the guidance we are getting on MOSQ? Training seats? OES and NCOES programs? What is happening, and how fast will we dwindle to an

average performing force that none of us want to see? What is the guidance? Are we postponing AT periods for people? I know we have some issues with the dual service technicians and the possibility of furloughs. Every one of these in its own individual way is going to contribute to the demise of the readiness of a force that this country could not have done without in the last 10 years. So that is my softball question for you. I have got a hardball coming up.

General INGRAM. To sum that up, it would be trending downward. Training seats will be affected by sequestration. The Army uses a number of contractors and NDA civilians in the training base. We are being currently, because of sequestration and the budget challenges in fiscal year 2013, our only next deployers are going to the combat training center rotations. We off-ramped one of our Brigade Combat Teams this year.

Again, we are trending downward. We are going to conduct AT. That is statutory. There is money in the budget to do annual training and to do inactive duty training. A number of the other, we have recently canceled annual training in support of operations in European Command. And those soldiers and those units will find annual training in another place. And typically, anything that has to do with TDY or long movements is being looked at very carefully. And again, this is a fiscal year 2013 continuing resolution difficulty, which may be relieved very soon, as you mentioned. And the sequestration, as long as it stays in effect, those cuts will likely last through the end of this fiscal year, and then we will adjust based on what we find in the 2014 budget.

General CLARKE. Yes, sir. Obviously, my main concern and my job is to watch out to make sure the Air National Guard doesn't go into a strategic reserve. And I talked a little bit earlier about my feelings about the operational reserve.

You asked several questions about guidance. But we are getting the guidance to continue to plan on being up on step with the regular Air Force. I think my concern would be for the regular Air Force right now is that they are not on a fast track to being a strategic reserve either. They are canceling numerous readiness exercises, big things that we do to train the force, not just to do the ongoing missions that we have currently, but the future. And that seed corn of the lieutenants and the captains and others, the NCOs, to make sure that they are trained now, because with the Air Force and its components, one of those being the Air National Guard, we are ready to go out the door now. There is no premobilization training, no getting ready, it is go now.

So we have to make sure that all of us as a force can do that. But the guidance we are getting right now is do what you can. If we have to prioritize, make sure we prioritize those operational missions that I mentioned earlier today. But the entire Air Force is going to face a problem here with the budget the way it is because we are going to have to start standing down aircraft. And that is across the Air Force, not just the Air National Guard. And when you do that, those skills are perishable. And it doesn't matter if you fly C–130s or an F–16, those skills are perishable.

General TALLEY. Congressman, thank you for the question. For the Army Reserve, two CTC rotations have been canceled already.

We have seen a tail-off of ammunition available in distribution to the Army Reserve. School seats are in fact decreasing. And the number of exercises, training exercises that we run, as I mentioned, the Army Reserve training strategy, we run our own CTC-like exercise for sustainers, those are those WAREXs and CTC–Xs. And those are actually being put in jeopardy because the continuing resolution effect, for example, has restricted us to annual training (AT) to 14 days. I need more than 14 days for those folks that actually set up and run and organize those CTC-like exercises. So reduced number of school seats, actually a lower number of schools that are actually funded, annual training limited to 14 days. So the effects we have seen are significant, and they are immediate.

Mr. WOMACK. The model for weekend assemblies is typically a Saturday–Sunday. And I know some of the command group comes in on Friday night, there is maybe an RMA available to them, or whatever you call that opportunity today to pay them for their training.

I have long believed that maybe a kind of rethinking that training model should be in order, i.e., if there is a certain amount of setup, preparation, and a certain amount of tear-down or maintenance that goes with every training assembly, particularly if you are taking a unit to the range, those sorts of things.

Now that we are in this constrained resource environment, something that we have really never experienced quite like we are about to experience, isn't it time for us to kind of maybe think outside the box and rethink some of these training models so as to capitalize on the time available for the soldier and the airman who is going to be working a deal with their employer to take some time off to go train to support the defense of their country?

And what I am talking about is maybe an every-other-month concept, and I am just kind of thinking outside, throwing it out on the table, where you have got a captive audience for a longer period of time for the time frame that you have them, and you are basically involved in the preparation and the maintenance for that period of time only, and not having to do it every month. Are there things that we can be doing right now that can increase the value for the constrained dollar?

General CLARKE. Yes, sir. In fact, in Air National Guard units, and possibly Air Force Reserve, I am not sure, but we do use a different model sometimes when it is effective to do it that way, particularly prior to participating in an air expeditionary force deployment overseas. We may commingle some of the UTA periods as much as possible, drill periods, to make sure that we get as best bang for the buck while they are there rather than worrying about their time coming and going to the drill or unit training assembly.

There is two things. You know, if you think about the Air National Guard being able to go out the door and meet the standards that I talked about earlier with the regular Air Force, there is two things that I know that make this happen. One is experience. We got experienced forces that can put things together and make them happen in a short period of time. Without it, we would never be able to do what we do in a drill period. The second one is very well-planned periods. So even if it is only the two days, what we get out

of those two days is a big bang for the buck, if you will. We make sure that we get as much, squeeze as much training as we can into those periods. But the new model is we have addressed that a few times of maybe bringing a few of the drill periods closer together, spanning across maybe 2 months where they end in the last 2 days of the month and begin in the first 2 days of the month in order to maximize the amount of training we can get in 4 days as opposed to having 4 days that are spread across a bigger period of time.

Mr. WOMACK. What about it, General Ingram?

General INGRAM. In the Army National Guard, with the adjutants general as the commanders in their States, territories, and the district, they have the flexibility to be as innovative as they choose to be, and they can certainly do models as you suggested. I am sure as we get into more difficult budget times that there is a lot of innovation and a lot of good ideas that are out there that I am confident that they will work to the advantage of the soldiers, the training, and being able to compete.

Again, I agree with you about the set up and the take-down time. That is time-consuming, and more bang for the buck. When I was the adjutant general in North Carolina, we did that a lot. There were certain periods in the year that we did a, we called it a super drill and did——

Mr. WOMACK. Eight?

General INGRAM [continuing]. Did six or eight, and it worked quite well.

RESERVE COMPONENT STRUCTURE

Mr. WOMACK. The question that has a little sensitivity to it, and I have kind of asked this, General Grass, before, is it time to rethink the relationship between the Reserve component structure as it now is, that is Guard and Reserve, versus a Reserve component structure that would, say, be Guard only? In other words, incorporating the Reserves under the National Guard command and control structure, dual-purpose mission, that sort of thing? I know that is not the model we have today, and I know change is difficult on people. But are there efficiencies that could be gained? Is it something that should be at least—should we elevate the discussion to talk about the model going forward?

And I hate to put General Grass—he is kind of sandwiched in here between the chief of the Guard bureau—or the director of the Guard and the chief of the Army Reserve. But I think these questions have to be asked.

General GRASS. Congressman, that was one of the first questions I was asked by many from the Guard perspective of what my position was when I stepped into the job. And I thought about it, and I talked to a number of folks. Seeing sequestration come at us, seeing the drawdown of the forces and trying to maintain an operational force, and knowing that this comes up about every 5 to 10 years, I have elected to stay out of that argument completely. But, you know, it is going to continue to come up. And if you were in business, you know, you would probably take a serious look at this and you would consolidate. But there is other discussions here. I have talked to General Odierno a little bit about it, and his concern

was accessibility between governors having a capability and the competition where in the Reserve—and Jeff can talk more about this, he can bring them into title 10. But again, I have tried my best to think through this both in today's world, and I think it is an argument that I have steered clear of because of all the other issues we are dealing with right now.

Mr. WOMACK. I know it is politically difficult. But let me tell you, sequestration is difficult. Putting our Nation's defense in jeopardy is difficult. Decisions that this full committee is going to have to make, if we are writing appropriations bills next year to 966 is difficult. And it is absolutely a requirement that we organize ourselves in the most efficient way possible. And I know on Reserve side, not to pick up on them, but my relationship was more on the Guard side, but on the Reserve side, there are logistical issues, there are members in the Reserves that are training long distances away from their parent unit.

There has been a number of Reserve centers that have come down in recent years. And just purely from a logistical standpoint, to fold a lot of the combat support, combat service support, things that the Reserves do into the Guard structure. And the Chief of Staff of the Army has never had a problem mobilizing, to my knowledge, mobilizing a Guard unit for purposes of national security. Sure didn't have with mine. And so I just—we got a CEO who is now the chief the Army Reserve. I would like to hear his comment on it. And give me the business perspective.

General TALLEY. Congressman, thanks for the question. I have been asked this question almost every day for about 8 months, from just about everybody and anybody. It is a great question. It is one that I think is appropriate to ask. In fact, it has been asked six times, starting with the first study that was done in 1948, the Gray Report, that actually did recommend the Guard roll under the Army Reserve, in fact.

So I think it is worth looking at it. But I would—the way I answer it is the Guard is a great organization. And I have had the privilege to lead Guard battalions in combat. And the Army Reserve is a great organization. But the Army Reserve is one command and one component. And you are not going to make it any more efficient by taking that and breaking it up under multiple commands. Because there is 54 Army National Guards and 54 Air National Guards. And they are great organizations. Having said that, the Government Accountability Office (GAO) is looking at this right now. And you know, they have given me some preliminary briefings, and I am sure they have done that to the others at the panel here. But I am all for efficiencies, and certainly will look forward to seeing what the GAO study recommends.

At the end of the day, though, I think we have to recognize that there are differences between the Guard and the Reserve. They are not bad differences, they are just differences. And any efficiencies that can be gained, and I think there probably are some, we should pursue those. But, you know, I just have to wait and see what the GAO study says. But I know right now that in the Army Reserve I am a command. So I can reach out and execute anywhere across the globe.

Mr. WOMACK. Under title 10.

General TALLEY. Yes, sir. But I am only title 10. So I am the Federal response team to the Army. Now if America wants to change that, that is fine. And I am all for efficiencies. But I think there are very big differences between the Guard and Reserve. And I think that is why there has been six times they have looked at this, and they have always concluded, when the politics have got involved, maybe it is not a good idea to do that. Thank you, sir.

Mr. WOMACK. Not to belabor the point, but I will just simply say that if, in fact, we are going to ask of our Guard to be an operational force, it just makes sense that if we are going to do that, then they are available to be utilized for national emergencies by our Title 10 people. But at the same time, if they are not in use by the Title 10 authorities, then if our Governors need to be able to reach out and access those individuals for hurricane duty or tornado duty or whatever the case is, they ought to have a flexibility to be able to reach out and touch the Reserve components in their States, which include members of the Army Reserve who are not available to those Governors. And that is the context, but anyway efficiency would be the key.

And I know I have more than used my allotted time. I have a whole lot of other questions if we have another round. Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Womack, I am sure you do. And I surely thought it was okay to let you go on because sometimes we don't even get to you. All right. On occasion you will find that I will sometimes start at your end of the line and work back this way just to try to be fair. But anyway your questions and conversations were all very interesting.

And now Mr. Crenshaw.

F–35 IN THE AIR GUARD

Mr. CRENSHAW. Thank you, Mr. Chairman.

And thank you all for the part that you play in our national security.

I just have two questions. One is more specific, General Clarke. It has to do with the Air Force's plans to base some of the F–35s at Air National Guard stations around the country. And I guess it concerns me that, with some of the program delays and obviously the cut-backs, if the Air Force might decide that they would keep all the planes in their squadrons and maybe cut back in some of the areas they are planning on.

So I wanted you to comment on a couple things: One, why you think it is a good idea that some of the F–35s put with the Air National Guard, why that is a smart decision both tactically and fiscally; and then comment on what the right number that that would be; and finally, any kind of indicators that we might see, you might see, that the Air Force is planning to change direction on that. Can you comment on those three items?

General CLARKE. Yes, sir. Thanks for the question.

The Air Force has a very codified, strong process for bed-down of aircraft, and they have to take everything into consideration about training ranges, environmental concerns, et cetera. But they haven't included the Air National Guard in part of that plan for where they would want to put F–35.

To address why Air National Guard, why would you want to put these aircraft in Air National Guard, to the broader question or position that I have is that the Air National Guard is in every portfolio that the Air Force currently has. Airmen do the exact same mission in the Air National Guard they would do in the regular Air Force and vice versa. So we do everything they do, with the exception of maybe sitting in on an ICBM silo. I don't think we have the guardsmen doing that. We have some guarding ICBMs, by the way.

But the Air National Guard does a very good job, very efficient, and can operate these aircraft either at home and doing the homeland defense mission, or if we are asked to do it overseas, we do it there, too.

I mentioned earlier in my testimony about the Air National Guard being selected to lead a mission, a very important mission, for the kick-off of Iraqi Freedom, where we were out doing counter-Scud hunting in western and central Iraq. In fact, it was one of the top priorities by the administration just to make sure that we kept other nations out of that war. And so a lot was riding on this construct, but the Air National Guard offered to lead it and participate in it.

So we can do this. We can do it with the most critical missions that the United States might want us to do, and working along with coalition friends who operate a lot of same aircraft we do, and they will do that with the Joint Strike Fighters. So there is some state partnership things you can consider there as well.

What number? The balance is to be determined. We are looking at the studies right now. I think the Air Force has a good heart and wants to make sure that the Air National Guard is included in the mix appropriately. So we are in those discussions, and I think we will continue to find fruit in that.

And then the direction currently is to continue to press forward with the bed-down efforts, and we will be a part of that strategic basing decision that the Air Force makes.

So I hope I addressed everything that you wanted.

SIMULATION TRAINING

Mr. CRENSHAW. That is good to hear, because there is just kind of concern that with all that is going on, that they might kind of eliminate that part of the program. So if you hear something, I think it makes a lot of sense, as I said, you pointed out. So keep us posted if you see any indicators that maybe there is any kind of change in that strategy.

And the last question is more of a broader question. It has to do with simulation, the use of simulators, and it seems like in these difficult economic times, it makes a lot of sense to—they are already using simulation, but maybe it is even more important now.

And so I want to ask you, number one, what you all see in terms of your needs in terms of procurement, any additional simulation-type of equipment. And then part of that, in these difficult economic times, is there more a move toward, rather than buying just new machines, procuring those, but maybe using leases or contract with private folks to—you might use a simulator for a period of time to accomplish a certain training program and not actually acquire that equipment, that that might save money?

So comment on that, if you would, just, A, what kind of needs you see coming, how it is going to be affected by the sequester, and then are you thinking about ways to maybe save a little bit of money as opposed to acquiring those new simulators, using some that already exist in terms of a lease or a contract?

General TALLEY. Congressman, thank you.

Great questions. Short answer is all of the above. We have to go back and just try to get after what we used to call shoot, move and communicate, and simulators are great for that.

And so one of the priorities that I put forward in the event that we get National Guard and Reserve Equipment Account (NGREA)—I don't take anything for granted from the private sector or the public sector—is to use that money to provide that type of simulation where we can do that cetera, and the dynamics of things that pop up. So it has been a big part. So I think simulation will continue to be vested.

I think what is noticeable to me is we are putting simulation at the front part of what we are doing, so with F–35s, we are now including that as part of the program rather than trying to run it in at the end after we have already migrated to a new platform.

In the early 1990s, the Air National Guard was the beneficiary of the drawdown in the Cold War and received a lot of relatively new F–16s, but we had no simulation capability at all. And we splashed F–16s on a lot of places that we shouldn't have because we didn't have adequately trained air crew. And I think if we had brought the simulators in early on, we might have prevented some of those from being tragically realized later.

As far as your buy versus lease, I think there is a good idea out there right now. I know the Secretary of Air Force and General Welsh are out there looking for the great ideas on how do we save money, how do we get more efficient. So anything is on the table right now to how to get better at what we are doing as far as spending taxpayer dollars.

General INGRAM. For the Army Guard especially in our combat formations, heavy combat formations, combat vehicle simulators work quite well for us. We have some on hand in the armored brigade combat teams. More is better in this case. It saves fuel, it saves movement to a training base or facility, and it really does impart the skills that our soldiers need to learn, especially in combined arms maneuver. There are a number of simulations that work very effectively and, again, save an awful lot of money and time and movement as well.

So we are exploring additional as far as the lease versus buy. They improve so quickly the technology, so leasing may be a better option. Again, we are exploring that as well.

Mr. CRENSHAW. Super, super.

General GRASS. Congressman, if I could add, working closely with Northern Command, Army North, Air Force North, MARFORNORTH, all those component of Northern Command, we work exercises, and we do four exercises a year called Vigilant Guard. And those are responses to disasters in the homeland or a terrorist attack, and periodically the States get an opportunity to participate in that simulation. It is driven by a simulation. So we partner not with just NORTHCOM on it and the Air Guard and

the Army Guard, but we also reach into the interagency partners and work very closely with FEMA and with DHS.

And out in Indiana right now, Muscatatuck, Indiana, where we train a lot of our chem-bio-nuclear response capability, we are looking to the future how we even bring more of that in, but then we can distribute it out to the States instead of having to have them there on site.

Mr. CRENSHAW. Thank you very much. And thank you for the role that you play in keeping America safe, and you do it at a fraction of the cost it would be to have Active Duty folks deploy. So we really do thank you for your service.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Crenshaw, earlier this question was asked about the deployment of aircraft where they wouldn't be assigned. I am going to use that, and I am going to do a follow-up on that one.

Last year this committee was faced with massive amounts of letters from Governors and from adjutant generals complaining about the fact that the Air Force was taking away their aviation assets. This subcommittee and the Armed Services Committee weighed in on that issue and basically put everything on pause.

We haven't heard much from Governors or adjutant generals this year, so far at least; however, we have heard from two members of the Senate Armed Services Committee saying that they had been advised that the Governors really didn't care about this issue anymore.

So where are we on this? Are the States, the adjutant generals, the Governors, the Air Force, have we all come to some kind of an agreement, or are we still having some problems with making sure that National Guard units have aviation capabilities? I am curious where we are as we begin this fiscal year's work. Anyone that wants to respond.

General CLARKE. Yes, sir. Well, last year's proposal when the Air Force was going to post some aircraft and airmen out of the Air National Guard structure, obviously that was relooked at, and then they came out with a proposal. We called it total force proposal. In the fiscal year 2013 NDAA, a new structure was announced that would go forward. So currently we are in the process of trying to implement that and putting out implementation plans to the States, and the adjutant generals, and the Governors so that they can take a look at it so they know how we are going to do this new proposal.

Right now there are discussions, but I haven't had any emails or fan letters, anything so far about how we are going to do this. But there is some concern out there. I mean, some States very concerned about not have a manned mission and only going to an unmanned mission. Some are concerned about having legacy aircraft versus new aircraft. That is nothing new. When I was Deputy Director of the Air Guard, it was the same discussions.

But we are currently engaged with the Air Force on all of this. And I give credit to General Welsh. He is very open and very forthright in trying to make sure that the National Guard is included in these discussions. It would be a big difference in what happened previously.

From my heart I think he is in a good place with the Air National Guard, and the Air Force, and the Air Force Reserve, trying to move us together as a total force. And we are going have more discussions, probably more total force associations created where we are going to integrate closer between the Air Force, the Regular Air Force, and its components.

But I think we are in a good place with this Chief of Staff. He is doing a good job. And I do want to think that we are going to be able to have a good outcome for everyone based on this new relationship.

DISASTER RESPONSE

Mr. YOUNG. You know, I really hope that the National Guard is, as you say, included in these discussions and this planning, because the National Guard has a different mission than the Air Force when it comes to State issues. And coming from a State in the Gulf of Mexico with a lot of hurricanes, I understand the importance of being able to get soldiers from one place to another quickly, and that means aviation. So I hope that the Guard is not ignored in these conversations when decisions are being made.

Does anyone else want to comment on that issue?

General GRASS. Chairman Young, I just want to add that as a member of the Joint Chiefs, I sit in quite a few meetings with the service chiefs each week, and they also sit in then with Council of Governors that we meet once a quarter with 10 Governors and their adjutants general.

One of the issues that have come up about the way that the PRES BUD 13 came out is that the Governors felt their voices were not being heard by the Air Force. And as we went through the 2013 resolution, as General Clarke mentioned, and came out with about reinstating about 75 percent of what we would have lost is now back in, and it may not be fighters, but maybe their C–130s, and there is a debate, you know, whether they are older models. General Welsh has been very open about discussing that with us in the future for proportionality of fielding of modern systems.

But the Governors now, at least from the Council of Governors, have said, okay, let's get beyond this, but let's not let it happen again, and how do we create a process? So what we have created in—the National Governors Association just approved it, and the Secretary of Defense approved a consultative process now where in the past the Chief of National Guard Bureau would be required to sign a nondisclosure statement on some information. So by the time the information got to the Governors, it was almost a done deal.

Secretary Carter and I have met a number of times, and he has also met with the council. In this new process, I have not signed it; in the months I have been in the job I have not signed a single nondisclosure. And he even encourages me to talk to the Governors and get their thoughts. Now, when you get into the specifics sometimes, you don't want to go there, but talk in general so that the Governors are part of this.

The other thing we are working on right now in our plans shop is taking a look at State requirements, sir, in your area, your district, you know, the hurricanes season, and you have done some

great planning over the years. We want to bring that now up to a level where we can look at within your region of the country and all the requirements there and create a capability that the Secretary of Defense recognizes needs to be in that region of the country from the Guard, and then write plans that source that for the future. So that is all coming out of the Council of Governors.

Mr. YOUNG. General, thank you for that. I am glad to see that that communication is well established. That is important.

Mr. Visclosky, I believe you will finish up the hearing.

HIGH-MOBILITY MULTIPURPOSE WHEELED VEHICLE

Mr. VISCLOSKY. Thank you very much, Mr. Chairman.

General Ingram, last year the committee heard from 16 adjutant generals relative to the modernization of the Humvee fleet, and in response the committee provided $100 million for a multiyear effort.

What are your plans relative to this issue, and what priority do you attach to it relative to your modernization program?

General INGRAM. I am not aware of the $100 million. It must be in the appropriation that hasn't—that we haven't received, if you are talking about the 2013.

Mr. VISCLOSKY. Yes.

General INGRAM. When we get the money, we will certainly use that money to upgrade and recapitalize the tactical vehicle fleet across the Army National Guard.

Mr. VISCLOSKY. When you say "recapitalize," will that include new production, or will that be depot maintenance?

General INGRAM. The new line has been closed for the last 2 years. It was closed in 2010, the production line for Humvees. So in the case of the Army National Guard, we currently have more Humvees than we are authorized.

The tactical wheeled vehicle studies that have been conducted by the Army show that the Army in general has too many Humvees, and the Humvee authorizations on tables of organizational equipment will become smaller. And as we take Humvees out of our units across the Army National Guard, we will obviously take the oldest ones first. The oldest ones, the ones that are not capable of recapitalization, will be out of the system by the end of 2014, and the money that we would use will be cascaded newer models that will come out of the Active component, and we would use any funds available to recapitalize the fleet that we have on hand.

Mr. VISCLOSKY. And you would be satisfied assurance of their mobility, and payload, and energy efficiency?

General INGRAM. Well, there are several different models that we have, and we would reduce the oldest and the most uncapable models first, and recapitalize the ones that are available to us. And that works in both up-armored and conventional Humvees.

Mr. VISCLOSKY. I am hopeful that this week, 7 months late, the United States Congress will enact, at least for a number of the appropriation bills, appropriations for 2013. As we proceed, I certainly would request that as you proceed with the dollars that are provided, that you keep the subcommittee informed of your plans and your progress.

General INGRAM. Absolutely. We will certainly do that, sir.

AFGHANISTAN DRAWDOWN

Mr. VISCLOSKY. Final question I would have, Mr. Chair, is with the drawdown in Afghanistan, what is the anticipation as far as your needs looking forward to next year to as far as your reserve equipment account? I don't know who might want to answer that.

General INGRAM. In the case of the Army National Guard, we use NGREA to essentially fill the holes of equipping that we don't have equipment on hand, and we use the critical dual-use list as the first priority, that equipment that is used most for domestic response as well as the warfighting. We have a NGREA list that lists 25 different types of equipment, not in any prioritized order, that we use to fill those holes.

Mr. VISCLOSKY. Given your wear and tear and the needs you have, do you anticipate the request for 2014 and 2015 will be higher than current-year funding?

General INGRAM. NGREA is at the will of the Congress, and we would hope as we move forward that we would get additional money.

I think the number that I have heard for 2013—of course, with the continuing resolution we have no NGREA until the approps bill is passed and signed—I believe it is 430 million for this year. And it is very valuable; NGREA is a very valuable commodity for the Army National Guard. We are able to do things that we wouldn't normally be able to do without it.

Mr. VISCLOSKY. Assuming that amount is correct for 2013, do you see that need being higher in 2014 and 2015?

General GRASS. Ranking Member, I think as I look to the future, especially in the homeland, we are planning for some complex catastrophe scenarios that we are working very closely with Craig Fugate on, and Mr. Fugate has asked us to drill down into three scenarios, one being a major hurricane hitting a densely populating area that he considers would be catastrophic; a New Madrid or Hayward Fault in the 7 to 8 Richter scale range; and then the other one is a dirty bomb or 10k T going off, which we have run that scenario many times. And every time we go through this, we come up short on chem-bio-nuclear capability, on chem suits. And then we figured right off the bat that if a dirty bomb ever went off, right off the bat every jurisdiction across the country would buy all the level A suits, so we would run out quickly. So we need money to stockpile those.

As we get into the complex catastrophe scenario planning, the logistics to make that happen is huge, unique types of equipment for the homeland, and many of it is the same things that we would use in an overseas disaster. So I think that we will see at least the same requirement, if not more, to the future as we begin to shake out, as I mentioned earlier, taking those State plans and figuring out what do they really need within a region, supporting FEMA, supporting the Governors, and then having that equipment there within the region so we can stabilize quickly. So I do see a growth in that area as far as the need.

Mr. VISCLOSKY. Thank you very much.

Thank you, Mr. Chairman.

CHAIRMAN YOUNG'S CLOSING COMMENTS

Mr. YOUNG. Mr. Visclosky, thank you very much.

Generals, thank you very much. It is so important to our national defense, to our readiness that our National Guard and Reserve units are all properly trained, properly equipped, and have all of the technology that they need to fit in with any Active Duty unit wherever they might be assigned. And so thank you for your commitment to make this happen.

Please know that this committee would also express a commitment to support you in that role and in making sure that we do have the proper training and equipment. We don't have all the dollars that we would like to have available to you. We will do the best we can. I understand the importance of the NGREA accounts, and as you suggest, gentlemen, that is a congressional initiative. It used to be that we would ask after a hearing, what is your unfunded requirements list? Now you have given us the party line, what is your unfunded requirements. But I understand we are not supposed to ask that anymore, or at least you are not supposed to respond to that anymore.

But anyway, we are here to be in a support role to make sure that our Guard and Reserve units have what they need and are where they need to be.

Thank you all very much for very interesting responses to our questions. We do have some additional questions we would like to present to each of you in writing and ask that you respond at your convenience; sooner rather than later, but at your convenience.

Mr. YOUNG. Again, thank you very much. We will be in recess until the morning of April the 10th, when we will hold a hearing regarding the U.S. Pacific Command and U.S. forces.

Again, thank you all very much. The committee is adjourned.

[CLERK'S NOTE.—Questions submitted by Mr. Cole and the answers thereto follow:]

EFFECTS OF SEQUESTRATION

Question. What is the effect of sequestration on the Army National Guard's ability to maintain optimum levels of readiness?

Answer. Before sequestration, the Army National Guard has been operating at less than optimum levels of readiness. The Army National Guard is traditionally funded at levels below validated requirements. In recent years additional funding has been received for units deploying in support of Overseas Contingency Operations (OCO). This additional OCO funding has allowed the ARNG to produce unit readiness just-in-time for deploying units at the expense of the readiness of units not yet identified for deployments. The effects of sequestration will further decrement unit readiness by impacting personnel readiness, equipment fielding and maintenance, and training.

A reduction of $28.6M will result in over 74,093 fewer annual medical and dental exams. The direct impact is a reduction in the ARNG's Soldier Medical Readiness rate of 80.5% to 60.4% medical ready M-Day force. Per AR 40–501, Paragraph 10–22 (a), "Any Soldier without a current PHA will not attend IDT or AT." This erases over six years of gains and will revert the ARNG to 2006 medical/dental readiness levels. Additional impacts to personnel readiness will be due to decreases in recruiting and retention activities. Personnel readiness will be further impacted by the reduction in initial entry training and Military Occupational Specialty Qualification (MOSQ) training conducted throughout the Total Army School System.

Equipment on hand and equipment sustainment will be further degraded as funding is reduced. The curtailment or ceasing of operations at depots Army wide will create a maintenance backlog. As equipment returns from theater it will sit waiting reset which will delay the receipt of modernized equipment at the unit level. This

will reduce our equipment on hand and negatively impact the ARNGs ability to respond to contingencies overseas and at home. In addition to degraded operation at depots Army wide the ARNG will not be able to move equipment internally to meet operational and training requirements due to decreases in second destination transportation funding. Also, reducing funding for equipment sustainment will result in the inability to sustain the equipment needed for training, deployment, and homeland defense (DSCA) missions.

Sequestration will negatively impact the ARNGs ability to properly train our units. The immediate known impacts of this reduction are that two Brigade Combat Teams will not attend Combat Training Center rotations and not achieve Company level proficiency. Further, after the sequester, the expectation is that most units will likely report one full training level below their anticipated goals. This means in effect that the ARNG is resourced at the Individual/Crew/Squad level and is not capable of maintaining the Operational Reserve.

Also, furloughing Military Technicians (MILTECHS) for 14 days will directly correlate to reduced training and unit readiness. National Guard MILTECHs are military personnel that develop and administer training at unit level. National Guard MILTECHs also maintain the equipment necessary to conduct that unit-level training.

In addition to the direct reduction to the OMNG appropriation, the ARNG will experience "second and third order effects" to sequestration reduction to the Operations and Maintenance, Army (OMA) account. In order to meet top line reductions, the Active Component will reduce BOS at training installations, school house support, Combat Training Center (CTC) rotations, and other program reductions. All of these program reductions will result in additional decreases in training, personnel, and equipment readiness throughout the ARNG. Additionally, equipment set for automatic RESET induction, which fixes broken equipment and provides maintenance to bring equipment to full mission capability, will be reduced or cancelled in the 3rd and 4th quarter. This will result in a degraded capability to quickly respond with local, organic equipment. Response times will increase in response to domestic emergencies as state military departments increasingly rely on inter-state agreements for emergency response.

The effects of reduction in funding for fiscal year 2013 due to sequestration will be felt for at least the next five years, one complete Army Force Generation (ARFORGEN) cycle, as the backlog in personnel readiness, equipment fielding and maintenance, and training is reversed. The effect of longer term cuts is undetermined but will likely take multiple ARFORGEN cycles to reverse and the loss of experienced leaders may not be recovered.

Question. Though nothing substitutes for live training, can simulators assist maintaining readiness levels?

Answer. Yes, simulators can and do assist in maintaining readiness levels. Technological advancements have positively impacted the level of fidelity and reality in modern TADSS. The Army and the ARNG have numerous vignettes where Training Aids, Devices, Simulators, and Simulations (TADSS) have provided adequate means for train-up prior to live training, making live-training more meaningful and successful. Where some combat training can only be achieved in a live environment, many combat proficiencies can be more effectively realized with smart employment of focused simulations. For example, TADSS provides opportunities to train virtually in unusual and extreme environments not possible through live training. Additionally, increasing the availability of TADSS enables bringing training to the Soldier instead of taking the Soldier to the training. Commanders can capitalize on the valuable gains in training time otherwise lost in transferring Soldiers to and from training areas to train on additional Mission Essential Tasks.

COSTS OF LIVE-FIRE TRAINING

Question. How do they reduce the costs of live-fire training?

Answer. Virtual and simulations training provide opportunities to train and rehearse individual skills, crew and platoon drills, inter-unit communications, standard operating procedures, tactics, techniques, and procedures, and reaction to contact, which then cumulatively contribute to an efficient and enhanced live training event. Commanders can work their crews and platoons through multiple iterations in a simulated virtual environment with almost no cost in optempo funds (fuel, repair parts, maintenance man-hours, equipment wear and tear). For example, by employing gunnery simulations aggressively, commanders can dramatically increase first run crew and collective qualification rates; the more crews that qualify on their first attempt, the more time, ammo, and optempo we conserve from repetitive qualification attempts.

Simulation Training

Question. What kinds of simulation training does the Guard have?

Answer. The ARNG has a wide blend of simulations from the simple to the complex. ARNG virtual and constructive simulators provide basic and advanced training for individuals and crews as well as collective training of sections and platoons, in the areas of marksmanship, engagement skills, driving, mechanized infantry and armor maneuver and gunnery, fire support, aviation pilot and crew, air traffic control, emergency and combat medical skills, route clearance, and convoy operations. Additionally, the ARNG has various but limited simulations capabilities for virtual training of Mission Command functions at the company, battalion, and brigade levels.

Training To Maintain & Sustain Readiness

Question. What additional type of training could help maintain and sustain readiness?

Answer. The Army National Guard is a trained and ready operational force. No additional types of training are required to build unit readiness. The opportunities presented to ARNG units and Soldiers both pre and post mobilization provide the proper training required to build readiness. The challenge continues to be scheduling training and keeping the training scheduled. This is particularly important for higher level collective training events such as Combat Training Center rotations and long duration schools such as Aviation and Officer education. Recently as a result of sequestration, the ARNG has lost Collective Training events for Brigade Combat Teams and their staffs. These events are critical to building collective unit readiness above the Platoon level. Maintaining access to and funding for these types of training events enables the ARNG to continue to generate combat ready organizations using resources provided by Congress. Sustaining readiness over time as we constrain resources due to external pressure will be a challenge. The Army has invested heavily in schools funding to raise and maintain the highest levels of Duty MOS qualification the ARNG has enjoyed in recent memory. Reductions in the number of courses coupled with the reduction in dollars to pay Soldiers to attend those courses will reduce our current levels of individual Soldier readiness immediately. Similarly, the loss of medical and dental readiness resources will reduce individual Soldier readiness over a more extended time period.

Simulation Programs

Question. The Army has several simulation programs of record, including CCTT. Since this system entered the inventory, the Army has spent nearly $2.3B fielding it. How many of these simulators does the National Guard have in its inventory?

Answer. The ARNG has six fielded Mobile-CCTT systems, with one additional system programmed for delivery in November 2013. CCTTs are effective training systems that provide armor, mechanized infantry, cavalry and recon units a virtual, collective maneuver and gunnery training capability at platoon and company-level. An ARNG M-CCTT system consists of two platoon sets or ten trailers and requires a full-time support team (8) to serve as instructors, operators and maintainers. Each two platoon set consists of three training trailers and one power trailer each.

The six fielded ARNG systems are located at Camps: Los Alamitos, CA., Ripley, MN., Shelby, MS; Forts: Indiantovai Gap, PA., Bragg, NC and Knoxville, TN. The seventh system will be fielded at Gowen Field, ID. Since ARNG M-CCTT systems are mobile (semi-trailers), they save training time by transporting training to the Soldier vice transporting Soldiers to training. Although the associated transportation costs are significant, the value added benefit is the increased training time for units. However, the ARNG continues to explore and provide recommendations for cost efficiencies to the CCTT program manager and HQDA proponent.

Army POR and COTS Simulators

Question. Knowing that Guard forces have a unique environment- high geographic dispersion and a fraction of the annual training days- Is it more cost-effective for you to buy Army POR or COTS systems? How does the training experience compare?

Answer. Army PoR simulators provide interoperability and interconnectivity to other Army PoR simulators, enabling opportunities for combined arms collective training events. There is a place for both Army PoR and COTS simulators in the ARNG inventory. Due to the cost and footprint of Army PoR simulators, however, it is often prohibitive to consider Army PoR solutions for all of the ARNG's require-

ments. The ARNG's unit dispersion, where subordinate units are spread over a whole state or over several states, does not allow for expensive simulators in enough places to accomplish a high enough throughput.

Accepting a slightly lower level of fidelity can cut the cost of a simulator in half without sacrificing the quality of the training potential. For example, the ARNG has invested in an Operator Driver System (ODS) which provides high-fidelity 3 degrees of motion (DOM) "seat shakers" with reconfigurable dash and window panels which are easily stored in compartments within the trainer. A single instructor/operator can set up and run a training scenario for any of the ten wheeled-vehicle variants within a few minutes. In contrast, the Army's PoR, the Common Driver Trainer (CDT), achieves 6 DOM fidelity through total cab movement, but in a much larger footprint and with a larger power requirement. Reconfiguring the vehicle variant requires a forklift, three men, and a couple of hours of time. The cabs are large, costly, and require space for storage when not selected for training use. Yet, at more than two times the cost, the CDT's fidelity and quality of training is mostly indistinguishable from that of the ARNG's ODS. rCO

NGREA EXECUTION RATES

Question. Over the last several years, NGB has had challenges with its NGREA execution rates. In light of readiness concerns, what are you doing to focus on purchasing and fielding these training devices immediately?

Answer. The ARNG has met all NGREA obligation standards for the last two fiscal years. This year, because of the recent passage of the FY 13 Defense Appropriations Act, the ARNG does not expect to receive FY13 NGREA funds until late June. The Army Guard will attempt to meet the congressionally-mandated obligation goal of 80% by 30 September 2013, but may have difficulty in achieving this standard in only 90–100 days. However, the ARNG fully expects to meet the 90% NGREA obligation goal by the end of FY14.

The Army Guard is committed to maintain the training readiness of our soldiers. The ARNG used 38% of FY12 NGREA funds and is projecting to use over 39% of its FY13 NGREA funds for procurement of training devices and simulators to maintain and improve soldier training readiness.

[CLERK'S NOTE.—End of questions submitted by Mr. Cole. Questions submitted by Mr. Young and the answers thereto follow:]

CYBER SECURITY/CYBER COMMAND

Question. The Department of Defense has identified 'cyber' as an emerging discipline with specific skills, training, and tradecraft. In January 2013, the former Secretary of Defense, Leon Panetta supported the development of the Department of Defense's cyber workforce by approving an additional 4,900 troops and civilians for U.S. Cyber Command (CYBERCOM) which is currently staffed at approximately 900 government civilians and military. However, concerns have been voiced that achieving these staffing level in the near-term will be challenging; because, finding skilled people is often the limiting factor for cyber activities.

Has the Guard and Reserve been approached to support the build-up in personnel at CYBERCOM? If so, how will you address these requirements?

General Grass' Answer. In coordination with the Service cyber components, the ARNG and ANG will each be providing a Cyber Protection Platoon in order to assist the Services fill their gaps for the CYBERCOM Cyber Mission Forces build. This is a short term (FY13–FY16) strategy. The long term strategy for the NG is to work with the Services Force Management to establish and align permanent forces for presentation to CYBERCOM. The development of these forces will follow established DoD/Service Force Management processes and will develop Service and mission traced force structure.

General Talley's Answer. The Army Reserve has been approached to support the USCC build-up by the Army Cyber Command (ARCYBER). AR has convened a Cyber General Officer Steering Committee to guide and oversee the development of solutions. AR G–39 Action Officers have been working with ARCYBER since the initial identification of requirements to identify areas of the mission that can be conducted by Reservists primarily in traditional (non-mobilized) roles, and during weekend Battle Assemblies and Annual Training. AR intends to support the requirements with units built first from existing Computer Network Defense teams, where the skill sets already exist, and new structure, if warranted by the requirement analysis.

Question. How will the diversion of your resources to support the cyber mission impact your other missions?

General Grass' Answer. The Air National Guard (ANG) does not intend to divert forces directly to USCYBERCOM on a permanent basis. The near-term solution calls for ANG volunteers to be employed on a short-term basis (FY13–FY16), while the Services program for and build permanent forces as the long-term solution (beyond FY16). The ANG volunteers will come from several ANG units. No single ANG unit's readiness should be depleted while the ANG assists in filling the near-term requirement.

The Army National Guard (ARNG) views Cyber as a domain of war in which they must operate; it is intrinsic to operations. An enduring cyber capability based on a foundation of existing readiness will be established and ARNG will backfill and rebuild those resources.

General Talley's Answer. The Army Reserve (AR) currently has small units, the largest of which has over 300 Soldiers, that currently perform Computer Network Defense and related "cyber" missions. Initial requirements for forces will come from these existing units. As further requirement and mission analysis indicates, AR will consider building additional new structure that may be claimed from missions that have drawn down. There should be no significant impact on Force Structure.

Training requirements for new cyber missions are lengthy, from 4–12 months in most cases, and potentially costly if civilian equivalents are used. This training cost will have an impact on the availability for training funds for other missions in the first 3–4 years as additional cyber Soldiers are identified above and beyond those who are already trained. This may particularly impact VLWA that funds Information Operations and Cyber training.

Clearance requirements for Cyber positions are primarily TS/SCI. This is an additional expense, both to gain and to maintain, above the normal Secret level of clearance for most AR skill areas.

AR cyber units will need a SCIF and access to SIPR and potentially JWICS networks, particularly any new units that are not currently housed in a facility with those assets. These security requirements will add additional costs and may divert funds from other building a facility projects.

Question. What aspects of cyber, defensive or offensive, do you believe are compatible with the Guard and Reserve missions and why?

General Grass' Answer. The National Guard must meet all requirements within Cyberspace to include offensive and defensive operations. Our strategy is to invest in the full spectrum of cyber operations while devoting most of our capabilities to cyber defense, less on exploitation and the least on offense, which will be aligned with title 10 missions. Many of our Service members currently have civilian acquired cyber skill sets and work in industries that support our Nation's critical infrastructure when not in uniform. Enabling statutes and policies are in place that will leverage the National Guard's capabilities when operating under State Active Duty, title 32 authorities, as well as when in title 10 active duty status.

General Talley's Answer. The Army Reserve, like the National Guard and other Service Reserves, employs hundreds of "Citizen Soldiers" who work in the cyber security and information technology industries in their civilian jobs. These skills are invaluable to meeting the mission requirement, and could be used in both defensive and offensive capacities in the Cyber "battle". Although the immediate need in the military cyber community is for active duty, full time cyber professionals, there is an enduring need to back up those active forces with a strong Reserve Component that can perform part of the mission during Battle Assemblies and Annual training and, in times of great crisis, be activated and mobilized to meet the full mission. As with all areas of Reserve support, the time to build "bench depth" is now, rather than when the crisis occurs. There is no substitute for a trained and ready Reserve Force.

[CLERK'S NOTE.—End of questions submitted by Mr. Young.]

WEDNESDAY, APRIL 10, 2013.

U.S. PACIFIC COMMAND

WITNESS

ADMIRAL SAMUEL J. LOCKLEAR III, U.S. NAVY, COMMANDER, UNITED STATES PACIFIC COMMAND

OPENING STATEMENTS

Mr. YOUNG. The committee will be in order. I recognize Mr. Moran for a motion.

Mr. MORAN. Mr. Chairman, I move that those portions of the hearing today which involve classified material be held in executive session because of the classification of the material to be discussed.

Mr. YOUNG. Is there an objection? Without objection, it is so ordered. The hearing will be closed and we will be at the top secret level. Any issues beyond top secret we will have to move to H–405.

Admiral, welcome, we are happy to have you back again before the committee. I am going to forego any opening statement, but I will read into the record your very, very outstanding record of service to our country, and that will be a permanent part of our record. I would recognize Mr. Visclosky but I think it is generally known that he is stuck in traffic on his way back from the meeting at the Pentagon, but he will be arriving, and Mr. Moran will fill in very, very well.

So at this point, Mr. Moran, do you have an opening comment? I am going to forego my opening statement.

Mr. MORAN. And I will too, just to say that I appreciate your having the hearing. I appreciate our being kept informed of a situation that could escalate to a very serious threat, and it's the kind of thing we need to be fully knowledgeable of. Thank you, Mr. Chairman.

Mr. YOUNG. Admiral, your visit with us could not come at a better time as far as what is happening or what might be happening, especially in your part of the world, which is a very large part of this planet. We are obviously anxious on any last minute intelligence relative to the North Koreans, overnight we read about several missiles being prepared for launch. Tell us what's happening.

Admiral LOCKLEAR. Well, first of all, thank you Chairman Young and thank you for the great work of this committee and hearing us today. I always look forward to coming to talk to this particular committee, particularly in this closed session, I think it makes it easier for me to have a good, frank discussion about what we are seeing.

As normally, I like to have my testimony be included in for the record. If you accept my written testimony, I would very much appreciate that.

Mr. YOUNG. Yes, sir, your statement in total will be in the record.

[The statement of Admiral Locklear follows:]

HOUSE APPROPRIATIONS COMMITTEE
DEFENSE SUBCOMMITTEE

STATEMENT OF

ADMIRAL SAMUEL J. LOCKLEAR, U.S. NAVY

COMMANDER, U.S. PACIFIC COMMAND

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

DEFENSE SUBCOMMITTEE

ON U.S. PACIFIC COMMAND POSTURE

10 APRIL 2013

HOUSE APPROPRIATIONS COMMITTEE
DEFENSE SUBCOMMITTEE

Introduction: Why is the Indo-Asia-Pacific Important?

Chairman Young, Congressman Visclosky, and distinguished members of the Committee, thank you for this opportunity to present an update on U.S. Pacific Command (USPACOM). For the past 12 months I have had the honor to lead over 328,000 service members and 38,000 civilian employees as the USPACOM Commander, and I look forward to sharing my thoughts with you on the strategic environment of this diverse and complex theater.

In 2011 the President directed his national security team to make America's "presence and mission in the Asia-Pacific a top priority." This testimony discusses the foundations of our strategy and how we plan to accomplish the President's directive by providing a candid assessment of the opportunities and challenges USPACOM faces in this critical half of the world.

The Indo-Asia-Pacific stretches from California to India. It encompasses over half of the Earth's surface and well over half of its population. The Pacific Ocean is the largest physical feature on the planet. If all the world's landmasses were placed in the Pacific, there would still be room left over for additional North American and African continents. To give you an even better idea of its size, a Carrier Strike Group takes three weeks to transit from the U.S. West Coast to the Philippines; 15 hours to get there in a C-17; and from Fort Lewis, Washington, to the Maldives is 9,000 miles.

This region is culturally, socially, economically, and geo-politically diverse. The nations of the Indo-Asia-Pacific include five of our nation's seven treaty allies,[1] three of the largest

[1] Australia, Japan, Korea, Philippines, and Thailand

economies in the world,[2] and seven of the ten smallest;[3] the most populous nations in the world,[4] the largest democracy;[5] the largest Muslim-majority nation;[6] and the world's smallest republic.[7]

The Indian Ocean is surpassing the Atlantic and Pacific as the world's busiest and most strategically significant trade corridor. One-third of the world's bulk cargo and two-thirds of its oil shipments now pass through the Indian Ocean. Nine of the world's ten largest ports are here,[8] and the Indo-Asia-Pacific is the engine that drives the global economy. China, Japan and India are three of the world's largest economies. Last year alone, there was over eight trillion dollars of two-way trade. Regional cooperation to ensure the safety and security of these vital trade routes will become increasingly important over coming decades.

By any meaningful measure, the Indo-Asia-Pacific is also the world's most militarized region, with seven of the ten largest standing militaries,[9] the world's largest and most sophisticated navies,[10] and five of the world's declared nuclear armed nations.[11] All these aspects, when you take them together, result in a unique strategic complexity. And this complexity is magnified by a wide, diverse group of challenges that can significantly stress the security environment. To be successful, we must draw on the strengths of the entire U.S. government, the U.S. economy and the American people.

At a time when the region is experiencing such significant change, we must clearly communicate to our allies and partners our commitment by maintaining a credible, forward deployed, sustainable force.

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[2] U.S., China and Japan
[3] Tokelau, Niue, Tuvalu, Futuna, Nauru, Marshall Islands, Palau
[4] China, India, Indonesia
[5] India
[6] Indonesia
[7] Nauru
[8] Shanghai, Ningbo-Zhoushan, Singapore, Tianjin, Guangzhou, Qingdao, Quinghuangdao, Hong Kong, Busan
[9] China, India, Democratic People's Republic of Korea, Russia, Republic of Korea, Vietnam, U.S.
[10] China, India, Russia, U.S.
[11] Russia, China, India, Democratic People's Republic of Korea, U.S.

Security Environment

The Indo-Asia-Pacific has a myriad of security challenges, including rapidly growing military capabilities, nuclear developments, unresolved territorial and resource disputes, violent extremism, natural disasters, proliferation, illicit trafficking and more. This complex security environment continues to evolve with both positive and negative trends.

Overall, the region enjoys considerable political stability. In the past year, we have seen a series of peaceful leadership transitions, most notably in China, the ROK and Japan, which have reinforced existing succession processes. With the obvious exception of China, these changes have also advanced democracy and democratic principles. We've noted the positive changes occurring in Burma's government and look forward to its continued progress. The Association of Southeast Asian Nations (ASEAN) continues efforts to provide leadership on regional security issues and to effectively address transnational challenges such as natural disaster, terrorism, transnational crime, climate change, while simultaneously working towards its goal of becoming a single economic community by 2015. We expect ASEAN to continue to grow in this role under Brunei's chairmanship in 2013. We have also seen encouraging examples of states using international bodies to address disputes peacefully, such as Bangladesh and Burma using the International Tribunal for the Law of the Sea to resolve their disputed maritime boundary in the Bay of Bengal and Thailand and Cambodia are awaiting a ruling later this year from the International Court of Justice on their long-disputed border region. We encourage all claimant states to seek peaceful means to resolve their disputes.

However, not all developments have been positive or stabilizing. North Korea's repeated violations of U.N. Security Council resolutions that forbid building and testing of nuclear weapons and long-range ballistic missile technologies, represent a clear and direct threat to U.S.

national security and regional peace and stability. China's rapid development of advanced military capabilities, combined with its unclear intentions, certainly raises strategic and security concerns for the U.S and the region. And continuing plans by violent extremist organizations (VEOs) to attack host nation and U.S. targets is another example of the issues in this vast region that are of concern not just to USPACOM, but too many Indo-Asia-Pacific nations.

North Korea: Kim Jong Un used 2012 to consolidate his power. Kim is the youngest head of state in the world and holds the leadership position in all significant North Korean institutions of national power – military, state and party. We were cautiously encouraged in February 2012 when North Korea agreed to implement a moratorium on long-range missile launches, nuclear tests, and nuclear activities at Yongbyon. However, Pyongyang almost immediately broke its promise by attempting to place a satellite into orbit using proscribed ballistic missile technology and parading an alleged road mobile intercontinental range ballistic missile system. Pyongyang responded to the unanimous U.N. condemnation of its December launch with renewed rhetoric, threats and bluster. Just a few weeks ago, again in clear violation of U.N. resolutions, North Korea announced it had conducted its third nuclear test, which it claimed – without any evidence – was a "smaller, more powerful weapon." North Korea's nuclear weapons and ballistic missile programs, its illicit sales of conventional arms, and its ongoing proliferation activities remain a threat to regional stability and underscore the requirement for effective missile defense.

North Korea maintains a significant percentage of its combat forces forward deployed along the demilitarized zone with the ROK. From these locations, they could threaten U.S. and ROK civilian and military personnel, as they showed in 2010 with the surprise attack on the ROK ship CHEONAN and the artillery attack on Yeonpyeong-Do Island. The continued

advancement of the North's nuclear and missile programs, its conventional force posture, and its willingness to resort to asymmetric actions as a tool of coercive diplomacy creates an environment marked by the potential for miscalculation that and controlled escalation could result from another North Korean provocative action.

Kim Jong Un's stated emphasis on economic development and promises of economic growth have so far yielded little, and are undermined by North Korean missile launches and nuclear tests that lead to further sanctions and international isolation. We remain concerned about the potential for peninsular and regional instability while North Korea continues to prioritize military objectives above economic recovery and reform, and thus remains unable to sufficiently provide for its own population, a concern shared by our allies and partners.

Proliferation: We remain concerned by North Korea's illicit proliferation activities and attempts to evade UN sanctions. North Korea's acts defy the will of the international community and represent a clear danger to the peace, prosperity and stability of the Indo-Asia-Pacific.

USPACOM's Counter Weapons of Mass Destruction (CWMD) program is a complementary multinational activity intended to support counter-proliferation interdiction operations. USPACOM welcomes Thailand as a recent endorsee of the Proliferation Security Initiative (PSI) and looks forward to the new opportunities their active participation will bring. CWMD provides a voluntary framework through which PSI partner nations can improve operational capabilities and domestic legal authorities in order to interdict WMD, their delivery systems, and related materials. Participation in PSI is vital, as part of an interagency approach, to the reduction of WMD trafficking. The Defense Threat Reduction Agency, the Office of the Secretary of Defense and USPACOM continue to synchronize a wide range of CWMD-related activities such as international counter proliferation with our allies and partners, and foreign and

homeland consequence management. Additionally, USPACOM is coordinating with the U.S. Department of Energy (DOE) to establish Centers of Excellence with both China and India to promote effective nuclear security and safeguards.

China: China's military has benefited from many years of double-digit economic growth, which has helped fund a comprehensive military modernization effort. China's military is an increasingly trained and capable fighting force focused, in part, on denying U.S. access to the Western Pacific during a time of crisis or conflict. There are a number of notable examples of China's improving military capabilities, including five new stealth and conventional aircraft programs and the initial deployment of a new anti-ship ballistic missile that we believe is designed to target U.S. aircraft carriers. China is producing great quantities of advanced aircraft, missiles, electronic warfare systems and other specialized military equipment, while its shipyards are currently building six classes of modern diesel-electric submarines, destroyers and frigates. These new systems augment or replace older platforms and are rapidly transforming the People's Liberation Army (PLA). China commissioned its first aircraft carrier a few months ago and is continuing efforts to integrate aircraft with the ship to achieve a nascent regional power projection capability within the next few years.

Chinese military operations are also expanding in size, complexity and geographic location. Last summer, the PLA-Navy conducted its largest ever exercise outside the first island chain and into the Western Pacific, demonstrating increasing proficiency and sending a clear message to the region. Chinese maritime intelligence collection operations increased in 2012 as well; with historic first such missions into the Indian Ocean and within the U.S. exclusive economic zones off of Guam and Hawaii.

Overall, China's intensive efforts to build, test, and field new aircraft, ships, weapons and supporting systems are of increasing concern to the region. Many Asian nations worry about Chinese current and future intentions, with many of them asking, "As China's military capabilities improve, will China's intentions change?"

Chinese naval and maritime law enforcement vessels have been active in recent years in trying to advance China's territorial and maritime claims in the South China and East China Seas. China's strong rhetoric about the indisputable nature of its claims, combined with active patrolling by civil and military ships and aircraft in the air and waters surrounding Scarborough Reef and the Senkakus Islands, has raised tensions with the Republic of the Philippines and Japan respectively. China has also used other economic and diplomatic tools to pressure those countries to accede to Chinese claims. These actions have resulted in U.S. partners and allies in East Asia seeking additional support and reassurance. I am particularly concerned that the activities around the Senkakus islands could lead to an accident and miscalculation and escalation between China and Japan. The close proximity of ships and aircraft from all sides of these disputes raises the risks of escalation. Elsewhere, in the South China Sea, periodic confrontations between Chinese and Vietnamese ships and Chinese efforts to pressure international companies to not explore for oil and gas raise tensions. China has consistently opposed using collaborative diplomatic processes – such as negotiations of a Code of Conduct or international arbitration – to address disputes in the South China Sea, instead insisting on bilateral negotiations.

China's relationship with Taiwan remains stable following the reelection of President Ma Ying-jeou in Taiwan. Cross- Strait tensions are at historic lows because Taiwan and mainland China have consistently pursued increased economic integration and people-to-people

exchanges. However, the PLA continues to maintain a robust military buildup opposite Taiwan that contradicts Beijing's stated pursuit of a "peaceful development" of cross-Strait relations. Many of China's military developments appear specifically intended for use in a possible future conflict with Taiwan. Included in this growing arsenal are hundreds of short-range ballistic missiles and land-attack cruise missiles, high-speed patrol boats equipped with advanced anti-ship cruise missiles, naval mines suitable for blockading Taiwan's ports, and various types of electronic warfare and cyber attack systems. Cyber activity presents a significant and growing threat to USPACOM.

China is rapidly improving its space and counterspace capabilities to advance its own interests, and presumably to challenge the U.S.' or other actor's use of space-based systems. China is expanding its satellite navigation, reconnaissance and communications capabilities through routine space launches. At the same time, we are concerned over extensive writings about – and apparent continued testing of – anti-satellite systems, including a purpose-built missile system, lasers and jammers.

One military development worth specifically highlighting is the advances being made across the Indo-Asia-Pacific to enhance or expand submarine forces, including in several smaller navies as a potential counter to stronger neighbors. From the northernmost part of our area of responsibility where Russia maintains attack and strategic capabilities in its Pacific Fleet, to the westernmost boundary where India is growing its submarine force, we see an emphasis on submarines throughout the region. The largest and most capable non-U.S. submarine force in the region is clearly China's, which continues to expand and modernize to complement China's increasingly capable surface fleet. Australia, Singapore, Indonesia, Malaysia, Vietnam and the ROK are nations that have recently launched – or soon will launch – new, modern submarines.

Both Russia and China are expected to soon field new ballistic missile submarines capable of ranging the U.S. homeland.

Violent Extremism: Violence perpetrated by extremists, separatists, nationalists and others of varied motivations remains a concern for USPACOM and our partners. Improvised explosive devices (IED) are the asymmetric weapon of choice for many of these groups. We average over 100 IED incidents per month in South and Southeast Asia, the highest rate outside Central Command's area of responsibility. The overwhelming majority of these incidents are not linked to global transnational violent extremism, but some are. We continue to see periodic eruptions of sectarian / religious violence in a variety of places, to include Burma, India, Indonesia, the Philippines, and Thailand. There is also a strong correlation between criminal activities and violent extremism, which often manifests through extortion, kidnapping and other violent crime. Several countries, including Bangladesh, Indonesia, and Malaysia, are traditional focal points for extremist recruiting, fundraising, movement and other facilitation efforts. Extremists affiliated with Iran are active in USPACOM's area of responsibility as well. Iranians with links to Hezbollah conducted both successful and disrupted attacks in India and Thailand in February 2012.

USPACOM has made significant progress in countering terror through building partner capabilities and through counter radicalization programs implemented by Civil Military Support Elements and Military Information Support Teams in support of U.S. Embassies. We are encouraged by the persistent pressure that our partners and allies have applied against VEOs over the last ten years and the marked success they have achieved in countering extremist ideology and terror plots. Continued success requires a consistent long-term effort to diminish the drivers of violence that al-Qa'ida and other terrorists exploit. These efforts to prevent terrorist

radicalization, recruitment, and mobilization are critical to defeating this dangerous ideology and reducing strategic risk; neither we nor our partners can capture/kill our way to victory in this fight. Continued modest preventive efforts today will make expensive reactionary efforts far less likely in the future.

Our partners in Southeast Asia have made impressive strides in reducing the danger posed by violent extremists, but disrupted attack planning in Indonesia, the Philippines, and Thailand last year is testament to the remaining threat. Smaller, more fragmented groups continue to pursue their disparate agendas through violence and intimidation. Joint Special Operations Task Force-Philippines (JSOTF-P) continued to advise and assist Philippine Security Forces as they improved counterterrorism capabilities in combating the Abu Sayyaf Group and Jemaah Islamiyah in the southern Philippines. The improving security situation has supported the implementation of an initial peace framework agreement between the Philippine government and the Moro Islamic Liberation Front. This agreement serves as a vehicle for ongoing negotiations to build lasting peace and improve security and stability in the Southern Philippines. Counterterrorism efforts, which have included improved information sharing and increased cooperation, have also had positive impacts on the related issues of piracy and crime. Piracy and robbery-at-sea in the Malacca and Singapore Straits remain low.

Lashkar-e-Tayyiba (LeT) remains one, if not the most operationally capable terrorist groups through all of South Asia. LeT was responsible for the November 2008 attack in Mumbai, India that killed over 160 people, including six Americans, and has supported or executed a number of other attacks in South Asia in recent years. Beyond the direct impact of these attacks, there is a significant danger another major terrorist attack could destabilize the fragile peace between India and Pakistan. Should the perpetrators of such an attack be linked

back to Pakistan – as was the case in the 2008 attack – the Indian government may face domestic pressure to respond and the resulting spiral of escalation could be rapid. For those reasons, and more importantly to protect innocent lives, we and our partners in the U.S. Government engage regularly with the Indians and Pakistanis to avert such a crisis.

India's relationship with Pakistan has gradually improved in recent years, thanks to a series of confidence building measures, growing economic ties and the absence of large-scale destabilizing incidents. However, we remain concerned the progress could be quickly undone by a major terrorist attack. Both sides maintain modern, trained militaries underpinned by demonstrated nuclear capabilities. A major war on the subcontinent is not likely, but could be catastrophic to both sides, as well as the region. In addition, while India has seen its bilateral economic ties with China expand in recent years, its unresolved border disputes with China have remained a source of friction. We do not think war between India and China is inevitable or likely, but unresolved territorial issues and regional competition could fuel incidents.

Elsewhere, South Asia is mostly free from direct conflict, but various, mostly internal, challenges remain. Despite Nepal's inability to resolve its many political issues, reintegration of former Maoist combatants into the army is now complete and the process has remained peaceful, with all parties and entities working within the framework of peace and stability. Bangladesh may struggle to contain political violence and turmoil as they face national elections early next year. Sri Lanka needs to work to move past its recent history and reconcile a nation divided by many years of civil war.

Indo-Asia-Pacific nations continue cooperative efforts to reduce illegal trafficking in drugs, persons and commercial products, an endeavor significantly challenged by the enormous distances and varied geography of the region. Through Joint Interagency Task Force West,

USPACOM partners with international and other U.S. government agencies in this effort.

Typhoons, earthquakes, floods, tsunamis and cyclones are all too common in Indo-Asia-Pacific. Increasingly severe weather patterns and rising sea levels threaten lives and property, and could even threaten the loss of entire low-lying nations. In 2012, almost 100 natural disasters struck Asia, causing nearly 4,000 deaths and affecting over 65 million people. Amazingly, this was actually below the 10-year average of over 6,600 people killed annually by natural calamities.

The illegal trafficking of people, animals and products poses a transnational threat. Counterfeit or substandard antibiotics can promote the introduction and spread of antibiotic resistant strains of diseases, such as malaria and tuberculosis. Water sanitation and global food security issues can to divert resources and halt the flow of goods and services in the event of global pandemics. Illegal trafficking in animals and plants has the potential to spread organisms that destroy crops or food chain ecosystems. As we engage with the Indo-Asia-Pacific nations through Cooperative Health Engagement (CHE), we will enhance the region's ability to deal with these and other public health risks.

Based on USPACOM's past HA/DR experience, we have initiated changes to the planning and execution of health engagement in the Indo-Asia-Pacific. The focus has shifted from one-time provision of health care to an underserved population to CHEs which build sustainable, multilateral, capability, capacity and medical interoperability in support of the USPACOM Theater Campaign Plan. CHEs tie directly to health security, homeland defense and transnational threats. Some of our more successful efforts include Cambodia, Vietnam and Laos Blood Product Safety projects. These interagency collaborations have built national civilian and military blood product capacity resulting in a national self-sustaining blood supply. Through the

DoD HIV/AIDS prevention program (DHAPP), militaries of ten Indo-Asia-Pacific countries are implementing HIV prevention programs to reduce the incidence of disease among uniformed international partners, and by extension, in the civilian communities in which they live. DoD overseas medical research laboratories have made great strides in developing countermeasures to many emerging diseases. The Armed Forces Research Institute of Medical Sciences in Bangkok, Thailand, has made important breakthroughs on the Hepatitis A vaccine, the Japanese Encephalitis vaccine, and the first HIV vaccine to show efficacy in human trials. All of these engagements serve to build health security in the Indo-Asia-Pacific region and contribute to a more stable global health environment.

Resource Competition: Demand for water, food, and energy will only grow. Friction caused by water availability and use is evident between India and Pakistan, between India and Bangladesh, between countries in the Lower Mekong regions of Southeast Asia, between China and Southeast Asia, and even internally in China between the northern and southern regions of the industrialized east. Much of the Indo-Asia-Pacific is unable to adequately provide for their own food requirements, highlighting the need for stable, plentiful supplies available through international commerce. The same is true for energy supplies. Disruption to these supplies or unexpected price increases will quickly strain many governments' ability to ensure their population's needs are met.

Intelligence Support to Operations: The challenges I've addressed all place a significant strain on our theater and national intelligence organizations. Still, these challenges, which necessitated our national strategy to rebalance to the Indo-Asia-Pacific, must be met head on by our military leadership and the Intelligence Community (IC). There are several key enablers that I believe will assist in this task. Key among these is the continuing requirement for making "all

sensed data" available to our analysts so that it can be quickly absorbed into our decision cycle and visualized in a way that assists our understanding of complex issues. As we reset the Intelligence, Surveillance, and Reconnaissance (ISR) force in the drawdown from Afghanistan and reprioritize our overhead sensors, we must ensure that those ISR sensors and accompanying processing, exploitation, and dissemination (PED) architectures and personnel that help us understand our unique operating environment are optimally positioned and outfitted to achieve this mission. Most importantly, I need to have effective command and control over ISR architecture in real-time through all phases of operations. We are making steady progress in all of these areas. Improving processes to rapidly share information with allies and partners creates a common understanding within the region and results in more effective and robust relationships. Maturing concepts for cloud architectures and initiatives to enhance access to those clouds have great promise to unleash knowledge from derived data in ways that we have not yet experienced. Significant advances in intelligence mission management are helping address my need for effective command and control, optimization and visualization of ISR. Still, we have much work to do to fully realize the potential advantage of a penetrating understanding of our key threats.

The Indo-Asia-Pacific Rebalance

The Rebalance to the Asia-Pacific Strategy reflects the recognition that the future prosperity of the United States will be defined largely by events and developments in the Indo-Asia-Pacific.

While the Indo-Asia-Pacific region today is at relative peace, we remain concerned as we see stress points in territorial disputes and the threat that North Korea presents to the peace and security of the region. However, the credible and persistent commitment of the United States to the region through robust presence and partnerships has, and will continue to provide, an

enduring, prosperous, and stable security environment for the region.

Fundamental to the rebalance is that USPACOM actions align and synchronize with the diplomacy, policy, and economic confidence building measures of our U.S. government partners. These coordinated efforts demonstrate an enduring resolve to show commitment to the Indo-Asia-Pacific across all facets of engagement. USPACOM remains focused as the military component of this commitment, and we will continue to plan and conduct operations, actions, and activities that support this holistic governmental approach in building upon the peace and prosperity of the region.

The posturing and forward presence of our military forces is key to USPACOM's ability to rapidly respond to any crisis or disaster. Due to the vast distances involved in our area of responsibility, it is imperative we continue to receive the support provided by our partners in the Services and through the Congress to maintain the readiness of our forward deployed forces. USPACOM manages the rebalance along four lines of operations that form the bedrock of our strategy. Those four lines of operations are; (1) strengthening alliances and partnerships, (2) improving posture and presence, (3) developing capabilities and concepts, and (4) planning for operations and contingencies.

Strengthening Alliances and Partnerships: At the core of the rebalance, is an effort to renew, modernize and strengthen our alliances and partnerships in support of shared security interests. We are ensuring our alliances are adaptive so they can meet the challenges of the current security environment while capitalizing on emerging opportunities. Similarly, we are exploring innovative ways to expand cooperation through more effective strategic partnerships in order to address the complex problems presented by nontraditional security challenges. USPACOM is working closely with the five U.S. treaty allies in our AOR, Australia, Japan, the

Philippines, South Korea and Thailand, as well as key partners, including India, Indonesia and Singapore.

Australia: The U.S.-Australian alliance is an anchor of peace and stability in the Indo-Asia-Pacific, and promotes economic development and integration, good governance, and the rule of law. USPACOM coordinates closely with our Australian partners to promote security in the region. This past fall in Sydney, we co-hosted USPACOM's Pacific Chiefs of Defense annual conference, where 22 of 26 Chiefs of Defense attended. We engaged in a weeklong series of briefings and discussions on security cooperation. In addition, the Australian Chief of Defense and I attended the Australia-U.S. Ministerial (AUSMIN) Consultations in Perth in November where we jointly briefed on our robust mil-to-mil engagements.

We are continuing to implement the force posture initiatives announced by President Obama and Prime Minister Gillard in November 2011, which include U.S. Marines who will rotate through Darwin to participate in bilateral training. In addition, access by U.S. aircraft to airfields in Northern Australia, which will provide significant training opportunities. The first rotational deployment of approximately 250 U.S. Marines in Darwin was successful, and planning continues for the second rotation scheduled to begin in April 2013. We are working together to increase the USMC rotational presence in Darwin to approximately 1,100. This increase will require infrastructure improvements and we are currently in the process of identifying the details of those requirements. We are also working through the protocols and lift required to deploy these personnel in the event of a natural disaster as we did during the 2004 Indian Ocean tsunami. I am confident that our efforts will bear fruit, and we will continue to posture in a manner that supports our strategic objectives.

We also continue to seek better opportunities to advance bilateral and multilateral

operations. For example, our biennial Exercise TALISMAN SABER 2013 is a combined U.S. - Australian exercise designed to train our respective military forces in planning and conducting Combined Task Force operations. We are further analyzing the benefits of expanding TALISMAN SABER to include other security partners.

We are also realizing increased value in the expansion of regional trilateral security cooperation engagements. The close relationship between Australia and the U.S. facilitates the inclusion of other countries to our combined security cooperation efforts, such as with Japan. This allows us to move forward together and support multilateral security exercises and activities with multiple nations focusing on Proliferation Security Initiative exercises, HA/DR operations, information sharing, intelligence, surveillance, and cyber security cooperation.

Japan: The U.S.-Japan Alliance, supported by a robust U.S. military presence in Japan, continues to provide the deterrence and capabilities necessary for the defense of Japan and for the maintenance of peace, security, and economic prosperity in the Indo-Asia-Pacific. Over the last year, the Office of the Secretary of Defense and USPACOM have worked with our Japanese counterparts to realize adjustments in the U.S. force posture in the Indo-Asia-Pacific. Significant achievements with realignment initiatives include: progress in the environmental impact assessment process for the Futenma Replacement Facility; the expansion of aviation training relocation programs to Guam; the relocation of the Japan Air Self Defense Force (JASDF) Air Defense Command to Yokota Air Base; and progress in the relocation of the Japan Ground Self Defense Force (JGSDF) Central Readiness Force Headquarters to Camp Zama.

These movements do not alter the fundamental goals of the Realignment Roadmap, which are to maintain deterrence and mitigate the impact of U.S. forces on local communities. In fact, the adjustments improve interoperability between U.S. forces and the Japan Self Defense

Forces (JSDF) thereby strengthening the overall deterrent capability of the U.S.-Japan Alliance. Bilateral exercises, such as KEEN EDGE 2012 and KEEN SWORD 2013, do the same and continue to expand earlier set precedents for expanded U.S.-Japan operations. Likewise, the deployment of Marine Corps MV-22s to Okinawa replaces outdated equipment and brings enhanced capabilities to our forward deployed Marine forces.

In concert with the Joint Staff and the Office of the Secretary of Defense, we have begun to evaluate alliance roles, missions, and capabilities in order to fortify the alliance for the evolving challenges of the regional and global security environment. The United States and Japan continue to share common security interests such as containing the threats presented by the North Korea, providing humanitarian assistance and disaster relief (HA/DR), and supporting freedom of action in shared domains. In addition, we are cooperating to help allies and partners in the region build security capacity through training and exercises. These efforts will contribute to continued peace and stability in the region.

Philippines: Our 62-year-old alliance with the Philippines remains key to our efforts to ensure the stability and prosperity of the Western Pacific, and we are modernizing the relationship to meet the challenges of the 21st Century. High-level engagements including Secretary Clinton's visit to Manila in November 2011, when she signed the "Manila Declaration," the first "Two-Plus-Two" Ministerial Consultations hosted by Secretaries Clinton and Panetta in April 2012, and President Aquino's official visit in June 2012, have reinvigorated the U.S.-Philippines relationship. We are seeing a renewed interest to redefine our relationship with capability and capacity building beyond the CT effort; increased rotational access; and more sharing of situational awareness in the maritime domain.

We remain committed to our alliance with the Philippines as defined in the 1951 Mutual

Defense Treaty. This past December, we co-chaired the annual Mutual Defense Board/Security Engagement Board in Manila, which remains the focal point of our expanding military relationship. As the Armed Forces of the Philippines (AFP) continue to transition from internal security operations to territorial defense, we will make adjustments to the military-to-military relationship in order to effectively mitigate perceived threats. We are currently discussing opportunities to increase rotational presence of U.S. forces in jointly identified priority areas to allow new training for Philippine and U.S. forces.

We use training opportunities to address short-term AFP capability gaps while helping them build long-term capability and capacity. Additionally, our security assistance is primarily focused on supporting the AFP maritime domain awareness and maritime security capabilities, but also includes information technology and cyber security. This past May, we transferred a second Hamilton-Class Coast Guard Cutter (Ramon Alcaraz) to the Philippines, and we continu to partner with the AFP to affect the necessary maintenance and training.

Operationally, USPACOM engages the Philippines through the Joint Staff-sponsored exercise BALIKATAN and periodic PACIFIC PARTNERSHIP missions that focus on humanitarian/civic assistance and civil military engagement as well as numerous service component-led exercises. In addition, for the past decade, JSOTF-P has operated in a non-combat advisory and assist role in support of the AFP to combat and contain violent extremist organizations. We are currently assessing JSOTF-P's enduring requirements to align with the current security situation. A strong U.S.–Philippines alliance greatly enhances regional stability and helps the U.S. guarantee an environment that will help prevent miscalculation, promote regional cooperation, and protect vital Sea Lanes of Communication for all parties.

Republic of Korea (ROK): 2013 marks the 60th year of the U.S.–ROK alliance, which

remains strong and essential to the success of our strategy. For over six decades, the United States and the ROK have collectively worked to provide peace and stability in Northeast Asia by deterring a North Korean regime committed to periodic provocations and overt threats to peace and stability on the peninsula and in the region. A major conflict in Korea could have unpredictable, long term, and far reaching impacts due to the central location of the Korean peninsula in Northeast Asia and the vital importance of Northeast Asian trade to the global economy. We have limited understanding of North Korean leadership intent, which remains a concern to long-term stability.

General Thurman and I are aligned in our efforts to do what is necessary for the United States and the ROK as this alliance undergoes transformation, a change that will ultimately assist the ROK to better meet security challenges both on and off the peninsula. Part of that transformation is the transition of operational control to the ROK military, which will allow it to take the lead role in the combined defense of Korea. Transition of operational control in 2015 is conditions-based and certification of key capabilities must be accomplished. The U.S.-ROK exercise program – which includes KEY RESOLVE and ULCHI FREEDOM GUARDIAN – is a key mechanism to certify that critical capabilities, such as C4I and command and control of combined and joint forces, are achieved. As we proceed through the transition process, USFK will seamlessly transform into U.S. Korea Command (KORCOM) and will remain capable of executing future plans.

To address the growing threat posed by North Korean missile capabilities, the U.S. and ROK have been conducting close consultations through the Alliance Counter-Missile Capabilities Committee. Last fall, these discussions resulted in the adoption of a comprehensive Alliance counter missile strategy. ROK capability improvements under this strategy include the

development of new ROK ballistic missiles that increase ranges from 300 kilometers (km) up to 800 km, strengthened missile defenses, improvements to command, control and communications, as well as enhanced ISR capabilities. All of this is to better achieve a fully-integrated and operational missile defense umbrella. As part of enabling these improvements, the Missile Guidelines governing ROK missile and unmanned aerial vehicle ranges and payloads were revised. These improvements in ROK capabilities are a smart and proportionate response to the growing North Korean missile threat.

Trilateral security cooperation between the United States, the ROK, and Japan has been evolving, although political and historical context moderates the pace at which it develops. The shared values, financial resources, logistical capability, and planning capacity to address complex contingencies make this trilateral partnership a relationship worth pursuing. USPACOM and our counterparts within Japanese and the ROK military staffs will continue to find ways to enhance trilateral cooperation with diplomatic assistance. During the April 2012 and December 2012 DPRK missile tests, USPACOM coordinated closely with both our ROK and Japanese counterparts throughout the launches. We conducted a trilateral naval exercise in the Yellow Sea in June 2012 improving our naval forces' tactical interoperability in ballistic missile defense. U.S., ROK and Japan officials issued a trilateral statement at the Defense Trilateral Talks in early 2013 stressing that we will closely coordinate to monitor a potential North Korean nuclear test and to respond to ballistic missile threats.

Thailand: As the treaty relationship between the U.S. and Thailand enters its 180th year, our relations remain strong, vibrant, and essential. Thailand has demonstrated a willingness and capability to act as a regional leader in a number of areas, including HA/DR efforts. Thailand has also been a partner supporting reform in Burma, and invited representatives from Burma, as

observers, to exercise COBRA GOLD 13, which is the U.S.'s largest co-hosted multilateral exercise in the world. Thailand is a demonstrated partner in counterterrorism and is the U.S.' oldest partner in the region.

Thailand will be increasingly important in collective security, peace and prosperity in the region. USPACOM remains committed to helping the Thai military further develop its already impressive capabilities so that it can assume even greater security responsibilities in the Indo-Asia-Pacific, particularly in counter-piracy and maritime security, humanitarian assistance and disaster relief, and peacekeeping operations.

India: The U.S.-India relationship is the strongest it has been since India gained its independence in 1947. A strengthened U.S.-India strategic partnership is imperative to achieve U.S. national interests including ensuring regional security, strengthening the international trading system, protecting shared domains, countering terrorism, and bolstering international nonproliferation. We remain India's most frequent partner for security engagements. Our defense relationship is built around a robust program of dialogues and engagements, military exercises, personnel exchanges and defense trade, which has grown from $0 to $9 billion dollars in less than a decade. The Indians now operate a fleet of six C-130J cargo aircraft; they have taken delivery of their first of eight P-8I Poseidon maritime patrol aircraft and their first of ten C-17 Strategic Airlifters.

Our relationship with India has room to grow, and we are optimistic and enthusiastic about its potential. India's legacy of non-alignment and commitment to a policy of "strategic autonomy" is often viewed as limiting the relationship. However, our shared values and commitment to democratic principles inevitably place us on parallel, if independent paths. Several of these parallel interests include cooperating in multilateral forums which address

counterterrorism and maritime security, including anti-piracy and HA/DR issues. We support India's increased desire for regional leadership.

While U.S.-Indian relations remain on an upward trajectory, we recognize there are impediments that must be overcome in the relationship. Process issues in the Indian bureaucracy and Indian concerns about U.S.-Pakistan relations are examples of challenges to achieving the strategic partnership we seek. Deputy Secretary of Defense Carter's India Defense Trade Initiative, however, has great potential to overcome much of the inertia and institutional red tape that has hampered our ability to expand cooperation. Even though progress is incremental, USPACOM continues to reinforce our desire for, and commitment to an expanded relationship that promotes a secure and stable South Asia.

Indonesia: Since President Yudhoyono signed a comprehensive partnership between Indonesia and the U.S. in 2010, progress has been made in military relations. Following a decade of political, economic, and military reform, Indonesia has surfaced as a vibrant democracy, with an emerging economy and a strengthened USPACOM – Armed Forces of Indonesia (TNI) relationship. We are working extensively with Indonesia in areas such as resilience and disaster risk reduction, counter terrorism, and, most recently, Indonesia and the United States were designated co-chairs of the Asia Pacific Intelligence Chiefs Conference. As co-chairs with Indonesia since 2011, we are now preparing to conduct the inaugural Counterterrorism Exercise (CTX) of the Association of Southeast Asian Nations (ASEAN) Defense Ministers' Meeting – Plus (ADMM-Plus) Experts Working Group (EWG) on Counterterrorism in 2013.

Following a 12-year hiatus, USPACOM has reestablished security cooperation activities with the Indonesian KOPASSUS (Army Special Forces). The measured pace of this engagement

includes key leader dialogue and small-scale subject matter expert exchanges in areas such as military decision making, medical planning and law of war / human rights. More activities of this type are planned for 2013 and will gradually expand at a pace commensurate with the demonstrated progress in the TNI's transparency and institutional reform. Broadly speaking, we cannot afford to disengage just as we establish key partnerships in the Pacific.

Defense trade is also increasing as Indonesia grows its military budget. The United States is providing Foreign Military Financing and is in conversation with Indonesia on purchases of military equipment such as attack helicopters, fighters, and radar systems. The comprehensive partnership between Indonesia and the United States is strengthening ties between the two countries as well as bolstering our engagement with Southeast Asia and the region as a whole. The progress in this security relationship is very promising for both countries.

Singapore: Our bilateral relationship with Singapore is extensive and continues to strengthen and broaden. Singapore armed forces comprise a small, but capable military, and the access to port and airfield facilities they grant the United States is key to our posture in the Asia Pacific. Their main focus continues to be security within the Strait of Malacca and Singapore Strait and they cooperate with Indonesia, Malaysia and Thailand in conducting security patrols within the Straits against piracy and other illicit activities.

Singapore's armed forces are also conducting counter-piracy missions in the Gulf of Aden. Both of our militaries are seeking to increase engagement across all USPACOM service components. Singapore's offer to host U.S. Littoral Combat Ships (LCS) at Changi Naval Station, the first scheduled to arrive in April 2013, will also significantly enhance USPACOM's posture.

Engaging with Other Partners:

New Zealand: In addition, PACOM has been working hard to promote our security relationships with our partners in the region. For example, U.S.-New Zealand bilateral ties are stronger than it has been in three decades. We have made historic improvements in our relationship as we advance diplomatic, economic, and security cooperation. The growth between our countries is exemplified by regularized strategic and defense consultations, joint efforts to protect Antarctica's maritime ecosystem, and strategic dialogues on the Pacific Islands. The Washington Declaration, signed by Secretary Panetta and Defense Minister Coleman in June 2012, has allowed for greater flexibility in terms of joint exercises, military liaisons, and military educational exchanges. In 2012, Secretary Panetta announced a significant policy change, modifying restrictions on U.S. military relations with New Zealand by allowing the Secretary of Defense to waive, on a case-by-case basis, the restriction on access by Royal New Zealand Naval vessels to U.S. military and Coast Guard facilities.

China: The U.S.-China relationship has elements of cooperation and competition. The overall U.S. policy goal is to expand the areas of practical cooperation in addressing shared economic and security challenges, while preventing unhealthy and disruptive competition from undermining the relationship. In January 2011, President Obama and Chinese President Hu Jintao agreed to "build a cooperative partnership" that included a commitment to develop "continuous, stable, and reliable military-to-military relations." More recently, in 2012, President Obama and President Hu Jintao agreed to explore "building a new model of major power relations" in recognition of the fact that rivalry and conflict does not need to be inevitable between a rising power and an established power. Both Washington and Beijing are working towards these goals, as evidenced by the more than 60 formal dialogues a year including the

Strategic and Economic Dialogue, which USPACOM attended at the invitation of Secretary Clinton last year. Both nations recognize the importance of our bilateral relationship not only to the Indo-Asia-Pacific region, but also to the world, which explains in part why, in spite of many disagreements, the United States and China stress the importance of stability in the overall bilateral relationship.

For the first time in four years, the Commander of USPACOM participated in a military-to-military engagement with China in country. To mature the partnership, I visited China twice in my first six months as a commander and hosted reciprocal visits at my headquarters.

The importance of stability presents opportunities in our bilateral military-to-military relationship. China's participation in regional multilateral and bilateral security dialogues, consultations and mechanisms has grown commensurate with its rising economic and military clout, and has provided greater potential for cooperative engagement with the United States and the region. Through those multilateral and bilateral activities, the United States is working with the Chinese to build a relationship that seeks to address regional security issues based on enhanced trust and convergent interests. Nontraditional missions such as HA/DR, counter-piracy, peacekeeping, and military medicine offer potential for growth. The Chinese received our invitation to attend the Rim of the Pacific (RIMPAC) Exercise in 2014 very positively, and it appears both sides view U.S. outreach and Chinese attendance as an important step in fostering greater trust and openness in the bilateral military-to-military relationship.

The seventh U.S.-China Defense Policy Coordination Talks in October 2012 featured substantive discussions on U.S.-China relations including maritime security and safety, as well as regional and global security issues. In early December, USPACOM hosted a delegation of PLAN officers led by VADM Zhang Yongyi, Vice Chief of the PLAN. Discussions during the

roundtable focused on USPACOM's mission in the region and USPACOM's thoughts on the U.S. government's perspective on recent territorial and maritime disputes in the East China Sea and South China Sea. During the 13th U.S.-China Defense Consultative Talks in early December, both delegations reaffirmed the importance of a healthy, stable and reliable military-to-military relationship. We achieved a broad consensus on a number of areas of common concern and candidly discussed areas of disagreement. The U.S.-PRC 2013 Military-to-Military Planning Conference in Beijing expanded on these talks. Both sides agreed to a bilateral plan consisting of over 40 events, the largest number since China suspended military-to-military engagements in 2010.

Our bilateral military dialogues with China provide us with important opportunities to discuss our respective concerns as well as to explore areas of future cooperation. The Chinese characterize our rebalance as militarily heavy, aimed at containing them, and that it has "emboldened" regional actors such as the Philippines and Japan against them, generating regional instability. However, Beijing also questions the sustainability of the rebalance, pointing to sequestration and other looming fiscal issues.

A continuing point of friction between the U.S. and China and a key part of bilateral discussions involves Chinese efforts to impede our lawful military activities in international air and maritime areas. While we do not believe China seeks a repeat of the 2001 EP-3 incident, we still see instances where Chinese forces conduct unsafe or unprofessional maneuvers in proximity to legally operating U.S. forces.

Despite our many differences with the Chinese, we have areas of common interest, and both sides agree that 2012 was an especially positive and productive year for military-to-military relations. We furthered the relationship in line with DOD's long-term objectives of increasing

cooperative capacity, fostering institutional knowledge and building a common picture of the security environment. The PLA became more amenable to conducting more complex engagements, and committed to events beyond the normal one-year time frame. USPACOM will continue to develop this relationship focusing on our converging interests in counter-piracy, counter-terrorism, protecting sea lanes, and humanitarian assistance and disaster relief.

Multilateral Relationships and Institutions: While the U.S. is committed to strengthening bilateral alliances and partnerships, we also recognize the critical role multilateral relationships and institutions will play in enhancing regional security. Common challenges like natural disasters that strike with little warning require unified efforts to respond rapidly and effectively. Institutions such as ASEAN can serve as an organizing force to harness such efforts but can likewise serve as a unifying body in establishing principles that support responsible behavior by regional actors.

USPACOM, working with the State Department and the Office of the Secretary of Defense, has supported U.S. engagement with ASEAN. I recently met with the newly-inaugurated ASEAN Secretary General and was encouraged by his desire to continue the progress made by his predecessor in addressing security-related matters in Southeast Asia. We are also participating in two major ASEAN Humanitarian and Disaster Response field training exercises in May and June 2013 reinforcing multilateral civ-mil and mil-mil cooperation as the ASEAN Humanitarian Assistance (AHA) Center comes online.

Engagement Tools: Foreign Military Financing (FMF) and International Military Education and Training (IMET) are two of the top security cooperation engagement tools available to USPACOM. With minimal continued increases to meet our requirements, we can truly address a broad range of challenges from border security issues, HA/DR, counterterrorism,

and military-to-military engagement. USPACOM countries receive between 0.1%-0.15% of the worldwide FMF. Specific USPACOM considerations in making FMF budget recommendations include: Commander and Theater Campaign Plan priorities, coalition partner contributions or country priorities, and U.S. access objectives. The Philippines and Indonesia were the top beneficiaries of USPACOM FMF aid in FY12. IMET is a low cost, high impact program that has a longstanding track record of establishing valuable relationships with senior officers and leaders from critical partner nations.

Programs such as these contribute resources which USPACOM can synchronize with other efforts to build right-sized capacity at the right time, ultimately strengthening our relationships, building interoperability, and maintaining our leadership role in the region. The sustained engagements these programs provide also help regional nations appreciate the value of maintaining an active U.S. presence.

Improving Posture and Presence:

The U.S. requires a more geographically distributed, operationally resilient and politically sustainable posture that allows persistent presence and, if needed, power projection. As many of you who have frequently visited Asia know, the tyranny of distance imposed by the size of both the Pacific and Indian Oceans and intervening landmasses requires the United States to operate forward in order to achieve rapid response. This rapid response hinges on flexibility and forward positioning of both permanent and rotational military forces and is essential in enabling us to influence the onset and unfolding of crises, prevail in conflict, and provide aid in the aftermath of disasters.

Some of the most visible results of the rebalance can be seen in the ground forces now returning to theater. After a dozen years supporting wars in the Middle East, USPACOM's

permanently-assigned forces are resetting to focus on the Indo-Asia-Pacific. Recently, the Army removed I Corps and the 25th Infantry Division from world-wide service rotation, permanently assigning them to USPACOM and, at my request, subsequently elevated Commander, U.S. Army Pacific to a four star position. Likewise, the Marine Corps removed the III Marine Expeditionary Force from its world-wide service rotations, allowing them to once again concentrate on Pacific theater missions.

A large component of USPACOM's permanent posture adjustment is the Defense Policy Review Initiative (DPRI), which is a product of an extensive force posture and footprint review conducted by USPACOM and approved by the Secretaries of Defense and State in 2005. DPRI also remains a key transformational goal of the U.S.-Japan Alliance, and we are supportive of its implementation. A major element of DPRI is the significant reduction of Marine forces on Okinawa and relocation of approximately 8,000 Marines to Guam and Hawaii. The resulting end state is a transition from a heavily-concentrated Marine force in Northeast Asia region to four Marine Air Ground Task Forces geographically distributed across the Pacific providing a more flexible and balanced capability throughout the entire Western Pacific. The implementation is in progress with the Environmental Impact Statement under development in Guam and land-use alternatives being studied to support a future Environmental Impact Statement in Hawaii. While we intend to leverage the use of existing infrastructure to the maximum extent possible, resource investments will be needed to support this realignment. Those investment decisions, as well as the timeline for making personnel movement decisions, will be informed by the impact studies that are underway now. It should be noted that the government of Japan has also committed to providing $3.1B to support the strategic realignment. It is recommended that a focused approach

be adopted for the identification of required resources so that the strategic benefits of a balanced forward force presence across the entire Western Pacific can be realized as soon as is feasible.

Additional DPRI initiatives include the relocation of part of the Navy's air wing in Japan from Naval Air Facility Atsugi to Marine Corps Air Station Iwakuni as a result of encroachment issues. In large measure, DPRI remains on track due to the contributions provided by the Government of Japan (GOJ). In December 2012, the GOJ submitted the environmental impact statement for the Henoko-based Futenma Replacement Facility to the Okinawa Prefectural Government, moving the process one step closer towards completion. Meanwhile, U.S. forces will continue to operate from the existing facility at Marine Corps Air Station Futenma.

As previously mentioned, changes in rotational forces are already underway. These include the rotational presence of Marines in Darwin, Australia, and the upcoming rotational presence of Littoral Combat Ships at Changi, Singapore. Further, USPACOM is able to enhance the persistence of our rotational and forward deployed force presence through various operations such as those conducted in support of freedom of navigation, humanitarian missions, and civic assistance, to name a few. Pacific Air Force's Operation PACIFIC ANGEL and Pacific Fleet's PACIFIC PARTNERSHIP are two examples that bring joint, combined and non-governmental organizations together to deliver cooperative health engagements, engineering civic action programs and subject matter expert exchanges to many nations, specifically in areas like Oceania, Sri Lanka, and Laos – opening doors that would otherwise be closed to a U.S. military presence.

In addition to operations, exercises serve as a valuable means of augmenting presence in and around the region while simultaneously providing opportunities for robust and meaningful

engagement. The USPACOM exercise program is key to maintaining a credible defense posture, strengthening relationships with our allies, expanding our partner networks, and preparing to accomplish the full range of military contingencies. Congressional support for the Combatant Command Exercise Engagement and Training Transformation (CE2T2) program, therefore, is critical. CE2T2 directly impacts our ability to conduct joint training exercises and theater security engagement events in the Pacific region. USPACOM's portion of this essential program is comprised of 18 major exercises and involves joint military forces, interagency activities, and 30 of our 36 partner nations. In support of the rebalance, the number of major exercises conducted will expand to include events with Malaysia, regional Proliferation Security Initiative (PSI) partners, and ASEAN.

The exercise program also provides important venues for joint experimentation to accelerate the development and fielding of new and maturing concepts, technologies, and procedures ahead of potential adversaries. This is essential to the development and application of innovative capabilities and concepts that comprise the third component of USPACOM's rebalance efforts.

Developing Capabilities and Concepts:

Today's regional threats and potential contingencies necessitate USPACOM be equipped with America's most advanced ships, aircraft, intelligence collection, logistics, and missile defense capabilities, thereby placing our finest forces forward. In order to outpace the rapidly evolving challenges of tomorrow, however, USPACOM requires further investments in hardware, systems, and innovation. For example, the Indo-Asia-Pacific's unique challenges in terms of distance and threat require development of capabilities related to lift; long-range strike; ISR; sub-surface capabilities; and missile defense. We are also working with the Deputy

Secretary of Defense's Deputy's Management Action Group (DMAG Asia Pacific) to determine the optimal mix of capabilities, given competing requirements.

USPACOM is further working to improve cyber capability, capacity, and security through our recently activated Joint Cyber Center – Pacific. We believe the Joint Cyber Center is critical for synchronizing cyber operations with the other operational domains. In order to improve cyber operations with allies and partners, USPACOM continues to advocate for implementation of a Joint Information Environment (JIE) that addresses coalition networks as an organic element of the design. As a result of our cyber planning, exercise, and engagement efforts, the United States has emerged as the partner of choice in the Pacific for collaboration in the cyber domain.

We must continue to progress in strengthening the collective cyber security capabilities of the U.S. and its allies and partners. Our bilateral and multilateral communications interoperability programs have improved the management of electromagnetic spectrum, tactical data link capabilities, communications security, and satellite management in the multilateral environment. We are working to meet increasing demand for cyber and information assurance partnerships, including requests from all nations with whom we have bilateral communications agreements as well as those from emerging partner nations.

Resilient cyber and space capabilities are critical to USPACOM's ability to maintain communications, situational awareness, and command and control of forward deployed forces and coalition partners. USPACOM is working with allies and partners to strengthen collective cyber security and those efforts have the collateral benefit of strengthening relationships as they build capacity. Still, a more defensible and secure cyber architecture specifically designed for joint and coalition mission partners as well as cyber defensibility is necessary to ensure our

ability to communicate securely, share information, and conduct operations. Space assets also remain vulnerable to terrestrial and on-orbit threats. For example, China possesses a mature anti-satellite (ASAT) research and development program. Expanding USPACOM's organic satellite communications capacity will help mitigate this threat.

Because USPACOM recognizes the resource constraints the U.S. faces, we also endorse and participate in the development of concepts that augment the efficacy of our capabilities. These include warfighting approaches such as the Joint Operational Access Concept, Air Sea Battle, and efforts to deepen ally and partner capacity to prevent, respond to, and rebound from crisis.

USPACOM further supports concepts that allow for creative and innovative funding mechanisms in order to accomplish our mission. The Global Security Contingency Fund (GSCF) is one such tool. Its broad-based authority has the potential to allow improved interagency security cooperation in support of U.S. government strategic objectives.

Moving forward, to better deter and defeat aggression, USPACOM is taking steps to improve in-theater critical munitions stockpiles. In the past year, U.S. Army Pacific and U.S. Forces Korea have seen tangible benefits from the rebalance, improving their ability to meet future requirements through enhanced prepositioned stocks. USPACOM is working with the Office of the Secretary of Defense and the Joint Staff through the Munitions Requirement Process to ensure adequate resourcing of munitions, as well as other logistics enablers, such as the pier facilities at Military Ocean Terminal Concord, a next generation Offshore Petroleum Discharge System, our inland petroleum discharge system capability, and completion of required MILCON projects in support of our theater petroleum plan.

Planning for Operations and Contingencies:

The final aspect to USPACOM's rebalance efforts is the planning we conduct for operations and contingencies. Just as innovative concepts allow us to maximize our resources, so too, does creative planning. An example of this is our approach to the USPACOM Theater Campaign Plan (TCP). The TCP operationalizes our theater strategy and puts words into execution. Although the TCP has traditionally been used to generally guide command efforts for a five year period, planning has begun too late for our service components to execute with anything but resources on hand. USPACOM has now extended the TCP's time horizon by producing a Theater Campaign Order that defines component taskings for the current fiscal year. Planning for the next fiscal year occurs in conjunction with TCP planning for the next five year period, far enough out to allow our service components time to influence their parent service budgets.

Another example of a new approach to planning is our Theater Security Cooperation Plan. Developing mutually supported objectives and goals with our allies and partners is critical, and aligning a solidified U.S. position is crucial to building capability in the region. To support this effort we have developed Country Security Cooperation Plans to support the Theater Campaign Plan. These lay the foundation for our bilateral and multilateral engagements and allow us to be smarter in the application of our resources.

Additionally we have reassessed the efficacy of our theater-wide command and control efforts and have made the adjustments necessary to better respond to the dynamic security environment we find ourselves in.

Repercussions of Sequestration and Continuing Resolution

During the past decade the U.S. joint force has been heavily tasked in other AORs. As a consequence, the USPACOM AOR, in many areas has assumed additional risk. Examples of

areas of particular concern are ISR assets, regional and homeland ballistic missile defense capabilities, carrier strike group availability, undersea warfare capabilities, munitions availability and theater lift. The rebalance has given us a new opportunity to begin to solve this and to re-emphasize to our allies and partners that we are a committed Pacific nation. However, the impact of sequestration and shortfalls in operating accounts under the continuing appropriations resolution may begin to undermine our strategic rebalance initiatives, exasperate existing resource challenges, and result in increased risk.

Due to service funding reductions, USPACOM component training tempo will be drastically reduced; rotational forces in theater will be reduced, all leading to decreased ability to accomplish assigned missions, respond to crises, and support theater engagement objectives. These funding cuts will challenge our ability to execute both discreet operations and the broader Indo-Asia-Pacific rebalance strategy.

The net effect of sequestration will be a negative impact in the Indo-Asia-Pacific at a critical time as we look to stabilize our forward presence and increase engagement with our treaty allies and partners. Given the size of the USPACOM AOR, Service contributions, especially lift capabilities that the Air Force and Navy provide, are crucial to engagement with Indo-Asia-Pacific countries.

Facilities maintenance is critical to sustaining essential infrastructure. In order to provide immediate savings, Services will be forced to forgo facilities sustainment. Due to lack of maintenance, issues that would have been inexpensive minor problems will turn into expensive projects in future years. The inability to conduct preventive maintenance will affect the lives of our service members and will cause a bow wave of maintenance and infrastructure requirements in the out years. Degraded facilities put missions at risk and delayed MILCON projects

endanger the implementation of international agreements.

Civilian furloughs and restrictions on hiring are of special interest. Civil servants represent a noteworthy portion of our capability and capacity. If furloughs occur, every aspect of USPACOM's warfighting readiness will be adversely affected. Overseas schools, hospitals, and warfighting staffs will be impacted. Of particular concern, more than half of those who support our ISR architecture are civilians. The current budget restrictions and hiring freeze also puts at high risk the Joint POW/MIA Accounting Command's (JPAC) ability to meet the NDAA 2010 required 200 identifications per year by Fiscal Year 2015.

The impact to each of these civilians will be significant - 22 unpaid days equates to 20% less pay for nearly half the year. On a personal level, it breaks faith with a skilled workforce. Much of what they do simply cannot be picked up by others in their absence.

As we work through the near-term resource implications of funding reductions and assess the increasing risk, I will continue to work with the Services to preserve, to the extent possible, our essential homeland defense and crisis response capabilities... capabilities resident in our USPACOM forward deployed forces. We will also continue to demonstrate U.S. resolve and commitment to peace and security in the Indo-Asia-Pacific.

Conclusion

The Pacific Ocean does not separate the United States from Asia; it connects us. We are connected by our economies, by our cultures, by our shared interests, and our security challenges. We have been accepting additional risk in the Indo-Asia-Pacific region for some time. Our rebalance strategy is in place, and we are making progress. Implementing and sustaining the strategic rebalance will require long-term, sustained commitment and resources.

On behalf of our military members and civilian employees that work every day to ensure

that our country is successful in this effort, I would like to thank the Committee for their support, and I look forward to answering your questions.

[CLERK'S NOTE.—The Committee had planned to hold a hearing on the status of United States Pacific Command and United States Forces Korea. Witnesses were to be:

- Admiral Samuel J. Locklear III, U.S. Navy, Commander, United States Pacific Command, and
- General James D. Thurman, U.S. Army, Commander, United Nations Command; Commander, Republic of Korea-United States Combined Forces Command; and Commander United States Forces Korea.

However, due to events in Korea, General Thurman remained with his command and was not available for the hearing.

The complete transcript of the hearing could not be printed due to the classification of the material discussed.]

TUESDAY, APRIL 16, 2013.

FISCAL YEAR 2014 DEPARTMENT OF DEFENSE BUDGET OVERVIEW

WITNESSES

HON. CHUCK HAGEL, SECRETARY OF DEFENSE
GENERAL MARTIN E. DEMPSEY, USA, CHAIRMAN, JOINT CHIEFS OF STAFF
HON. ROBERT HALE, UNDERSECRETARY OF DEFENSE (COMPTROLLER)

OPENING STATEMENT OF MR. YOUNG

Mr. YOUNG. The committee will be in order. This morning we are very happy to welcome Secretary Chuck Hagel, Secretary of Defense. Sir, we are just really happy to have you. This is your first visit with our committee. We will place your biography and pertinent details in our permanent record along with your statement when we get to that point, which will be soon. Happy to welcome General Dempsey and Secretary Hale, both of whom have been here numerous times, probably Secretary Hale more than he would like to admit, but he has an important duty over there.

We have many, many challenges in our national defense in the threats around the world. One of our challenges is to be supportive of our military, to guarantee that our soldiers are provided with whatever supplies, whatever equipment, whatever technology they need, and whatever they need to protect themselves while they go about their mission. One of our challenges is we have just gotten the budget, which we normally would get in February, but it is going to take us a little while to analyze it, but we are already hard at work on doing that.

General Dempsey, sir, it is always good to see you. The two of us saw each other in Tampa just 2 weeks ago. It was good to see you again.

There was one thing I wanted to get you to comment on when you are making your statements, if you would, or we can do it during the question and answer period. I noticed when I grabbed the budget anxiously looking to see what I could pick out of it quickly, and I picked out the fact that there is no request for OCO money, and I am a little curious about why that is, what the effect might be, how that might affect your transfer authority, but anyway, we can go into detail on that during our question-and-answer period.

What we would like to do is to receive your statements. The entire statements will be placed in the record, and you can consolidate them any way you would like. And so, Mr. Secretary, again, we are very happy to welcome you here today, and we would ask you to—well, before you do that, I notice Mrs. Lowey is coming in. I am going to see if she and Mr. Visclosky have an opening state-

ment they would like to make. Mrs. Lowey is the ranking member on the full Appropriations Committee, and Chairman Rogers will be here shortly. He is doing a speech on the floor right now. Mrs. Lowey, did you have an opening comment?

REMARKS OF MRS. LOWEY

Mrs. LOWEY. You are very gracious, Mr. Chairman. I thank you so much, and I am delighted to be here to join with my colleagues on both sides of the aisle to welcome Secretary Hagel. As the subcommittee readies its fiscal year 2014 bill, we must keep in mind that $2.5 trillion in deficit reduction has been enacted already, the vast majority of which is within the jurisdiction of the Appropriations Committee. Even without sequestration, discretionary spending is on a path to be at its lowest percentage of GDP in the last 45 years. In next year's bill, we have to focus on helping the Department of Defense address very serious challenges, from winding down the war in Afghanistan to addressing threats from North Korea and flash points in the Middle East, Africa, and Asia. That is why I am so dismayed that the discretionary levels in the House budget resolution have no chance of being enacted and are not workable solutions. We cannot ignore the reality that what happens in our nondefense budget has implications on our ability to defend this Nation.

As one example, General Alexander, the commander of U.S. Cyber Command and director of the NSA, has stressed the need to boost science, technology, engineering, and mathematics education. At a time when China and others are graduating an increasing number of students in STEM fields, we must take a comprehensive approach to meet our future cyber and other security needs, not give other countries an even greater advantage.

The budget request would fund the Department at a level very close to the presequester fiscal year 2013 level. It is a responsible proposal. I look forward to today's discussion, especially on key issues such as escalating cyber attacks, growing health costs, and assisting increasing numbers of servicemen and women transitioning out of service.

Let me just say, if we want to grow our economy, if we want to create jobs, we want to ensure our national security, we need adequate investments to both the security and the nonsecurity side of the budget. So thank you again, Mr. Chairman. I look forward to hearing your testimony.

Mr. YOUNG. Mr. Visclosky.

REMARKS OF MR. VISCLOSKY

Mr. VISCLOSKY. Thank you, Mr. Chairman. Secretary Hagel and General Dempsey, Mr. Hale, thank you very much for your consideration and appearing today. Your testimony is very important to the committee's deliberation.

This is a difficult period for the Department of Defense and for all Federal departments and agencies. Secretary Hagel, as you take on the responsibilities of Defense Secretary, one of your first tasks is coping with sequestration. We note that a significant portion of your prepared testimony is devoted to this problem, and we under-

stand DOD will have to find about $41 billion in reductions for this purpose. The committee recognizes that you are about to take a number of very challenging actions in this regard.

I would be remiss if I did also not suggest that Congress has responsibility here, too. The Department, as well as every agency of the Federal government, was operating under a continuing resolution for the last 7 months. That also leads to great inefficiencies and burdens to you and everyone else that you represent today. That certainly, looking forward, needs to desist.

But aside from sequestration, we recognize that this budget comes at a time of enduring fiscal challenges. Among the items in your budget, the budget protects personnel by including a modest pay raise, increasing housing and subsistence allowances and requesting $8.5 billion in family-related programs. The budget also proposes increased enrollment fees and copayments for the Department's health program. I look forward to working in partnership with you on how to strike a balance between supporting personnel, while at the same time, controlling costs in this segment of the budget.

I will simply conclude again that Congress has responsibility here, too. We look upon you, the General, Mr. Hale, and others to make very difficult decisions in your budget submission. We, in turn, are going to have to look to be a partner and make difficult decisions as well going forward. I certainly acknowledge that and look forward to your testimony. Again, thank you very much for your appearance. Thank you, Mr. Chairman.

Mr. YOUNG. Thank you, Mr. Visclosky. Mr. Secretary, sorry that we interrupted your statement, but we are prepared to hear from you, and we are looking forward to hearing your statement today.

SUMMARY STATEMENT OF SECRETARY HAGEL

Secretary HAGEL. Mr. Chairman, thank you. I am grateful, Mr. Chairman, for an opportunity to appear before this body this morning. Ranking Member Visclosky, and all the members of the committee, thank you for this opportunity.

I got my start over on this side of the Capitol, working for a Congressman who you came to this body with, John McCollister from Nebraska, both elected 1970. I was his chief of staff for 5 years. So I was grounded, I hope, in responsible governance on this side of the House and have always appreciated that experience as a young man. It did shape my view of the world and governance and responsibility.

So I do not know if that gives me any additional credibility in this body, but nonetheless, I wanted to note that because it has been a big part of my life that I have drawn from for many years in the different things I have done and the opportunities I have had. So thank you.

Mr. YOUNG. Well, Mr. Secretary, it means a lot to the chairman, because John Y. McCollister was one of my closest friends. We came here together many, many years ago.

Secretary HAGEL. Well, he is doing well, and I will give him your regards.

Mr. YOUNG. Please do that.

Secretary HAGEL. And he will be pleased you asked.

Mr. Chairman, Ranking Member Visclosky, and members of the committee, let me, before I begin my prepared remarks on the budget today, let me say a few words about what happened in Boston yesterday. Like all Americans, the thoughts and prayers of our people at DoD and all of Washington are with the people of Boston today, especially the families of the victims and those injured by what appears to be a cruel act of terror. As the President said yesterday, we still do not know who did this or why, and a thorough investigation will have to determine whether it was planned and carried out by a terrorist group, foreign or domestic. It is important not to jump to conclusions before we have all the facts. But as the White House said last night, any event with multiple explosive devices, as this appears to be, is clearly an act of terror and will be approached as an act of terror.

The President has made clear that we will find out who did this, we will find out why they did this, and any responsible individuals or groups will be brought to justice. I would like to commend local, State, and Federal law enforcement agencies for their quick response to yesterday's tragic events, and also express our gratitude to the members of the National Guard supporting the Marathon, who were among the first on the scene. I am also mindful that many members of the military community had traveled to Boston to participate in this race, and our thoughts are with all of them today.

The Department of Defense is prepared to respond quickly to any response for additional support from domestic law enforcement agencies. I will continue to consult closely with DoD senior leaders and my counterparts in other agencies on how we can best support the government's response and investigation. And Chairman Dempsey may have additional comments regarding this event as well.

Mr. Chairman, I will now turn to my opening statement for this hearing. This year's 2014 budget request for the Department of Defense is, as Congresswoman Lowey noted, a budget that was put together over many months. An enterprise as large as the Department of Defense, $600 billion, is not collaborated with or on or numbers or budgets constructed in a matter of 2 or 3 months, and as we proceed in this hearing this morning, Mr. Chairman, we will get into some of the specifics of the budget and why some of the decisions were made on the basis of what the numbers will reveal and our responsibilities.

Allow me to express my appreciation to this subcommittee for its continued support of our men and women in uniform and our civilian workforce. They are doing tremendous work, as you all know, and are making great sacrifices. They are making great sacrifices along with their families, as they have for more than 11 years of our Nation's wars. Their dedication and professionalism are the foundation of our military strength, and as we discuss numbers and budgets and strategic priorities today, I know we will not lose sight of these men and women and their families serving across the globe at great sacrifice.

As you all know, their well-being depends on the decisions we make here in Washington. Today, the Department of Defense faces the significant challenge of conducting long-term planning and

budgeting at a time of considerable uncertainty, both in terms of the security challenges we face around the world, and the levels of defense spending we can expect here at home.

Even as the military emerges and recovers from more than a decade of sustained conflict in Iraq and Afghanistan, it confronts an array of complex threats of varying vintage and degrees of risk to the United States. These include the persistence of violent extremism throughout weak states and ungoverned spaces in the Middle East and north Africa, the proliferation of dangerous weapons and materials, the rise of new powers competing for new influences, the risk of regional conflicts which could draw in the United States, faceless, nameless, silent, and destructive cyber attacks, the debilitating and dangerous curse of human despair and poverty as well as the uncertain implications of environmental degradation.

Meanwhile, the frenetic pace of technological change and the spread of advanced military technology, the State and non-state actors pose an increasing challenge to America's military.

This is the strategic environment facing the Department of Defense as it enters a third year of flat or declining budgets. The onset of these resource constraints has already led to a significant and ongoing belt tightening in military modernization, force structure, personnel costs, and overhead expenditures. It has also given us an opportunity to reshape the military and reform defense institutions to better reflect 21st century realities. The process began under the leadership of Secretary Gates. Secretary Gates cancelled or curtailed more than 30 modernization programs and trimmed overhead costs within the military services and across the defense enterprise. The realignment continued under Secretary Panetta, who worked closely with the President and the Joint Chiefs of Staff to craft new Defense Strategic Guidance in a fiscal year 2013 defense budget plan which reduced the Department's top line by $487 billion over the course of a decade.

The President's request of $526.6 billion for the Department of Defense's base budget for fiscal year 2014 continues to implement the President's Defense Strategic Guidance and enhances the Department's efforts at institutional reform. Most critically, it sustains the quality of the all-volunteer force and the care we provide our service members and their families, which underpins everything we do as an organization.

Before discussing the particulars of this budget request, however, allow me to address the profound budget problems facing the Department in fiscal year 2013 and beyond as a result of sequester. The Congress and the Department of Defense have a responsibility to find answers to these problems together because we have a shared responsibility to protect our national security. DOD is going to need the help of Congress, we are going to need the help of Congress, this subcommittee to manage through this uncertainty. The fiscal year 2013 DOD appropriations bill enacted by the Congress last month addressed many urgent problems in our budget by allocating DOD funding more closely in line with the President's budget request, giving the Department authorities to start new programs, and allowing us to proceed with important military construction projects.

Nonetheless, the bill still left in place the deep and abrupt cuts associated with sequester, as much as $41 billion in spending reductions over the next 6 months. Military pay and benefits are exempt from the sequester, and we made a decision to shift the impact of sequester away from those serving in harm's way. Furthermore, the military is experiencing higher operating tempos and higher transportation costs than expected when the budget request was formulated more than a year ago. As a result of these factors, the Department is now facing a shortfall in our operation and maintenance accounts for fiscal year 2013 of at least $22 billion in our base budget for active forces. In response, the Department has reduced official travel, cut back sharply on facilities maintenance, imposed hiring freezes, and halted many other important but lower priority activities.

However, we will have to do more. We will soon send to Congress a large reprogramming request designed to offset some of our shortfalls, especially shortfalls in wartime funding, and we ask your help with its speedy review and approval. This reprogramming will be limited by ceilings on transfer authority and so can only solve part of the problem. We will have to continue to consider furloughing the civilian personnel in the months ahead. There will also be significant cuts in maintenance and training, which further erodes the readiness of the force and will be costly to regain in the future. As the service chiefs have said, we are consuming our readiness. Meanwhile, our investment accounts in the defense industrial base are not spared damage, as we also take indiscriminate cuts across these areas of the budget. We will continue to need the strong partnership of this committee to help us address these shortfalls.

If the sequester-related provisions of the Budget Control Act of 2011 are not changed, the fiscal year 2014 funding for national defense programs will be subject to a steeply reduced cap, which would further cut DOD funding by roughly $52 billion, and if there is no action by the Congress, roughly $500 billion in reductions to defense spending would be required over the next 9 years. As an alternative, the President's budget proposes some $150 billion in additional defense savings over the next decade. These cuts are part of a balanced package of deficit reduction.

Unlike sequester, these cuts are largely backloaded, occurring mainly in the years beyond fiscal year 2018, which gives the Department time to plan and implement the reductions wisely and responsibly, anchored by the President's Defense Strategic Guidance.

Now let me turn to the details of the President's budget request. The $526.6 billion fiscal year 2014 budget request continues to balance the compelling demands of supporting troops still at war in Afghanistan, protecting readiness, modernizing the military's aging weapons inventory, and in keeping with the President's strategic guidance and sustaining the quality of the all-volunteer force. Today's budget request also contains a placeholder request, Mr. Chairman, for overseas contingency, OCO, at the fiscal year 2013 level, $88.5 billion. The submission does not include a formal OCO request because Afghanistan force levels and deployment decisions for this year were delayed in order to provide commanders enough time to fully assess requirements. We will soon be submitting an

OCO budget with the revised spending level and account level detail.

The base budget being presented today continues the Department's approach of the last several years. First, it targets growing cost in areas of support, acquisition, and pay and benefits before cutting military capabilities and force structure. This budget identifies new savings of about $34 billion in fiscal year 2014 through 2018, including $5.5 billion in fiscal year 2014 from all of these areas.

In order to maintain balance and readiness, the Department of Defense must be able to eliminate excess infrastructure as it reduces force structure. DOD has been shedding infrastructure in Europe for several years, and we are undertaking a review of our European footprint this year, but we also need to look at our domestic footprint. Therefore, the President's fiscal year 2014 budget requests authorization for one round of base realignment and closure, BRAC, in 2015.

BRAC is a comprehensive and fair tool that allows communities a role in reuse decisions for their property and provides redevelopment assistance. BRAC is an imperfect process, as we all know, and there are upfront costs for BRAC. The future year defense program adds $2.4 billion to pay for these costs. But in the long term, there are significant savings for BRAC. The previous five rounds of BRAC are saving $12 billion annually, and those savings will continue. In this budget, the Department has also achieved $8.2 billion in savings from weapons program terminations and restructuring. For example, by revising the acquisitions strategy for the Army's ground combat vehicle, the GCV program, the Department will save over $2 billion in development costs. In other cases the Department used evolutionary approaches to develop new capabilities instead of relying on leap-ahead gains in technology.

The cost of military pay and benefits are another significant driver of spending growth that must be addressed in the current fiscal environment. In this budget, the Department is submitting a new package of military compensation proposals to take into consideration congressional concerns associated with those from fiscal year 2013. These changes save about $1.4 billion in fiscal year 2014, and a total of $12.8 billion in fiscal year 2014 through 2018. This package includes a modest slowing of the growth of military pay by implementing a 1 percent pay raise for service members in 2014.

The Department is also seeking additional changes to the TRICARE program in the fiscal year 2014 budget to bring the beneficiaries cost share closer to the levels envisioned when the program was implemented, particularly for working age retirees. Survivors of military members who died in office and on active duty or medically retired members would be excluded from all TRICARE increases. Even after the proposed changes in fees, TRICARE still remains a very substantial benefit. These adjustments to pay and benefits were among the most carefully considered and difficult choices in the budget. They were made with the strong support of the Joint Chiefs of Staff and the senior enlisted leadership in recognition that in order to sustain these benefits over the long term without dramatically reducing the size or readi-

ness of the force, these rising costs need to be brought under control. The longer we wait, the more difficult it will be.

Nevertheless, spending reductions on the scale of the current drawdown cannot be implemented through improving efficiency and reducing overhead alone. Cuts and changes to capabilities, force structure, and modernization programs will also be required. The strategic guidance issued in January 2012 set the priorities and parameters that informed those choices, and the fiscal year 2014 budget submission further implements and deepens program alignment to the strategic guidance. The new strategy calls for a smaller and leaner force, a more agile force. Last year we proposed reductions of about 100,000 in military end strength between 2012 and fiscal year 2017.

Most of those reductions occurred in the ground forces and are consistent with the decision not to size U.S. ground forces to accomplish prolonged stability operations while maintaining adequate capabilities should such activities again be required. By the end of fiscal year 2014 we will have completed almost two-thirds of the drawdown of our ground forces, and the drawdown should be fully complete by fiscal year 2017.

Increased emphasis on the Asia Pacific and Middle East represents another key tenet of the new Defense Strategic Guidance. This budget continues to put a premium on rapidly deployable, self-sustaining forces, such as submarines, long-range bombers, and carrier strike groups that can project power over great distance and carry out a variety of missions. This new strategy leverages new concepts of operation enabled by advances in space, cyberspace, special operations, global mobility, precision strike, missile defense, and other capabilities. By making difficult trade-offs in lower priority rates and areas, the fiscal year 2014 budget protects or increases key investments in the critical areas of critical capabilities.

Another critical area focus in this budget request is sustaining the readiness and quality of the all-volunteer service. The high quality of our all-volunteer force continues to be the foundation of our military strength, and the fiscal year 2014 budget request includes $137.1 billion for military personnel as well as $49.4 billion for military medical care. Together, these make up roughly one-third of our base budget. This budget seeks to ensure that our troops receive the training and the equipment they need for military readiness and the world class support programs they and their families have earned.

The Department continues to support key programs in fiscal year 2014 that support service members and their families, spending $8.5 billion on initiatives that include transition assistance and veterans employment insurance, behavioral health, family readiness, suicide prevention, and sexual assault prevention and response. The fiscal year 2014 budget is a reflection of DOD's best efforts to match ends, ways, and means during a period of intense fiscal uncertainty.

It is obvious that significant changes to the Department's top line spending would require changes to this budget plan. The Department must plan for any and all additional reductions to the defense budget that might result from the Congress and the administration agreeing on a deficit reduction plan. It must be prepared in the

event that sequester level cuts persist for another year or over the long term.

Consequently, I directed a strategic choices and management review. I asked for that review in order to assess the potential impact of further reductions up to the level of full sequester. The purpose of this review is to reassess the basic assumptions that drive the Department's investment and force structure decisions. The review will identify the strategic choices and further institutional reforms that still may be required, including those reforms which should be pursued regardless of fiscal pressure.

It is designed to help understand the challenges, articulate the risks, and look for opportunities, opportunities for reform and efficiencies presented by resource constraints. Everything will be on the table. Everything will be on the table during this review: Roles and missions, planning, business practices, force structure, personnel and compensation, acquisition and modernization investments, how we operate and how we measure and maintain readiness.

This review is being conducted by Deputy Secretary Carter working with General Dempsey. The service secretaries and service chiefs, Office of the Secretary of Defense principals and combatant commanders all serve as essential participants. Our aim is to conclude this review, which is now underway and has been underway, by May 31st of this year. The results will inform our 2015 budget request and will be the foundation for the Quadrennial Defense Review due to Congress in February of next year.

It is already clear to me that achieving significant additional budget savings without unacceptable risk to national security will require not just tweaking or chipping away at existing structures and practices, but if necessary, fashioning entirely new ones to better reflect 21st century realities. That will require the partnership of Congress. The fiscal year 2014 budget and the ones before it have made hard choices.

In many cases, modest reforms to personnel and benefits along with efforts to reduce infrastructure and restructure acquisition programs met fierce political resistance and were not implemented. We are now in a different fiscal environment dealing with new realities that will force us to more fully confront these tough and painful choices, and to make the reforms, we need to make to put this Department on a path to sustain our military strength for the 21st century. But in order to do that we will need flexibility, we will need time, and we will need some budget certainty. We will also need to fund the military capabilities that are necessary for the complex security threats of the 21st century.

I believe the President's budget does that. With the partnership of Congress, the Defense Department can continue to find new ways to operate more affordably, efficiently, and effectively. However, multiple reviews and analysis show that additional major cuts, especially those on the scale and timeline of sequestration, would require dramatic reductions in core military capabilities or the scope of our activities around the world. As the executive and legislative branches of government, we have a shared responsibility to ensure that we protect national security and America's strategic interests. Doing so requires that we make every decision on the

basis of enduring national interests and make sure every policy is worthy of the service and sacrifice of our service members and their families. Mr. Chairman, thank you.

[The statement of Secretary Hagel follows:]

AS PREPARED – EMBARGOED UNTIL DELIVERY

SECRETARY OF DEFENSE CHUCK HAGEL SUBMITTED STATEMENT TO THE HOUSE APPROPRIATIONS COMMITTEE – DEFENSE ON THE FY 2014 BUDGET REQUEST FOR THE DEPARTMENT OF DEFENSE TUESDAY, APRIL 16, 2013

Chairman Young, Ranking Member Visclosky, members of the committee, thank you for this opportunity to discuss the President's Fiscal Year 2014 budget request for the Department of Defense.

Allow me to express my appreciation to this committee for its continued support of our men and women in uniform and our civilian workforce. They are doing tremendous work and making great sacrifices, along with their families, as they have for the more than 11 years our nation has been at war. Whether fighting in Afghanistan, patrolling the world's sea lanes, standing vigilant on the Korean peninsula, supplying our troops around the world, or supporting civil authorities when natural disasters strike, they are advancing America's interests at home and abroad. Their dedication and professionalism are the foundation of our military strength.

As we discuss numbers, budgets, and strategic priorities, we will not lose sight of these men and women serving across the globe. As you all know, their well-being depends on the decisions we make here in Washington.

Fiscal and Strategic Context

Today, the Department of Defense faces the significant challenge of conducting long-term planning and budgeting at a time of considerable uncertainty – both in terms of the security challenges we face around the world and the levels of defense spending we can expect here at home.

Even as the military emerges – and recovers – from more than a decade of sustained conflict in Iraq and Afghanistan, it confronts an array of complex threats of varying vintage and degrees of risk to the United States, to include:

- the persistence of violent extremism throughout weak states and ungoverned spaces in the Middle East and North Africa;
- the proliferation of dangerous weapons and materials;
- the rise of new powers competing for influence;
- the risk of regional conflicts which could draw in the United States;
- faceless, nameless, silent and destructive cyberattacks;
- the debilitating and dangerous curse of human despair and poverty, as well as the uncertain implications of environmental degradation.

Meanwhile, the frenetic pace of technological change and the spread of advanced military technology to state and non-state actors pose an increasing challenge to America's military.

This is the strategic environment facing the Department of Defense as it enters a third year of flat or declining budgets. The onset of these resource constraints has already led to significant and ongoing belt-tightening in military modernization, force structure, personnel costs, and overhead expenditures. It has also given us an opportunity to reshape the military and reform defense institutions to better reflect 21st century realities, as I outlined in a speech earlier this month at the National Defense University.

The process began under the leadership of Secretary Gates, who canceled or curtailed more than 30 modernization programs and trimmed overhead costs within the military services and across the defense enterprise. These efforts reduced the Department's topline by $78 billion over a five year period, as detailed in the Department's FY 2012 budget plan.

The realignment continued under Secretary Panetta, who worked closely with the President and the Joint Chiefs of Staff to craft new defense strategic guidance and a FY 2013 defense budget plan which reduced the Department's topline by $487 billion over the course of a decade. Even while restructuring the force to become smaller and leaner and once again targeting overhead savings, this budget made important investments in the new strategy – including rebalancing to Asia and increasing funding for critical capabilities such as cyber, special operations, global mobility, and unmanned systems.

The President's request of $526.6 billion for the Department of Defense's base budget for FY 2014 continues to implement the President's defense strategic guidance and enhances the Department's efforts at institutional reform. Most critically, it sustains the quality of the all-volunteer force and the care we provide our service members and their families, which underpins everything we do as an organization.

Challenges in FY2013

Before discussing the particulars of this budget request, however, allow me to address the profound budget problems facing the Department in FY 2013 and beyond as a result of sequester – because they have significantly disrupted operations for the current fiscal year and greatly complicated efforts to plan for the future. The Congress and the Department of Defense have a responsibility to find answers to these problems together – because we have a shared responsibility to protect our national security. DoD is going to need the help of Congress to manage through this uncertainty.

The FY 2013 DoD Appropriations bill enacted by the Congress last month addressed many urgent problems by allocating DoD funding more closely in line with the President's budget request than a continuing resolution would have, giving the Department authorities to start new programs, and allowing us to proceed with important military construction projects. Nonetheless, the bill still left in place the deep and abrupt cuts associated with sequester – as much as $41 billion in spending reductions over the next six months. With military pay and benefits exempt from the sequester, and our internal decision to shift the impact of sequestration away from those serving in harm's way and spread them to the rest of the force where possible, the cuts fall heavily on DoD's operations, maintenance and modernization accounts that we use to train and equip those who will deploy in the future.

Furthermore, the military is experiencing higher operating tempos, and higher transportation costs than expected when the budget request was formulated more than a year ago. As a result of all these factors, the Department is now facing a shortfall in our operation and maintenance accounts for FY 2013 of at least $22 billion in our base budget for active forces.

In response, the Department has reduced official travel, cut back sharply on facilities maintenance, imposed hiring freezes, and halted many other important but lower-priority activities. However, we will have to do more. Large, abrupt, and steep across-the-board reductions of this size will require that we continue to consider furloughing civilian personnel in the months ahead. The cuts will fall heavily on maintenance and training, which further erodes the readiness of the force and will be costly to regain in the future. As the Service Chiefs have said, we are consuming our readiness. Meanwhile, our investment accounts and the defense

industrial base are not spared damage as we also take indiscriminate cuts across these areas of the budget. We will continue to need the strong partnership of this committee to help us address these shortfalls.

If the sequester-related provisions of the Budget Control Act of 2011 are not changed, FY 2014 funding for national defense programs will be subject to a steeply reduced cap, which would cut DoD funding by roughly $52 billion further. And, if there is no action by the Congress, roughly $500 billion in reductions to defense spending would be required over the next nine years.

As an alternative, the President's budget proposes some $150 billion in additional defense savings (measured in terms of budget authority) over the next decade when compared with the budget plan submitted last year. These cuts are part of a balanced package of deficit reduction. Unlike sequester, these cuts are largely back-loaded – occurring mainly in the years beyond FY 2018 – which gives the Department time to plan and implement the reductions wisely, and responsibly, anchored by the President's defense strategic guidance.

FY2014 Budget Request

The President's FY 2014 request continues to balance the compelling demands of supporting troops still very much at war in Afghanistan, protecting readiness, modernizing the military's aging weapons inventory in keeping with the president's strategic guidance, and sustaining the quality of the all-volunteer force.

The top-line budget request of $526.6 billion for FY 2014 is essentially flat compared to the President's request for FY 2013, and roughly in line with what both the House and Senate have passed in their FY 2014 budget resolutions.

Today's budget request also contains a placeholder request for overseas contingency operations (OCO) at the FY 2013 level ($88.5 billion). The submission does not include a formal OCO request because Afghanistan force level and deployment decisions for this year were delayed in order to provide commanders enough time to fully assess requirements. We will soon be submitting an OCO budget amendment with a revised level and account-level detail.

The following are the major components of the $526.6 billion FY 2014 base budget request:

- Military pay and benefits (including Tricare and retirement costs) – $170.2 billion (32% of the total base budget);
- Operating costs (including $77.3 billion for civilian pay) – $180.1 billion (34%);
- Acquisitions and other investments (Procurement, research, development, test and evaluation, and new facilities construction) – $176.3 billion (33%)

The budget presented today, at its most basic level, consists of a series of choices that reinforce each of the following complementary goals:

- making more disciplined use of defense resources;
- implementing the President's defense strategic guidance;
- seeking to sustain the readiness and quality of the all-volunteer force;
- supporting troops deployed and fighting in Afghanistan.

Many of the reductions we are being forced to make in FY 2013 as a result of sequester run counter to these goals.

1. Making more disciplined use of defense resources

In developing the FY2014 budget, the Department identified about $34 billion in savings over the current Future Years Defense Program (FYDP), which covers FY 2014 to FY 2018. These savings were used to help pay the costs of implementing the new defense strategy and to accommodate budget reductions.

These efforts continue the Department's approach of the last several years to first target growing costs in areas of support, acquisition, and pay and benefits, before cutting military capabilities and force structure.

Reducing Support Costs

In order to maintain balance and readiness, the Department of Defense must be able to eliminate excess infrastructure as it reduces force structure. DoD has been shedding infrastructure in Europe for several years and we are undertaking a review of our European footprint this year, but we also need to look at our domestic footprint. Therefore, the President's FY 2014 budget requests authorization for one round of Base Realignment and Closure (BRAC) in 2015. While the commission would meet in 2015, the actual closing of any bases would involve a multiyear process that would not begin until 2016.

BRAC is a comprehensive and fair tool that allows communities a role in re-use decisions for the property and provides redevelopment assistance. There are up-front costs for BRAC, and this FYDP adds $2.4 billion to pay them, but in the long-term there are significant savings. The previous five rounds of BRAC are now saving a total of $12 billion annually.

We are also taking other important steps to cut back on support costs. We will institute a study of our Military Treatment Facilities, including many hospitals and clinics that are currently underutilized. By the end of this year we will have a plan in place that suggests how to reduce that underutilization while still providing high-quality medical care. This restructuring, coupled with a BRAC round and other changes, would permits us to plan on a cut in our civilian workforce that will comply with Congressional direction.

We are also continuing our successful efforts to hold down military health system costs. With the Department's proposed TRICARE benefit changes, our projected costs for FY 2014 are about four percent lower than those costs in FY 2012, a significant turnaround compared to health care trends over the past decade. We continue efforts to slow the growth of medical care costs through actions such as re-phasing military construction, making full use of past changes in provider costs, and taking advantage of the slowing of growth in medical costs in the private sector.

Another important initiative is our effort to improve the Department's financial management and achieve auditable financial statements. We need auditable statements, both to improve the quality of our financial information and to reassure the public, and the Congress, that we are good stewards of public funds. We have a focused plan and are making progress. Our next goal is audit-ready budget statements by the end of 2014. We are working hard to achieve this goal, though the current budget turmoil is hampering our efforts. I strongly support this initiative and will do everything I can to fulfill this commitment.

These and many other changes led to total savings of about $34 billion in FY 2014-2018, including $5.5 billion in FY 2014. However, we are concerned that these savings from more disciplined use of resources could be eroded by sequester, as we are forced to make inefficient choices that drive up costs. Today, for example, we are being forced to engage in shorter and less efficient contracts and sharp cuts in unit buy sizes that will increase the unit costs of weapons.

Restructuring and Terminations of Weapons Programs

In this budget, the Department has shifted priorities within its modernization portfolios and achieved $8.2 billion in savings from weapons program terminations and restructuring.

For example, by revising the acquisition strategy for the Army's Ground Combat Vehicle (GCV) program, the Department will save over $2 billion in development costs.

In other cases the Department used evolutionary approaches to develop new capabilities instead of relying on leap-ahead gains in technology.

For example, the Department:

- Realigned investment funding and restructured the SM-3 IIB interceptor – a high-risk, high-cost system – to improve the capabilities of existing missile defense systems, resulting in savings of about $2.1 billion during the Future Year Defense Program (FYDP);
- Cancelled the Precision Tracking Space Satellite system – another high-risk project – saving $1.9 billion during the FYDP; the Department invested a portion of these savings in technology upgrades to existing ground-based radars and sensors.

To lessen the potential impact on local communities from the reductions in defense procurement, the Department is requesting an additional $36 million in support of the Defense Industry Adjustment program.

The Department is continuing to take steps to tighten the contract terms and reduce risk in our largest acquisition program, the F-35 Joint Strike Fighter. The FY 2014 budget request includes $8.4 billion for the Joint Strike Fighter.

Military Pay and Benefits

The costs of military pay and benefits are another significant driver of spending growth that must be addressed in the current fiscal environment. In this budget, the Department is submitting a new package of military compensation proposals that take into consideration Congressional concerns associated with those from FY 2013. These changes save about $1.4 billion in FY 2014 and a total of $12.8 billion in FY 2014-2018.

This package includes a modest slowing of the growth of military pay by implementing a one percent pay raise for service members in 2014. The Department is also seeking additional changes to the TRICARE program in the FY 2014 budget to bring the beneficiary's cost share closer to the levels envisioned when the program was implemented – particularly for working age retirees. Today military retirees contribute less than 11 percent of their total health care costs, compared to an average of 27 percent when TRICARE was first fully implemented in 1996.

The proposed TRICARE changes include:

- For retirees, modest increases in TRICARE Prime enrollment fees, instituting an enrollment fee for TRICARE Standard/Extra, and increasing Standard/Extra deductibles.
- Implementation of an enrollment fee for new TRICARE-for-Life beneficiaries, while grandfathering in those already Medicare-eligible at enactment.
- Increases in pharmacy co-pays and, where appropriate, mandatory use of mail order delivery of pharmaceuticals.
- Indexing of fees, deductibles, co-pays and the catastrophic cap to the growth in annual retiree cost-of-living adjustment.

Survivors of military members who died on active duty or medically retired members would be excluded from all TRICARE increases. Even after the proposed changes in fees, TRICARE will remain a substantial benefit.

These adjustments to pay and benefits were among the most carefully considered and difficult choices in the budget. They were made with the strong support of the Joint Chiefs of Staff and Senior Enlisted Leadership, in recognition that in order to sustain these benefits over the long term without dramatically reducing the size or readiness of the force, these rising costs need to be brought under control.

2. Implementing and deepening our commitment to the President's defense strategic guidance

Spending reductions on the scale of the current drawdown cannot be implemented through improving efficiency and reducing overhead alone. Cuts and changes to capabilities – force structure and modernization programs – will also be required. The strategic guidance issued in January 2012 set the priorities and parameters that informed those choices, and the FY 2014 budget submission further implements and deepens program alignment to this strategic guidance.

The new strategy calls for a smaller and leaner force. Last year we proposed reductions of about 100,000 in military end strength between FY 2012 and FY 2017. Most of those reductions occur in the ground forces and are consistent with a decision not to size U.S. ground forces to accomplish prolonged stability operations, while maintaining adequate capability should such activities again be required. By the end of FY 2014 we will have completed almost two thirds of the drawdown of our ground forces, and the drawdown should be fully complete by FY 2017.

Last year DoD submitted proposals for changes in Air Force and Navy force structure; some were rejected by Congress. We continue to believe, however, that these reductions are consistent with our defense strategy and the need to hold down costs. Therefore, DoD is resubmitting several proposals from its FY 2013 budget submission that were not supported by Congress, including the retirement of seven Aegis cruisers and two amphibious ships at the end of FY 2014 when funds appropriated for their operation run out. Despite the growing importance of the Asia-Pacific – a mostly maritime theater – the high costs of maintaining these older ships relative to their capabilities argues strongly for their retirement.

The FY 2014 budget continues implementation of the Air Force total force proposal included in the FY 2013 National Defense Authorization Act. In response to state and congressional concerns about proposed reductions to the Air National Guard that DoD made in

the original FY 2013 budget, the Department added back 44 aircraft to the Guard, 30 aircraft to the Air Force Reserve, and is taking away 31 aircraft from the active Air Force.

These shifts were forced primarily by political realities, not strategy or analysis. While this active-reserve compromise allows the Air Force to move forward with prior year retirements and transfers, and approved mission changes for many reserve units, it does requires the Department to retain excess aircraft capacity. The Department's position continues to be that retaining excess air capacity in the reserve component is an unnecessary expenditure of government funds that detracts from more pressing military priorities outlined in the defense strategic guidance.

Increased emphasis on the Asia-Pacific and Middle East represents another key tenet of the new defense strategic guidance. This budget continues to put a premium on rapidly deployable, self-sustaining forces – such as submarines, long-range bombers, and carrier strike groups – that can project power over great distance and carry out a variety of missions.

As part of the rebalance to the Asia-Pacific, the Department is expanding the Marine Corps presence in the region, including rotational deployments of Marine units to Australia. We continue to develop Guam as a strategic hub where we maintain a rotational bomber presence among other capabilities. The Department will stage its most capable forces in the region, including an F-22 squadron at Kadena Air Force Base in Japan. The Navy has deployed a Littoral Combat Ship to Singapore and is increasing and more widely distributing port visits in the Western Pacific.

Additional enhancements and key capabilities supporting the Asia-Pacific rebalance in the FY 2014 budget include:

- Protecting investments for new ship construction, enabling the Navy to procure eight new ships in FY 2014 – including two Virginia class submarines ($10.9 billion);
- Continuing investments to develop a new penetrating bomber ($379 million);
- Investing in new maritime patrol aircraft ($3.8 billion);
- Continuing investments to maintain and expand undersea dominance, including increasing the cruise missile capacity of the future Virginia class subs and developing new unmanned undersea vehicles ($223.9 million);
- Continuing to fund development of an unmanned carrier launched UAV ($427 million);
- Adding electronic attack EA-18Gs to offset the loss of retired Marine Corps EA-6B (Prowler) squadrons ($2.0 billion);
- Investing in a new suite of anti-surface warfare weapons ($160 million);
- Increasing the number of attack submarines forward deployed to Guam to four ($78 million);
- Funding airfield resiliency measures such as dispersal, rapid runway repair, and hardening in the Western Pacific ($440 million);
- The Army is investing in upgraded missile defense capabilities in the region ($40 million);
- Increasing funding for joint exercises in the PACOM region ($14 million).

Another tenet of the strategy is to support efforts to build partner capacity through innovative mechanisms based on lessons learned over the past decade of war. To that end, the FY 2014 request builds on our Section 1206 program by including $75 million in dedicated

funding for the new Global Security Contingency Fund, a pooled resource between the Department of Defense and Department of State that supports common efforts to boost the security capacity of partners in regions like Africa. This represents the first time dedicated funds have been requested for this new authority.

This new strategy not only recognizes the changing character of the conflicts in which the U.S. must prevail, but also leverages new concepts of operation enabled by advances in space, cyberspace, special operations, global mobility, precision-strike, missile defense, and other capabilities. By making difficult trade-offs in lower priority areas, the FY 2014 budget protects or increases key investments in these critical capabilities, including:

- Cyberspace operations, including the recruitment and retention of world-class cyber personnel ($4.7 billion for FY2014, an increase of $800 million over FY2013 enacted levels).
- Space operations – to maintain our superiority in space, the Air Force continues to modernize the GPS program and is investing in improved space surveillance capabilities and a new generation of communications satellites ($10.1 billion).
- Airborne intelligence, surveillance, and reconnaissance (ISR) – the Department is investing in both sea-based and extended range, land-based ISR platforms ($2.5 billion).
- Rapid Global Mobility – to maintain our ability to rapidly deliver and sustain our forces around the globe, the Air Force is upgrading its C-5, C-17, and C-130 transport aircraft – replacing the oldest aircraft and modernizing the fleet – and building the new KC-46 aerial refueling tanker ($5.0 billion);
- Missile Defense – to protect against ballistic missile threats from Asia-Pacific and the Middle East, the Department is increasing its fleet of Ground Based Interceptors (GBI), continuing the conversion of Aegis ships to provide ballistic missile defense capability, and procuring additional Terminal High Altitude Area Defense (THAAD) interceptors and Patriot PAC-3 missiles ($9.2 billion);
- Special Operations/counterterrorism – to ensure our special operations forces maintain the highest levels of readiness and to expand the global special operations force network ($7.7 billion).

3. Seeking to sustain the readiness and quality of the all-volunteer force

The high-quality of our all-volunteer force continues to be the foundation of our military strength. This budget seeks to ensure that our troops receive the training and equipment they need for military readiness, and the world-class support programs they and their families have earned. However, as in other areas of the budget, the steep and abrupt cuts of sequester would harm these programs. The remainder of this discussion outlines the goals of the FY 2014 budget, but they would be significantly impacted by the persistence of sequester-level cuts.

Readiness Investments

Even with flat and declining defense budgets, this budget seeks to press ahead with the transition from a counterinsurgency-focused force to a force ready and capable of operating across a full range of operations across the globe. The service budgets all fund initiatives that

seek to return to full-spectrum training and preparation for missions beyond current operations in Afghanistan:

- The Army would prepare for a rotational presence in multiple regions and has begun training in "decisive action" scenarios and is transitioning to training in combined arms conventional warfare;
- The Marine Corps would return to a sea-going posture, its traditional role in between major conflicts;
- The Navy would invest in ship maintenance and measures to alleviate the stress on personnel from prolonged and extended deployments required by current operations;
- The Air Force would re-focus on high-end capabilities required to confront the advanced air forces and air defense systems of other nations.

The Department continues its work to understand and quantify readiness activities as we seek to maximize our preparedness for real-world missions. We do not yet know the costs of fixing the readiness of the force following the six months of sequester cuts to training in this fiscal year. Therefore these costs are not included in the FY 2014 budget. However, the President's Budget includes balanced deficit reduction proposals that are more than sufficient to allow Congress to replace and repeal the sequester-related reductions required by the Budget Control Act.

Family Support Programs

The Department's budget submission makes clear that people are central to everything we do. While sequester cuts would unfortunately counter many of these initiatives, especially for our civilian workforce, the initiatives remain important statements of the intent in this budget.

The Department continues to support key programs in FY 2014 that support service members and their families, spending $8.5 billion on initiatives that include:

- Transition Assistance and Veteran's Employment Assurance – the Department continues to support the Transition Assistance Program (TAP) to ensure every service member receives training, education, and credentials needed to successfully transition to the civilian workforce.
- Family Readiness – the Department continues to ensure that family support is a high priority by redesigning and boosting family support in a number of ways.

The Department is also providing support to our people with a number of other important initiatives, including:

- Behavioral Health – the Department maintains funding for psychological health programs and expands those programs that are most effective, such as Embedded Behavioral Health, to provide improved access to care, improved continuity of care, and enhanced behavioral health provider communication.
- Suicide Prevention – the Department continues to implement recommendations from the Suicide Prevention Task Force and act on other findings from think tanks, the National Action Alliance's National Suicide Prevention Strategy, and DoD and Department of Veteran's Affairs (VA) Integrated Mental Health Strategy (IMHS).

Another area of focus has been Sexual Assault Prevention and Response. The Department has implemented a number of initiatives to change the way it prevents and responds to the crime of sexual assault, along five lines of effort:

- Prevention – the military services have launched a wide range of enhanced training programs, which are now being taught in multiple professional military education and training courses, to include DoD-wide pre-command and senior NCO training courses.
- Investigation – Consistent with the FY 2012 and FY 2013 National Defense Authorization Acts, DoD has established new policies to retain investigative documentation for 50 years for unrestricted reports, and is developing policy for Special Victim Capability.
- Advocacy – DoD has implemented a Safe helpline to give victims 24/7 global access to crisis support staff, implemented an expedited transfer policy for victims requesting transfer to a new unit, and expanded emergency care and services to DoD civilians stationed abroad.
- Assessment – DoD has added sexual assault questions to DoD Command Climate Surveys and implemented policy to conduct assessments within 120 days for new commanders and annually thereafter, consistent with the FY 13 NDAA.
- Accountability – on April 8, I directed DoD's Acting General Counsel to propose to the Congress changes to Article 60 of the Uniform Code of Military Justice (UCMJ) that would eliminate the ability of a convening authority to change findings in courts-martial, except for certain minor offenses. These changes would also require the convening authority to explain in writing any changes made to court-martial sentences, as well as any changes to findings involving minor offenses. These changes, if enacted, would help ensure that our military justice system works fairly, ensures due process, and is accountable.

I am currently reviewing other options and actions to strengthen the Department's prevention and response efforts, and will announce those decisions and actions soon. Consistent with the 2013 National Defense Authorization Act, I will soon be naming individuals to sit on independent panels to review and assess the systems used to investigate, prosecute, and adjudicate crimes involving sexual assault, and judicial proceedings of sexual assault cases. I will closely review their recommendations when complete.

4. Supporting troops deployed and fighting overseas

As I said earlier, this budget request includes a placeholder request for OCO funding at the FY 2013 level ($88.5 billion) – we expect to submit an OCO budget amendment with a revised level and account-level detail later this Spring. I would note that OCO funding is essential in FY 2014 to support troops deployed and fighting in, and coming home from, Afghanistan, and the cost of transporting and resetting equipment returning from theater. OCO costs should decrease as our military presence in Afghanistan decreases, but even after the conclusion of combat operations we will face war-related costs that must be addressed.

The Way Ahead: Strategic Choices and Management Review

The FY2014 budget is a reflection of DoD's best efforts to match ends, ways, and means during a period of intense fiscal uncertainty. It is a balanced plan that would address some of the Department's structural costs and internal budget imbalances while implementing the President's defense strategic guidance and keeping faith with our men and women in uniform and their families.

It is obvious that significant changes to the Department's top-line spending would require changes to this budget plan. The Department must plan for any additional reductions to the defense budget that might result from Congress and the Administration agreeing on a deficit reduction plan, and it must be prepared in the event that sequester-level cuts persist for another year or over the long-term.

Consequently, I directed a Strategic Choices and Management Review in order to assess the potential impact of further reductions up to the level of full sequester. The purpose of this Strategic Choices and Management Review is to re-assess the basic assumptions that drive the Department's investment and force structure decisions.

The review will identify the strategic choices and further institutional reforms that may be required – including those reforms which should be pursued regardless of fiscal pressures. It is designed to help understand the challenges, articulate the risks, and look for opportunities for reform and efficiencies presented by resource constraints. Everything will be on the table during this review – roles and missions, planning, business practices, force structure, personnel and compensation, acquisition and modernization investments, how we operate, and how we measure and maintain readiness.

This review is being conducted by Deputy Secretary Carter working with General Dempsey. The Service Secretaries and Service Chiefs, Office of the Secretary of Defense Principals, and Combatant Commanders will serve as essential participants. Our aim is to conclude this review by May 31, 2013. The results will inform our FY 2015 budget request and will be the foundation for the Quadrennial Defense Review due to Congress in February 2014.

It is already clear to me that achieving significant additional budget savings without unacceptable risk to national security will require not just tweaking or chipping away at existing structures and practices but, if necessary, fashioning entirely new ones that better reflect 21st century realities. And that will require the partnership of Congress.

The FY2014 budget and the ones before it have made hard choices. In many cases, modest reforms to personnel and benefits, along with efforts to reduce infrastructure and restructure acquisition programs, met fierce political resistance and were not implemented.

We are now in a different fiscal environment dealing with new realities that will force us to more fully confront these tough and painful choices, and to make the reforms we need to put this Department on a path to sustain our military strength for the 21st century. But in order to do that we will need flexibility, time, and some budget certainty.

We will also need to fund the military capabilities that are necessary for the complex security threats of the 21st century. I believe the President's budget does that. With the partnership of Congress, the Defense Department can continue to find new ways to operate more affordably, efficiently, and effectively. However, multiple reviews and analyses show that additional major cuts – especially those on the scale and timeline of sequestration – would require dramatic reductions in core military capabilities or the scope of our activities around the world.

AS PREPARED – EMBARGOED UNTIL DELIVERY

As the executive and legislative branches of government, we have a shared responsibility to ensure that we protect national security and America's strategic interests. Doing so requires that we make every decision on the basis of enduring national interests and make sure every policy is worthy of the service and sacrifice of our service members and their families.

# # #

Mr. YOUNG. Mr. Secretary, thank you so much for a very thorough statement and the challenges that your Department faces and the challenges that we face. It is an excellent review of where we are, where we have to go. So thank you for being very, very thorough.

General, as I mentioned earlier, I am going to interrupt at this point for the chairman of the Appropriations Committee to make his statement. You recall I mentioned that he was doing a speech on the floor when he normally would have done this. Mr. Rogers, Mr. Chairman, you are recognized.

REMARKS OF MR. ROGERS

Chairman ROGERS. Thank you, Mr. Chairman, for yielding. Mr. Secretary, congratulations on your confirmation to this very important post and welcome back to General Dempsey and Secretary Hale to this subcommittee. We want to thank you for being with us today to share your thoughts on the 2014 budget request.

In other subcommittee hearings, I have already lamented the fact that this budget request is woefully late, and in its totality, full of gimmicks, tax increases, generally unhelpful, but we will persevere. Let me begin by taking an opportunity to thank the members of the military for their service, their sacrifice in uniform that you are representing here today.

As this subcommittee has done in the past, we want to reaffirm our commitment to providing our war fighters with the tools, the training, the equipment, and the support necessary to carry out vital security missions throughout the world. Appreciation for the members of the military and their service cannot be overstated. With continued instability in the Middle East and northern Africa to the evolving challenges in the Asia-Pacific region, especially North Korea, there is no question that those who serve under our flag these days are doing so during a very critical period in our history.

World events often remind us that our country, our freedom, our way of life remain at constant risk, and we must take measured steps to protect the values that we hold. In this volatile world, increasingly, we are facing enemies both foreign and domestic. We are now confronted with a very serious fiscal problem at home, as you have described, Mr. Secretary, from skyrocketing entitlement programs, trillion dollar deficits, to a fledgling economy and declining military industrial base. We can now add to that the devastating effects of sequestration to our servicemen and women.

As I have said before, sequestration is the wrong approach to reining in spending, particularly as our Nation's military readiness will foolishly suffer. However, we are under sequestration, and I hope you can clarify for me some of its impacts. We recently heard that the Army has cancelled seven combat training center rotations, the Navy has cancelled ship deployments, the Air Force has stood down 12 combat-coded squadrons, not to mention potential civilian furloughs for up to 14 days, all due to sequestration.

I hope you can translate for us, translate that into the real world for us, including what that means in terms of readiness and force posture. We will continue to wrestle with these issues with you. I am very happy and pleased to see during the fiscal 2013 CR that

we were able to include the full year defense, MILCON and veterans bills, giving you some much-needed flexibility in funding for DOD.

In the past 3 years, we have worked across the aisle, across the Capitol demonstrating the commitment of Members and staff alike to restore regular order, and it is my goal to continue that process in fiscal 2014 with an eye on looking out for our men and women holding the line on our security. We have some very tough choices ahead for us and you, and I appreciate your commitment to doing what we have to do to control the spending, but also to maintain that readiness. Thank you, Mr. Chairman.

Mr. YOUNG. Well, Mr. Chairman, thank you very much. General, we are really happy to have you back again. It is always good testimony that comes from your shop. We appreciate the challenge that you have as chairman of the Joint Chiefs. And you have a team that is outstanding that work with you. So at this point we would be very happy to receive your testimony, sir.

SUMMARY STATEMENT OF GENERAL DEMPSEY

General DEMPSEY. Thank you, Chairman, and Ranking Member Visclosky, chairman and ranking member from the full committee, and I am honored to do it, Congressman, as you well know. We go back a long way, and there are some incredibly complex issues facing us, but it is a time I think to exert a little leadership, and I am happy to do it and proud to do it with the members of this committee and the remainder of the Congress.

I would like to add my thoughts and prayers to those who suffered from the act of terror in Boston, also add my compliments to the Massachusetts National Guard, who as the Secretary said, were among the first responders and who continue to float as necessary to assist local law enforcement, and finally, to assure everyone that we have been in contact both with State and governmental officials and stand ready to support in any way.

I do welcome this opportunity to update you on the state of the Armed Forces and also to discuss with you the fiscal year 2014 budget submission. This hearing comes at a time of extraordinary uncertainty. As resources decline, the risks to our national security go up. It is in this context that I offer my perspective on how we can work together to sustain a balanced and peerless force.

One thing is certain, I think you know this, our men and women in uniform are steadfast in their courage and in their devotion to duty. I could see it in their eyes of those that I had the honor of meeting just recently in Afghanistan, but also of reenlisting into the further service of their country at Bagram Airfield. In Afghanistan our forces are simultaneously fighting, transitioning, and redeploying, and the Afghan military will soon take the operational lead for security across the country. As they gain confidence so, too, do the people of Afghanistan gain confidence. The coalition will remain in support as we transition to a sustainable presence in the post-2014 environment. At every point along the way, our responsibility is to make sure that the mission matches the levels of force that remain there to do the mission, and we will do that.

Our joint force has been vigilant elsewhere as well. We are deterring aggression in northeast Asia and assuring our allies in the

face of provocation by North Korea and in the Middle East by Iran. We are also working with our interagency partners to protect the Nation against cyber attack, and we are acting directly and with partners to defeat al Qaeda. We are rebalancing to the Asia Pacific and adapting our force posture to a new normal of combustible violence in north Africa and in the Middle East, and we are also working with others to keep Syria's very complex conflict from destabilizing the entire region.

We are prepared with options should military force be called upon, and assuming it can be used effectively to secure our interests without making matters worse. We must also be ready for options for an uncertain and dangerous future. That is a future we have not yet identified.

Now, this budget was purpose built to keep the Nation immune from coercion. It aims to restore our versatility to a more affordable joint force in support of our defense strategy, but let me be clear about what this budget does not do. This budget does not reflect the full sequestration amount. It does impose less reduction and give us more time. However, uncertainty persists about what the top line will be in this or any future budget. Nor does this budget include funds to restore lost readiness. We do not yet know what the full impact of this year's challenge has had on our readiness. We are accumulating the information necessary to answer that question, but what we do not know is that that readiness shortfall imposed this year is not accounted for in the 2014 budget, and that is concerning.

As expected, we have already curtailed, as you said, or cancelled training for many units across the services; that is, those who are not preparing to deploy. And we all know or we should all know that it is more expensive to restore readiness than it is to maintain it. Recovery costs, therefore, will compete with our ability to build the joint force in the out years.

This budget does, however, invest in our priorities, as the Secretary said. It does keep the force in balance. It supports our forward-deployed operations; it upholds funding for emerging capabilities such as cyber; it funds those conventional and nuclear capabilities that have proven so effective and essential in keeping our Nation safe and our defense secure; it also lowers manpower costs; it reduces excess infrastructure; and it makes health care more sustainable. Most importantly, it invests in our true decisive advantage, which is our people. It treats being the best led, the best trained, and the best equipped military as the nonnegotiable imperative.

Never has our Nation sustained such a lengthy war solely through the service of an all-volunteer force. We must honor our commitments to them and to their families. For many veterans, returning home is actually a new frontline in the struggle with wounds sometimes seen and often unseen. We have to continue to invest in world class treatment for mental health issues, traumatic brain injury, and for combat stress. And we also have a shared responsibility to address the urgent issue of suicide within the ranks and address it with the same devotion we have shown to protecting their lives in combat. The risks inherent to military service must never include the risk of sexual assault. Sexual assault betrays the

trust on which our profession is founded, and we will pursue every option to drive this crime from our ranks.

In many ways, this is a defining moment for our military. Our warriors' will to win is undaunted, but the means to prepare to win are becoming somewhat uncertain. We have an opportunity, actually I would suggest an obligation with this and any future budget to restore confidence. We have it within us to stay strong as a global leader and as a reliable partner. The joint force is looking to us to lead them through this period of historic fiscal correction, but we cannot do it alone. As we have all said, we need budget certainty, we need time, and we need flexibility, and that means a predictable funding stream. It means the time to deliberately evaluate the trade-offs in force structure modernization, compensation, and readiness, and it means the full flexibility to keep the force in balance.

Thank you for all you have done and continue to do to support our men and women in uniform. I only ask that you continue to support a responsible investment in the Nation's defense, and I look forward to your questions.

Mr. YOUNG. Mr. Chairman, thank you very much.

[The statement of General Dempsey follows:]

HOUSE APPROPRIATIONS COMMITTEE

DEFENSE SUBCOMMITTEE

WRITTEN POSTURE STATEMENT

STATEMENT OF

GENERAL MARTIN E. DEMPSEY, USA

CHAIRMAN

JOINT CHIEFS OF STAFF

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

DEFENSE SUBCOMMITTEE

FY14 DEPARTMENT OF DEFENSE BUDGET

APRIL 16, 2013

HOUSE APPROPRIATIONS COMMITTEE
DEFENSE SUBCOMMITTEE

I. Introduction

Chairman, Ranking Member, and distinguished Committee Members, it is my privilege to update you on the state of the US Armed Forces and to comment on the President's budget proposal for fiscal year (FY) 2014.

This year's posture testimony comes in the context of extraordinary uncertainty. Our Nation is going through an historic fiscal correction to restore the economic foundation of our power. As resources decline, risks to our national security interests rise. A more competitive security environment compounds these risks, increasing the probability and consequences of aggression.

This context calls out for our leadership. We can and must find it within ourselves to stay strong as a global leader and reliable partner. We must restore lost readiness and continue to make responsible investments in our Nation's defense.

II. Strategic Direction to the Joint Force

A year ago, I established four priorities to help guide our Joint Force through this period of uncertainty. Our way forward must be rooted in a *renewed commitment to the Profession of Arms.* This means preserving an uncommon profession that is without equal in both its competence and its character. Along the way, we must *keep faith with our Military Family.* This means honoring the commitments we have made to our service members and their families. They deserve the future they sacrificed so much to secure.

These two priorities serve as a source of strength for the Joint Force as it *achieves our national objectives in current conflicts.* This means achieving our campaign objectives in Afghanistan while confronting aggression toward America and its allies in all its forms wherever and whenever it arises. It also means helping to secure the flow of commerce in the global commons, building the capacity of our partners, providing humanitarian assistance, and maintaining a credible nuclear deterrent.

These three priorities enable us to understand and *develop the Joint Force of 2020.* Our ability to build the force we will need tomorrow depends on the decisions we make today. This is a defining moment in a defining year. Ensuring our future military is unrivaled and sustainable requires the right mix between current capacity and new capabilities. We must recapitalize current equipment where possible and modernize capabilities that preserve our decisive advantages.

III. Joint Force Operations

One thing has been certain over the last year – the Joint Force stood strong and responded to the Nation's call. After more than a decade of continual deployments and tough fighting, I remain humbled by the resilience and determination of our warriors.

In the past year, our service men and women have simultaneously fought, transitioned, and redeployed from Afghanistan. Never before have we retrograded so much combat power and equipment while continuing combat operations. Our forces performed superbly, transitioning to Afghan security lead in areas comprising over 85% of the population. In the process, we redeployed over 30,000 US troops, closed over 600 bases, and preserved Coalition cohesion. We were challenged by "insider attacks," but responded the way professional militaries do. We assessed and adapted. We reaffirmed our partnerships and moved forward jointly with more stringent force protection and vetting procedures.

Transition continues. In the weeks ahead, the Afghanistan National Security Forces will assume operational lead across all of Afghanistan. This milestone represents an important achievement on the Lisbon roadmap, reaffirmed at the Chicago Summit in 2012. At the same time, the International Security Assistance Force will transition primarily to training and advising. We are also working with NATO and the Afghan government on options for an enduring presence beyond 2014 to reinforce Afghan security and maintain pressure on transnational terrorists.

When I testified last year, the effects of the November 2011 border incident with Pakistan were still fresh, and tensions were as high as any time since the Osama bin Laden raid. Measured, but steady civilian-military engagement with Pakistani leadership led to the reopening of the Ground Lines of Communication in July 2012. We are gradually rebuilding our relationship with Pakistan as reflected in the recent signing of a tripartite border document to standardize complementary cross-border operations.

The Joint Force has been vigilant well beyond South Asia and around the world. We continue to help deter aggression and counter the increasingly bold provocations from North Korea and Iran. We are supporting Syria's neighbors in their efforts to contain spillover violence while providing assistance to help with refugees. We are postured to support additional options for dealing with any threats to our national interests that may emerge from the Syrian conflict.

Along with our interagency partners, we are also postured to detect, deter, and defeat cyber-attacks against government and critical infrastructure targets. We are part of interagency and multinational efforts to counter transnational crime. And, we remain relentless in our pursuit of al-Qa'ida and other violent extremist organizations, directly and through our partners. This includes al-Qa'ida-Arabian Peninsula (AQAP) in Yemen and, working with French and African partners, al-Qa'ida in the Islamic Magreb (AQIM).

Finally, in the context of a "new normal" – where the diffusion of power fuels insecurity and unrest – we continue to support reform across the Middle East and North Africa through military-to-military exercises, exchanges, and security assistance. We are also adjusting global force posture to reflect these risks in the context of our rebalance to the Asia-Pacific region.

IV. Our Joint Force Today

We have an experienced, combat-tested force. Never has our nation sustained such a lengthy period of war solely through the service of an All-Volunteer military. Our warriors' will to win is undaunted, but the means to prepare to win are becoming uncertain. Military readiness is at risk due to the

convergence of several budget factors. These same factors compound risk to the wellness of the Joint Force and our Military Family. We need the help of our elected leaders to gain budget certainty, time, and flexibility.

Few have borne more of war's burden than our Military Family. For twelve relentless years, our service men and women have answered our Nation's call with unsurpassed courage and skill. Many have fallen or been grievously wounded in the service of our Country. We honor them most by caring for their families and for those who have come home with wounds seen and unseen.

We are unfailing in our praise for the sacrifices of our warriors in battle. But for so many of our veterans, returning home is a new type of frontline in their struggle. We cannot cut corners on their healthcare. We must continue to invest in world-class treatments for mental health issues, traumatic brain injury, and combat stress. Stigma and barriers to seeking mental health services must be reduced.

Suicide is a tragic consequence for far too many. As a Nation, we have a shared responsibility to address this urgent issue with the same devotion we have shown to protecting the lives of our forces while in combat. The Department is working closely with our interagency partners and the White House to increase our understanding of the factors leading to suicide and how to best leverage care networks to keep our Veterans alive.

The risks inherent to military service must not include the risk of sexual assault. We cannot shrink from our obligations to treat each other with dignity. We cannot allow sexual assault to undermine the cohesion, discipline, and respect that gives us strength. Therefore, we are examining the best ways to leverage additional education, training, and the Uniform Code of Military Justice. We are exploring every option, and we are open to every idea, that could help eliminate this crime from our ranks.

Future success relies on opening our ranks to all of America's talent. Accordingly, the Joint Chiefs and I have supported the expansion of service opportunities for women. This decision better aligns our policies with our

experience in war, and it serves to strengthen the Joint Force. Consistent with the law, we also extended some benefits to the same-sex domestic partners of service members. We are implementing both initiatives deliberately across all Services to ensure we uphold essential standards and avoid creating new inequities for other members of the Joint Force.

Keeping faith with our Military Family will take a mutual commitment from fellow veterans and a grateful Nation. The next few years will define how we, as a Nation, view the 9/11 generation of veterans. America's future All-Volunteer force is watching.

They are also watching as we inflict risk on ourselves. With $487 billion in planned reductions already reflected in the Department's FY 2013 budget, sequestration's additional cuts jeopardize readiness not only this year, but also for many years to come. We cannot fail to resource the war we are still fighting. At the same time, we cannot compromise on readiness in the face of an uncertain and dangerous future. Our Joint Force must begin to reconnect with family while resetting and refitting war-torn equipment. It must retrain on the full-spectrum skills that have atrophied while developing new skills required for emerging threats. There are no shortcuts to a strong national defense.

When budget uncertainty is combined with the mechanism and magnitude of sequestration, the consequences could lead to a security gap – vulnerability against future threats to our national security interests. Our military power could become less credible because it is less sustainable. And, we could break commitments to our partners and allies, our defense industrial base, and our men and women in uniform and their families.

This outcome is not inevitable. We can maintain the readiness and health of the force at an affordable cost. But, we need help from our elected leaders to keep the force in balance and avert the strategic errors of past drawdowns. To this end, the Joint Chiefs and I have requested your support for certainty, time, and flexibility.

Most importantly, we need long-term budget certainty – a steady, predictable funding stream. While the passage of the FY 2013 Appropriations Act provided relief from the Continuing Resolution, uncertainty over the FY 2014 topline budget and the full effects of FY 2013 sequestration remains.

Second, we need the time to deliberately evaluate trade-offs in force structure, modernization, compensation, and readiness. Finally, we need the full flexibility to keep the force in balance. Budget reductions of this magnitude require more than just transfer authority and follow-on reprogramming authority. Everything must be on the table – military and civilian force reductions; basing and facilities; pay and compensation; and the mix among active, Reserve, and National Guard units.

The FY 2014 budget proposal helps us rebalance and strengthen readiness through hard choices. It enables us to lower manpower costs, reduce unneeded infrastructure, and shed ineffective acquisition programs while maintaining support for the responsible drawdown of our military presence in Afghanistan. It provides a 2014 military pay raise of one-percent while protecting important education, counseling, and wounded warrior programs. Proposed infrastructure reductions include a request for BRAC authorization in FY 2015, although any closures would take multiple years and not begin until 2016. We simply cannot afford to keep infrastructure and weapons we do not need without getting the reforms we do need.

V. A Joint Force for 2020

The budget decisions we are making now will indicate whether we view our future Joint Force as an investment or an expense.

America is unmatched in its ability to employ power in defense of national interests, but we have little margin for error. We are able to deter threats, assure partners, and defeat adversaries because we act from a position of strength.

We are strong – and our Nation is secure – because we treat being the best led, trained, and equipped force as a non-negotiable imperative. The

secret to sustaining our strength with this or any future budget is simple – preserve investment in readiness, prioritize investment in people, and protect investment in decisive capabilities.

It is our people that make us the most capable military in the world. They are our best hedge against threats to our homeland and interests abroad. By 2020, we will require even greater technical talent in our ranks. But, developing technological skill must occur in concert with leader and character development. We must resist the temptation to scale back on education, including languages and cultural knowledge. Military service must continue to be our Nation's preeminent leadership experience. It is more important than ever to get the most from the potential and performance of every service member.

Investing in people is not just about their development and readiness. It is also about the commitment we make to their families. Unsustainable costs and smaller budgets mean we must examine every warrior and family support program to make sure we are getting the best return on our investment.

We need to reform pay and compensation to reduce costs while making sure we recruit and retain the best America has to offer. We must also balance our commitment to provide quality, accessible health care with better management and essential reform to get escalating costs under control. The FY 2014 budget would help control rising health care costs by initiating a restructuring of medical facilities to make them more efficient, without sacrificing quality or continuity of care, and by proposing fee adjustments that exempt disabled retirees, survivors of service members who died on active duty, and their family members. The Department of Defense is also working with Veterans Affairs to find efficiencies across health care systems.

As we work to get the people right, we must also sustain our investment in decisive capabilities. The FY 2014 budget continues to fund long-term capabilities that sustain our edge against resourceful and innovative enemies, while maintaining critical investments in science and technology, and research and development programs.

Emerging capabilities, once on the margins, must move to the forefront and be fully integrated with our general purpose forces. Special Operations Forces, for example, have played an increasingly consequential role over the past ten years. We have expanded their ranks considerably during this timeframe, and now we must continue to improve the quality of their personnel and capabilities.

Closely linked are our intelligence, surveillance, and reconnaissance capabilities – from sensors to analysts. We will continue to rely on proven systems designed for the low threat environments of Iraq and Afghanistan. At the same time, we must also develop and field sensors designed to penetrate and survive in high-threat areas. They will expand our ability to access and assess hard-to-reach targets.

This budget also sustains our investment in cyber, in part by expanding the cyber forces led by the U.S. Cyber Command. Despite significant investment and progress in the past year, the threat continues to outpace us, placing the Nation at risk. The FY 2014 budget increases funding for cyber security information sharing, but we need legislation to allow the private sector and U.S. interagency to share real-time cyber threat information – within a framework of privacy and civil liberty safeguards. In parallel, we must establish and adopt standards for protecting critical infrastructure.

The development and integration of these emerging capabilities will by no means amount to all that is new in Joint Force 2020. They must be integrated with our foundational and impressive conventional force capabilities. The FY 2014 budget protects several areas where reinvestment in existing systems – such as the C-130, F-16, and the Army's Stryker combat vehicle – sustains our competitive advantage. All are backed by our asymmetric advantages in long-range strike, global mobility, logistics, space, and undersea warfare. And, they must be connected with a secure, mobile, and collaborative command and control network.

This combination of increasingly powerful network capabilities and agile units at the tactical edge is a powerful complement to leadership at every

echelon. It provides the basis to project both discrete and overwhelming power across multiple domains. It gives policymakers and commanders alike a greater degree of flexibility in how they pursue objectives.

As we set priorities and implement reductions, we need to pay attention to the important relationship among defense, development, and diplomacy. Fewer defense dollars means we must rely more on – and invest more in – our other instruments of power to help underwrite global security. And our international partners will have to work with us on accepting a greater share of the risk. Some are more ready and willing to do that than others.

VI. Conclusion

Although I am confident the Joint Force today can marshal resources for any specific contingency, our goal is to be able to offer military options that put US national security on a sustainable path to 2020 and beyond. To do this, we must recruit and retain the most talented people. We must invest in their competence and character so they can leverage emerging and existing capabilities in our defense. It is an investment our predecessors made in decades past. We must do the same.

Our consistent first line of defense has been and always will be our people. They are our greatest strength. We will rely on our war-tested leaders to think and innovate as we navigate the challenges and opportunities that lie ahead. We need to seize the moment to think differently and to be different. But, we cannot do it alone. We need the help of our elected officials to give us the certainty, time, and flexibility to make change.

We can and must stay strong in the face of declining budgets and rising risk. We must have the courage to make the difficult choices about our investments, about our people, and about our way of war. The Secretary's Strategic Choices and Management Review (SCMR) will us help us identify options and opportunities.

We have been down this road before. We can lead through this uncertainty and manage the transition to a more secure and prosperous

future. I know your Nation's military leaders are ready – as is every single Soldier, Sailor, Airman, Marine, and Coastguardsman – to give their last breath to defend America and her allies.

Please accept my thanks to this Committee and Congress for all you have done to support our men and women in uniform. Together, we serve our Nation.

NATIONAL GUARD CIVIL SUPPORT TEAMS

Mr. YOUNG. You anticipated a number of our questions in your statement, so we appreciate that. We have an excellent attendance today, so I am going to move quickly and watch the time limits pretty closely, but I am going to take just a couple of minutes, and I appreciate the comments that both of you made relative to the National Guard and the response in Boston yesterday. I want to call attention to the fact that the National Guard team was the 24th civil support team which has been scheduled to be disestablished, and Congress questions that—in the National Defense Authorization Act last year, Congress authorized the two civil support teams that are scheduled to be disestablished, and this committee funded those teams, but you still intend to disestablish them, but I did want to call attention to the fact that one of those teams that you want to disestablish was the one that responded yesterday to the Boston Marathon bombings.

The other one is the only maritime civil support team that we have in the United States. It is the 48th, which is located near McDill Air Force Base, which is the home of Central Command and the home of Special Operations Command, and so I want to speak for the committee and the Congress, we question the disestablishment of these civil support teams that you have talked about today without mentioning who they were. I just thought I would get that. If you want to respond to that, that would be fine. It is up to you, either one.

Secretary HAGEL. Mr. Chairman, thank you. Chairman Rogers, nice to see you. Thank you. If you are referring to the two teams in New York and Florida——

Mr. YOUNG. Yes, sir.

Secretary HAGEL [continuing]. There is money in the budget for those, and I think we have sent that up to the Hill. So we have funded both the New York and the Florida programs.

Mr. YOUNG. Yes, sir, I understand that. But on the 29th of March, a letter from your Department notified the defense committees of your intent to disestablish those two CSTs, so I thought I would just remind you that these are important teams. Congress is very, very supportive of those teams.

Secretary HAGEL. They are important, and we have put the funding in in both of those, and I think Congress was informed of that the last few days. We put the money back in.

Mr. YOUNG. Okay. Thank you.

Secretary HAGEL. Thank you.

Mr. YOUNG. Mr. Visclosky.

AUDITABLE FINANCIAL STATEMENTS

Mr. VISCLOSKY. Thank you, Mr. Chairman. Mr. Secretary, just two issues because we will be short on time. On the issue of the Department preparing auditable financial statements, I do have a number of questions for the record, but understand that they include achieving audit readiness for the statements of budgetary resources for fiscal year 2014, and meeting legal requirements for full audit readiness by 2017. Do you think this is a very important initiative? And I must tell you I always get concerned whether it is

DOD or any other department where goals are pushed out 4 or 5 years. A year from now we are talking about it being 2018 or 2019. I just want to emphasize that I do attach a lot of importance to the initiative.

Secretary HAGEL. I strongly support that effort, and as you know, my predecessor, Congressman Panetta, when he was in this job, was very supportive of the effort. We intend to make those deadlines, and we will do everything we can to fulfill that commitment.

ELECTRONIC HEALTH RECORDS

Mr. VISCLOSKY. Appreciate it very much. The other question I have is on the integration of electronic health records. In the fiscal year 2008 National Defense Authorization Act, there was a direction to the Department of Defense as well as the Veterans Administration to develop a single electronic health records system that would follow a service member from the time he or she enlisted until the time they exited into VA care. The original goal was 2009. Coincidentally, the new completion date has slipped to 2017. My understanding is that the issue of whether there be one core system or two systems that would integrate information between the departments is one of the issues, and apparently there is a decision pending at DOD within your office on this.

The Veterans Administration believes that DOD should use an existing system that is proprietary to the United States Government at this point, and just wondering again, I have questions for the record, what is your impression as far as the integration of these systems and where are we today, if I could ask?

Secretary HAGEL. Thank you. First, the Secretary of Defense and the Secretary of Veterans Affairs continue to work very closely, I think, on this issue. The first week I was in office, I went over to the VA and spent an hour and a half with Secretary Shinseki on this issue and other issues that connect to the integrated health, electronic health system. Interoperability is the real key, assuring that there are electronic transfer highways. We produce the veteran, DOD, and there should be a seamless process that allows a veteran to have assurance and reliability that his or her records are moved to the VA, whether it is a claims adjustment issue or claims filing issue, whatever.

That is still our goal. We continue to work with the VA. We had a meeting yesterday on the efforts. We have a team in place that the VA requested from DOD there on this. There have been programs and progress made. We are not where we should be. We are not where we committed to be, but we will get there. But I think the key is the interoperability of our systems, and as you noted, the VA has selected Vista as its system. We are behind in that process, DOD, and I, over the last few weeks, have gotten into this issue myself, and we are going to do some restructuring within DOD so that we have more clear lines of authority, accountability, who is in charge, how is it going to get done.

I am not an expert on this issue, but when I was at the VA as deputy administrator in the Reagan administration in 1981 and 1982, I had something to do with actually implementing the first electronic health systems. I am greatly out of my depth, I recog-

nize, on this, but I have some knowledge and experience. I know it is difficult. I know the VA is faced with a tremendous amount of backload issues, and so we are working with them in every way, we are making progress, not where we need to be, but we will continue to put it as a top priority.

Mr. VISCLOSKY. Appreciate your candor.

Ms. KAPTUR. Would the gentleman yield? Would the gentleman yield?

Mr. VISCLOSKY. Oh, yes. Sure.

Ms. KAPTUR. I just wanted to associate myself with the ranking member's questions and concerns and will look for that information in the record. I thank you.

Mr. VISCLOSKY. Secretary, appreciate your candor and do encourage you in that. You referenced a backlog at VA, my sense is anything we can collectively do across agency lines to improve that would be welcome. Thank you very much. Thank you, Mr. Chairman.

Mr. YOUNG. Yes, sir. Mr. Rogers.

SOUTH CHINA SEA

Chairman ROGERS. Mr. Secretary, let me ask you about China and related topics. A few months ago, I was in the Philippines, and President Aquino was very concerned about the Chinese claims on the South China Sea, that they were, in his judgment, violating international laws and norms in controlling that very vital shipping lane for the world's commerce. What can you tell us about the South China Sea and China's apparent efforts to control it to everyone else's exclusion?

Secretary HAGEL. Well, I am well aware of the issue with the island dispute. As you know, China has an island dispute not only with the Filipinos but with Vietnam as well, and other nations and Japan, and that is one of the reasons that 2 years ago, the President made a decision in his Defense Strategic Guidance is to rebalance our priorities to Asia and the Pacific. We have been a Pacific power, we will continue to be a Pacific power. We need to be a Pacific power if for no other reason than the issue you identified, the sea lanes.

We still are the most significant Navy in the Pacific, we will continue to be, we need to be. Much of the budget focus that we put on, as the chairman noted, into prioritizing our resources is to assure that that rebalancing is not eroded. We have allies there, we have relationships there. It is clearly in our interest that those sea lanes remain open, and we will continue to protect, along with our allies, those sea lanes.

Chairman ROGERS. Well, 80 percent, I am told, of the world commerce travels through that straits and the South China Sea, and if China decides to control that shipping lane, it would have tremendous impact all around the world but with countries like Japan and all the others in that region, it would be devastating. Are we prepared to keep those lanes open?

Secretary HAGEL. We are prepared. You are specifically referring to the Straits of Malacca, which, in fact, I was just there in August, and you identify it correctly. I think in response to anticipated threats and challenges, as you know, we have made new arrange-

ments in Singapore with a rotation of our littoral ships in and out of that area. We have moved as a result of shifting Marine capacity off of Okinawa to Guam, but more importantly, to northern Australia, we are working very closely with our allies in this area, and obviously much is predicated on assuring those sea lanes remain open.

CYBERSECURITY THREAT FROM CHINA

Chairman ROGERS. Let me close, Mr. Chairman, by asking briefly about cybersecurity. Most people have concluded that many of the attacks on our systems in this country are coming from China, and are state-sponsored, but this is the new warfare of the future, and do you feel we are prepared to defend ourselves from these attacks, and what can you tell us about our preparedness?

Secretary HAGEL. Well, cyber is one of the areas in this budget where we have proposed increases, considerable increases; more people, more capacity. You also know that we have an interagency dimension to this. Department of Homeland Security has most of the domestic authority. We, too, have authority to protect our interests. The NSA, Cyber Command are the two main areas of expertise and responsibility.

You have, I think, correctly identified the greatest threat to our security, economic security, political security, diplomatic security, military security that confronts us, not to minimize other threats. We are prepared and are preparing and strengthening that capacity to deal with these issues. We do know that these attacks are coming from two or three countries. We are dealing with China, talking to China about this. The chairman is going to be in China, which he will, I am sure, respond to this or any other area that you want to talk about specifically, though, on cyber, and when he is there in China will address this issue. It is a serious issue, and we are talking to the Chinese about it, but overall, the cyber threat is a very real threat to this country.

Chairman ROGERS. It is. And it is going to get worse.

And I think we have to take action with China to stop the PLA from bombarding us hourly with these hack attacks. They have stolen all sorts of weaponry from us, and research, even the F–35. And I would hope that the Department would be much more aggressive on the cybersecurity front.

Mr. Chairman, thank you.

Mr. YOUNG. Thank you, Mr. Chairman.

Ms. Lowey.

ELECTRONIC HEALTH RECORDS

Mrs. LOWEY. Thank you, Mr. Chairman.

And I thank you Secretary Hagel, General Dempsey, Secretary Hale, for your comments.

First of all, Secretary Hagel, I do hope you will follow up on your statement regarding support for the two National Guard teams. It is my understanding that DOD sent a March 29th letter to Congress notifying they are moving forward with de-establishing one of the two Florida and New York National Guard civil support teams.

So I am hoping your statement for the record will keep those teams on duty, as we all express our heartfelt sympathy for those

who were impacted by the tragedy in Boston. We know the National Guard teams were there before, and they stayed, and they were invaluable.

So does your statement that you will keep them stand for the record?

Secretary HAGEL. It does stand for the record, yes. Thank you.

Mrs. LOWEY. I thank you so much.

And I would also like to follow up on our distinguished ranking member's questions regarding the Veterans claim backlog. General Dempsey, you said the men and woman in uniform, steadfast devotion to our country. And all of us have such respect—I have been to Bagram, I have been to other bases—for the work they do. But, frankly, we have been neglecting them.

And I think it is important to state for the record that, since 2008, the Department of Defense and Veterans have spent more than $1 billion to create an integrated electronic health record, and, frankly, they have little to show for it. I have seen pictures—I was going to bring it, and I decided not to—of the boxes, of the Department of Defense boxes. And, I mean, I can't believe that it is still in boxes of records that haven't been dealt with.

As we know, the departments use separate medical databases that can neither translate nor communicate the data to one another in a fundamental way. There are currently up to 600,000 veterans, who have served our country with such distinction, waiting 125 days or more to have their medical claims processed. Shame on us. The VA annual claims receipts are expected to reach 1.2 million in 2013, an increase of almost 60 percent since 2005.

I cannot adequately express to you how outraged I am with this situation. I have talked to many people, trying to get the facts.

And, frankly, Mr. Secretary, I do hope you are going to focus like a laser, as well as General Dempsey, on this issue, because although Secretary Shinseki takes most of the blame, it is the opinion of most who have been involved in this issue that it is the problem with the Department of Defense.

Although the VA may have the primary responsibility, DOD has contributed to the problem by not adopting, as you heard, the VA's electronic system, VistA. Now, I am not an expert, as you said, on the system. But if the VA is using the VistA system, it is reasonable to assume that DOD should either use that system or another that works seamlessly with VistA.

Now, you said you want to fix it; everyone wants to fix this. A billion dollars already spent, and the Secretary of Defense and General Dempsey, all of us want to fix it. Is VistA at least being considered? If you pursue a different system, what guarantees do you have that it will work after 5 years of failure? And how long would it take to implement the system? When can we expect an announcement?

[The information follows:]

In March 2009, President Obama charged the Department of Defense and the Department of Veterans Affairs to "work together to define and build a seamless system of integration with a simple goal: When a member of the Armed Forces separates from the military, he or she will no longer have to walk paperwork from a DoD duty station to a local VA health center; their electronic records will transition along with them and remain with them forever." This charge built on the requirement established by Congress in the National Defense Authorization Act for Fiscal

Year 2008 for the two Departments to "jointly develop and implement electronic health record systems or capabilities that allow for full interoperability of personal health care information between the Department of Defense and the Department of Veterans Affairs."

In March 2011, DoD and VA agreed to jointly develop a single, uniform electronic health record system to be used by the two Departments, which was termed the "integrated electronic health record" or "iEHR." The rationale underlying this approach was that it would meld two strands of effort the Departments were each undertaking with respect to their health information technology systems: first, to achieve interoperability of health data, as sought by the President and the Congress, and, second, to modernize their respective aging legacy electronic health records systems, which were each in need of replacement (AHLTA for DoD and VistA for VA). Following this agreement, the DoD–VA Interagency Program Office—which was set up by Congress in the NDAA to oversee joint data interoperability efforts—was recharted in October 2011 to accomplish this expanded mission. Since that time, the two Departments have spent approximately $350 million on the iEHR program. DoD's portion of those expenditures is approximately $185 million. These funds have been used both to make important steps forward to achieve health data interoperability between DoD and VA and also to procure foundational pieces of the underlying joint IT infrastructure. Specifically, this funding has been spent on:

Opening and making available to the nation the DoD Health Data Dictionary and initiating VA data mapping. The 3M Health Data Dictionary (HDD) is the common data model used by all DoD medical treatment facilities. A key tenet of the iEHR initiative is VA's agreement to adopt this data model, which is based on national standards and will ensure integrated common data for all patient information across DoD and VA; Acquiring the Services Oriented Architecture (SOA) Suite and Enterprise Service Bus (ESB), the heart of the infrastructure that supports clinical applications. These two component parts allow communication between the data, services and applications that will comprise iEHR;

Establishing the Development Test Center, providing a testing configuration that mimics the operational healthcare environment and infrastructure;

Selecting a single DoD–VA joint Single Sign On/Context Management (SSO/CM) solution. "Single Sign-On" enables a user to access multiple applications after logging in only once. "Context Management" allows clinicians to choose a patient once during an encounter and ensure all required applications are able to present information on the patient being treated. This capability has been successfully deployed to the Development Test Center and is now being deployed at other locations;

Implementing a joint Graphical User Interface (GUI) pilot at North Chicago, Tripler, and San Antonio that displays information from both DoD and VA systems;

Completing business process mapping for initial clinical capabilities; Developing the integrated Program Level Requirements (1PLR), which detail the functional requirements for the program, e.g., laboratory, pharmacy, etc.; and

Developing and publishing the iEHR architecture and Technical Specifications Package that provide high-level technical and business requirements that enable a standardized and interoperable solution.

In December 2012, Secretaries Panetta and Shinseki directed a review of the iEHR program in order to simplify and accelerate the achievement of data interoperability, while reducing costs and technical risks of what had proven to be a complex and expensive joint IT development program. In February 2013, Secretaries Panetta and Shinseki announced the specific actions they had directed their Departments to undertake. First, for the rest of calendar year 2013, the two Departments are now focusing on achieving full interoperability of health data. These efforts, when complete, will result in all Service members and Veterans having a single, integrated health record, in the sense that all patients, and the clinicians serving them, will be able to access all their health data, regardless of whether the patient is currently a military member or veteran, and regardless of whether they are treated at a DoD or VA hospital. It is important to note that this first line of effort can be done without replacing the underlying health IT systems for either Department. Second, Secretaries Panetta and Shinseki announced that the two Departments are also revising their strategy for modernizing their legacy health IT systems, utilizing existing EHR technologies instead of building an entirely new system from scratch.

With regard to this second line of effort, VA has announced that it will modernize its existing VistA system. DoD is currently evaluating a range of options for how it will replace AHLTA; VA's VistA system is among these options, as are other commercial solutions. Until I am comfortable that we have an approach and a strategy

that will meet the President's directive and that will work, I have put a hold on the system modernization efforts, including the Requests for Proposals that were scheduled to be released. But, as I stated to you at the hearing, I am committed to having decisions made on what our way forward will be within 30 days. If DoD chooses to pursue a system other than VistA, we have a high degree of confidence in our ability to successfully implement it quickly and at a reasonable cost because, in order to be selected, it would need to be a best-of-breed, industry leading solution with a track record of success in our nation's leading hospitals and clinics. Furthermore, we would also have a high degree of confidence in our ability to deliver on the President's vision for a seamless, integrated health record because of the work that we have done thus far with the VA to achieve full interoperability of DoD and VA health data.

It is hard to believe that our military, our distinguished military that serves us all over the world, can't fix this system so that our veterans can be taken care of. And I know you are new at this. Maybe General Dempsey should respond. I just don't get it. I just don't understand, and it breaks my heart.

And I have to tell you, the number of cases that come into my congressional office—and they have handled so expeditiously but only because I have a person who won't give up and tracks it down. He almost had to go there and look through the boxes to find these records.

Five years, a billion dollars. Are you going to do it now?

Secretary HAGEL. Congresswoman, I don't disagree with anything you said. I would love to hand this over to Chairman Dempsey, but that wouldn't be fair.

Let me respond this way: Every issue you have brought up and every statement you have made is generally accurate in every way. I mean, there are some issues about dollars, but I can't sit here and defend what we have done. I mean, I could take you down through the programs and say, well, it hasn't been totally wasted because these things have come out of the investment, but I am not going to do that.

I am going to acknowledge that we are way behind. We will do better. I just said a few minutes ago that I have personally taken this on. I will have someone in my office, my office, Secretary of Defense's Office, that I am designating to put this together. I am restructuring who is in charge and the accountability of this.

I deferred a request for proposal, I stopped it from going out the end of March, because I didn't think we knew what the hell we were doing. And until I get some understanding of this and get some control of it, we are not going to spend any more money on it.

Now, that doesn't mean we aren't making progress. We are making progress. We have teams at the VA. We are doing a lot of good things. A lot of good things are happening. We have not completed an integrated health record system, which was what we committed to, except one thing: What the President said he wanted when he came into office, what I think we all wanted, what the Congress instructed, what the Congress funded, was a seamless interoperable system. Now, you can use "integrated," use any word you want. I want it to work. And until I get my arms around this, I am not going to spend any more money on this.

We will have it shortly. Can I tell you in a week or 2? We will have something decided within 30 days, I will tell you that.

Mrs. LOWEY. Thanks.

Secretary HAGEL. I can't defend it. And we are making some progress. A lot of good things have been done. We are way behind. We will do better, have to do better.

TRANSITION ASSISTANCE PROGRAM

Mrs. LOWEY. Thank you very much, Secretary Hagel.

In closing, I just want to highlight a related issue. Among post–9/11 veterans nationwide, the unemployment rate, as you know, remains higher than the national average. It is estimated there are currently 800,000 unemployed veterans nationwide, as well as 60,000 homeless veterans. And with all the challenges our veterans face, I was pleased that President Obama's budget request included a proposal for a new transition assistance program that would help our veterans adjust to civilian life.

I won't ask you now because I know there are many people who have questions, but I would hope that you could share with us the key components of the new transition assistance program, and if you could describe how educational opportunities will be incorporated. What changes will be made to strengthen job search skills and job placement?

My time may be up, so if you can just—I don't know, Mr. Chairman, if you would like Secretary Hagel just to share that. It is a concern for so many of us in our communities.

Secretary HAGEL. If I may just, I will make a very brief response, Mr. Chairman, if it is appropriate, and then I will provide details for the record for all the Members.

This is what I would say. When I came to this job, I said clearly, I had priorities, like anyone who was taking on a new job. Certainly, my first priority was the defense of this country. And that is what the President and the Congress and people of this country has charged me with leading that institution with only one responsibility.

Within that responsibility are the people who serve this country, and not just while they are serving the country in uniform but afterwards. We make that commitment. And there is no higher priority to me as Secretary of Defense than getting this right. We will get it right.

I will provide you, for the record, all of the details of the new program, the new funding. Thank you.

[The information follows:]

The Transition Assistance Program (TAP) provides information and training to ensure Service members leaving military service are prepared for their next step—whether pursuing additional education, finding a job in the public or private sector, or starting their own business. The redesigned TAP includes an outcome-based curriculum known as Transition GPS (Goals, Plans, Success) which transforms the way the military prepares its Service members transitioning to civilian life.

Participation in TAP is now mandatory for all Service members including reservists and Guardsmen separating after 180 days of continuous Title 10 Active Duty, per the VOW to Hire Heroes Act of 2011, codified in chapter 58, title 10, U.S.C. The estimated cost of this effort for Fiscal Year (FY) 2014 is approximately $215 million with anticipated overall costs through FY 2016 at $1.2 billion (the legacy TAP program was resourced annually through 2012 at $51 million). This cost projection does not include the resource requirements of our interagency partners to deliver the new program. Those resources are also vital to our overall success. Due to the rapid pace of implementation, the Department is supporting the increased resource requirements within existing resources. Those resources are not specifically protected against reductions through FY 2016.

Key Program Elements:

1. Career Readiness Standards (CRS) are at the heart of the TAP redesign. Just as Service members must meet military mission readiness standards while on Active Duty, Service members will meet CRS before their transition to civilian life. The Departments of Defense, Veterans Affairs (VA), and Labor, and the Small Business Administration, advised by the Department of Education, deliver services to enable our Service members to be "career ready."

2. Transition GPS includes a core curriculum and individually chosen tracks on education, career technical training, and entrepreneurship. The end state for each Service member is to meet the CRS for the career path they have chosen, regardless of their branch of Service.

3. Mandatory outcome-based activities and training modules help Service members prepare their Individual Transition Plan (ITP); help them evaluate how their military education, training, and experience will transfer to civilian career requirements; and effectively demonstrate they are postured to meet post-separation goals. The training includes a "MOC" crosswalk between their military-related occupational skills and civilian skills. Service members also receive financial planning training where they will develop a post separation budget. Service members develop an ITP, tailored to their goals, with supporting documents that are reviewed by Commanders and used as evidence of preparation for transition.

4. The revised VA Benefits Briefings inform Service members of how to obtain and use their Veteran benefits and resources, as well as enroll in eBenefits.

5. The Department of Labor Employment Workshop has undergone a recent review and modification to ensure it includes up-to-date information with the latest in best practices for conducting the job search, to include the use of social media. It has been made more interactive to better engage adult learners. The Employment Workshop is more tightly focused on the tools and mechanics of getting a job in today's competitive environment and includes resume preparation, job-search techniques, and interviewing skills practice. Service members receive a "Gold Card" entitling them to priority of 6 months of career guidance and job search services at the American Jobs Center in our community.

Additional Tracks:

Transitioning Service members will also have the option of attending 1 or more 2-day tailored tracks within the Transition GPS curriculum that prepares them toward their goals. Specifically, the Accessing Higher Education track assists Service members in identifying their education goals. It focuses on how to achieve academic success, how to research and compare institutions, and provides information about education funding, how to avoid debt, and the pros and cons of distance learning classes. Service members will be prepared to submit an application to an academic institution that offers a course of study towards their career goals and makes the most of their Post 9/11 GI Bill benefits.

The redesigned TAP curriculum is designed to provide Service members with the skills they need to meet the CRS. Shortly before they depart the military, Service members demonstrate these standards through a verification process called Capstone. This process includes an opportunity to connect Service members with agency partners who provide them support as Veterans.

Credentialing and Licensing:

The Department of Defense is leading a government-wide effort to help Service members receive appropriate credit for their military training through credentials and licenses. In this effort, the Department is cooperating with other federal agencies, state governments, professional organizations, and affinity groups.

DoD is also working with professional credentialing associations/agencies to understand if there are gaps in military training, and develop strategies to address these gaps if identified, which would lead to the award of industry recognized credentials. Initiatives are presently underway with the Society of Manufacturing Engineers, the American Welding Society, and the Federal Aviation Administration.

The final phase of the TAP redesign will integrate transition preparation throughout a Service member's military career. Each Service will designate training and touch points along the Service member's career path. This allows the member time and resources to plan their civilian career goals and to prepare for a smooth transition from the military. This Military Lifecycle TAP will be fully implemented by the end of 2014.

The Yellow Ribbon Reintegration Program (YRRP) augments TAP by assisting National Guard and Reserve members as they transition between their military and civilian roles. This transformation of the Transition Assistance Program and the additional support with credentialing/licensure and the YRRP will provide our Service

members entering the civilian workforce with the confidence and tools to illustrate they are "career-ready."

Mrs. LOWEY. Thank you.

HEALTH RECORD EXPENDITURES

Ms. KAPTUR. Will the gentlelady yield just for 2 seconds to ask, in furtherance of her question at the beginning regarding the e-records between the VA and DOD, if the Department could provide to the record the expenditures through the accounting office of who has gotten the funds since this effort began. That would be most interesting to look at, the amounts, the years, the firms, et cetera.

[The information follows:]

In March 2011, DoD and VA agreed to jointly develop a single, uniform electronic health record system to be used by the two Departments, which was termed the "integrated electronic health record" or "iEHR." The rationale underlying this approach was that it would meld two strands of effort the Departments were each undertaking with respect to their health information technology systems: first, to achieve interoperability of health data, as sought by the President and the Congress, and, second, to modernize their respective aging legacy electronic health records systems, which were each in need of replacement (AHLTA for DoD and VistA for VA). Following this agreement, the DoD-VA Interagency Program Office—which was set up by Congress in the NDAA to oversee joint data interoperability efforts—was re-charted in October 2011 to accomplish this expanded mission. Since that time, the two Departments have spent approximately $350 million on the IEHR program. DoD's portion of those expenditures is approximately $185 million. These funds have been used both to make important steps forward to achieve health data interoperability between DoD and VA and also to procure foundational pieces of the underlying joint IT infrastructure. Specifically, this funding has been spent on:

Opening and making available to the nation the DoD Health Data Dictionary and initialing VA data mapping. The 3M Health Data Dictionary (HDD) is the common data model used by all DoD medical treatment facilities. A key tenet of the iEHR initiative is VA's agreement to adopt this data model, which is based on national standards and will ensure integrated common data for all patient information across DoD and VA;

Acquiring the Services Oriented Architecture (SOA) Suite and Enterprise Service Bus (ESB), the heart of the infrastructure that supports clinical applications. These two component parts allow communication between the data, services and applications that will comprise iEHR;

Establishing the Development Test Center, providing a testing configuration that mimics the operational healthcare environment and infrastructure;

Selecting a single DoD-VA joint Single Sign On/Context Management (SSO/CM) solution. "Single Sign-On" enables a user to access multiple applications after logging in only once. "Context Management" allows clinicians to choose a patient once during an encounter and ensure all required applications are able to present information on the patient being treated. This capability has been successfully deployed to the Development Test Center and is now being deployed at other locations;

Implementing a joint Graphical User Interface (GUI) pilot at North Chicago, Tripler, and San Antonio that displays information from both DoD and VA systems;

Completing business process mapping for initial clinical capabilities;

Developing the integrated Program Level Requirements (iPLR), which detail the functional requirements for the program, e.g., laboratory, pharmacy, etc.; and

Developing and publishing the iEHR architecture and Technical Specifications Package that provide high-level technical and business requirements that enable a standardized and interoperable solution.

The DoD-VA Interagency Program Office has contracted with several companies to ensure that thought leadership and diverse industry participation are available to support this important work. The prime contractors supporting the IPO's work are: Deloitte Consulting, SAIC, Integrity Management Consulting, Planned Systems International, Booz Allen Hamilton, Systems Made Simple, Inc., Technatomy, Harris Corporation, Axiom Resource Management and Longview International Technology Solutions.

Ms. KAPTUR. I thank the gentlelady for yielding.

Mrs. LOWEY. Thank you very much.

And thank you, Secretary Hagel. And as you well know, under the sequester, the 2,000 veterans that you hire each week, as I understand, will be threatened. So if we can deal with every part of that issue. We are all very concerned.

Thank you very much. Thank you for your time.

Mr. YOUNG. Mr. Frelinghuysen.

CHINA'S NAVY

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Thank all of you for your service, and for the men and women that you support each and every day.

I want to follow up on Chairman Rogers' questions, not only relating to China but the desire of China to have a blue navy. They are working unabated to, you know, have a lot more submarines, a lot more surface aircraft, space architecture. The issue of red lines here. I mean, the Philippines are good allies. Japanese have been allies of ours for generations. The Vietnamese are growing closer to us. It is interesting that our enemy at one point would be now our potentially good friend.

There seem to be a lot of red lines drawn here, and I would like to get your reaction. Is there a red line here? As has been pointed out, we have a red line in terms of what is happening in terms of Iran developing nuclear weapon capacity. We drew a red line relative to acting if Syria should perhaps move and use chemical weapons.

Some other rhetoric suggests, too, that the administration has drawn a red line relative to activities coming out of North Korea that are indeed threatening not only South Korea, but we are now setting up missile defense, where before perhaps people thought we didn't need that type of missile defense.

Tell us about these red lines here because I think, to some extent, our credibility is on the line here. Would you talk about this issue of red lines here, and how prepared are we to act? Because obviously people are looking to see whether we are capable of acting.

Secretary HAGEL. Thank you, Congressman. If I might, let me begin with your first point about picking up on Chairman Rogers' question on China and the South China Sea, in specific, sea lanes. Then I will respond to your other components about Korea, Iran.

First, international rights of the sea, nations. Every nation agrees that the freedom of navigation on the high seas is a pretty basic component of a nation-state. How you protect that then becomes the issue. That is why our allies, our treaty obligations, our relationships are, I have always believed and they are going to be even more so, critically important to these kinds of issues which are clearly not only in America's interests, but because we have a global economy that is indeed global, freedom of the seas is indispensable for that global economy, for our interest and our allies' interests.

What I noted in one of my responses about shifting assets and rebalancing what we are doing in the Pacific, I mentioned specifically the littoral ship visits in Singapore, using that port more, put-

ting Marines into northern Australia, moving Marines to Guam, and so on. That is all part of the tactical components to fulfill the strategic interest of certainly our country and our allies' interests in the Pacific in keeping those sea lanes open and keeping a very strong forward presence and projecting power in those areas. That is real.

As to red lines in Iran, regarding the North Koreans, I would say this: that the President of the United States has made very clear what his red lines are in each of these specific areas. Your question to me as Secretary of Defense—and the chairman may want to add something to this—is, are we prepared to back up whatever decision the President may have to make in fulfilling the President's commitment for our national security interests as well as our allies'?

IRAN THREAT

Mr. FRELINGHUYSEN. Your Israeli counterpart was reported in the Jerusalem Post, in an interview, asked if the Israeli Defense Forces had the capabilities to attack alone in Iran; Benny Gantz said unequivocally yes.

Are we prepared to support their effort? Is that another red line? Do we have a joint responsibility to come to the Israelis' aid if they take some sort of unilateral action?

Secretary HAGEL. Well, that is a policy issue the President would have to decide. My role in the Department of Defense is to be able to support whatever policy decisions the President makes.

The relationship with Israel and our military relationship is as close as it has ever been. Whether it is missile defense, Iron Dome, or in rocket defense, the different weapons systems that we are assisting them with, our military-to-military relationships—I am going to be in Israel in a few days—our interests are very clear and common.

And so I would answer your question that way. And I think the Israelis know that and we know that.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

We have a lot of red lines out here, and I am just saying, when we issue these red lines, the judgment call is that if there is a problem, we are going to act. And I think that we have to do that diplomacy first, but, in reality, we need to have the military capability to sustain some sort of an operation if we start it.

Secretary HAGEL. We have the military capability, and we have the ability to provide the President what is required to protect the interests of this country and our allies'.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Mr. YOUNG. Ms. Granger.

EGYPT-UNITED STATES RELATIONSHIP

Ms. GRANGER. Thank you.

I have two questions, and the first one is to General Dempsey.

And we are talking about relationships. Would you bring us up to date the state of our relationship military-to-military with Egypt? And how important is this relationship to our national security? And is the military in Egypt a reliable and an independent actor, given the turmoil that is going on everywhere else?

General DEMPSEY. Whenever I speak with any of my counterparts throughout that region, they will always remind me that Egypt is one of the cornerstones of stability in that region. Now, when you think about that region, there are only really two nations that have been nation-states almost in perpetuity. One is Turkey; the other is Egypt. And so I do believe that our relationship with Egypt, as challenging as sometimes it can be, is, in fact, one of the—has to be one of the cornerstones of our strategy in that region of the world.

Now, as far as the Egyptian military, we have a very strong relationship with the Egyptian military. I have been in contact with my counterpart several times. They have acted responsibly to try to stay out of the politics but be a stabilizing influence, and I think successfully.

They are concerned about the future of their country. You know, they see some of the political trends, and they are as concerned about them as we are. And I think that bears monitoring. But I do think that our investment in an Egyptian Armed Forces that is a stabilizing influence both in the region and internally at this point is a good investment.

AIRCRAFT CARRIER PRESENCE IN CENTCOM

Ms. GRANGER. Good. Thank you.

The second question is to Mr. Secretary and General Dempsey both, and it has to do with the deployment—the Defense Department cancelled the deployment of a second aircraft carrier to the Persian Gulf. And I certainly understand that you are making changes due to sequestration and the budget cuts. However, I am concerned about that decision because of the very serious dangers related to Iran's nuclear activities.

So can you tell me the strategic rationale in canceling the second carrier and how we are prepared to address those threats that Iran could cause?

Secretary HAGEL. Congresswoman, we relied on the advice of our combatant commanders in each of these areas. In this case, it is the Central Command. And, under his watch and it was with his advice, the questions were asked of what assets do you require, would you need for a different contingencies?

Obviously, the carrier issue was a big one, and we had to think through that. We have 10 carriers now, as you know, and all 10 are not operational at one time. And you know the sequencing of this. So we have had to make some tough choices on protecting our readiness and our interests around the world.

And so we have to rely on our combatant commanders for their best advice; is this something that you can honestly tell us that we are still okay, we can still do what we would possibly need to do to respond to any Iranian provocation or any provocation?

So that essentially was the reason that we made the decision and whose advice we took. It goes through a process—and I will let General Dempsey respond, as well, on this—where the combatant commander comes up through the chairman's office. And within his office, he looks at it, makes some pretty hard choices and decisions, and then it is brought to Secretary of Defense.

But, Marty, you may want to say something.

General DEMPSEY. Thanks, Mr. Secretary.

And, Congresswoman, we saved $387 million by not deploying and by leaving that carrier in what we call surge capacity, so it would be available should it be needed to some unexpected contingency. But by not deploying it, we saved $387 million, which the Navy was then able to use keep flying hours for some of their wings and ISR platforms trained to the extent they need to be trained.

We are looking for $23 billion in readiness funding this year, and we have to find it wherever we can find it. And we are trying not to mortgage 2014 by doing everything we—in other words, we have to balance what we are doing in 2013 with the longer-term effect on readiness in 2014. And that is just why this decision was made. We have other ways of compensating with land-based aircraft and other things in the region, so we did not change the calculus of our ability to be postured, to deter, and to be ready for Iranian contingencies.

But we made—this was a very tough decision, not just because of the strategic messaging that you just mentioned, but also we affected 6,000 or 7,000 sailors and their families, some of whom—you know, we did this with about a week before they were to deploy. Many of those families had—their family members had decided to go home to their parents so they terminated their rental contracts, they put their cars in storage, they suspended education courses.

This had an enormous human effect. And we didn't take the decision lightly, although in some circles it was portrayed as a statement of some kind. I can assure you, we don't make statements on the backs of our men and women in uniform.

Ms. GRANGER. I know that I speak for this whole subcommittee in saying that sequestration was terrible legislation. And I certainly hope, you have mentioned several times, if this continues, that we can come up with something else besides that.

But the more you tell us about what this is costing, the more help we get. None of us—we kept hearing—Secretary Panetta I talked to personally several times. He said, I am not going to put a list together because it should never happen, so I am not going to waste my people's time putting a plan together for something I don't think is going to happen. And it happened.

So the more information you can give us, the more we can talk to people outside of this subcommittee, and so they understand this enormous, enormous burden and danger.

Thank you.

General DEMPSEY. Thank you.

Mr. YOUNG. Mr. Moran?

ROSOBORON EXPORT

Mr. MORAN. First of all, Mr. Secretary, your life of military and civilian service has defined courage and integrity. And I want to thank you for your willingness to serve as our Nation's Secretary of Defense.

And that gauntlet of politically inspired, mean-spirited invective that some of your former Senate colleagues put you through during the confirmation hearings was a disgrace. But here you are in a po-

sition of greater responsibility and consequence than they are ever likely to be entrusted with.

Now, don't say anything. I just wanted to get that off of my chest.

Now, Mr. Secretary, the most violent military conflict that we have in the world today is in Syria. More than 70,000 civilians killed, primarily by Syrian Government forces. But they are armed primarily by the Russian Government.

And there is something that troubles me. I don't think we can really change the policy that we have adopted under the circumstances. We don't want to be arming people that might later on turn their arms toward us. But what troubles me is that we are, in some ways, subsidizing Russia's principal state-owned arms exporter. It is called Rosoboron export. Because of so many violations in the past, we have said we wouldn't deal with them several years ago. But here we are, we have bought 33 Mi–17 helicopters from them with U.S. taxpayer dollars.

And we passed an amendment—in fact, it was my amendment, so I remember the numbers very clear. It was 407 to 5. I mean, it is tough for us to get a vote honoring our mothers on Mother's Day with that kind of a vote. So it is a pretty clear expression of congressional intent.

And yet, we were just told 2 weeks ago by the Pentagon that you intend to buy another 30 additional Mi–17 helicopters, ignoring the congressional intent that we put both in the authorization and the appropriation bill. You are saying you are going to use fiscal year 2012 Afghan Security Forces funds.

But it gets worse. That delivery is not going to be made until 2016 at the latest, 2 years after we have withdrawn. And we don't know what the situation is going to be in 2016 in Afghanistan. So, you know, with all the tens of billions of dollars we have put into Afghanistan, that is a tough one to justify.

Can you address that?

Secretary HAGEL. I am going to ask the chairman to respond, as well. But in light of the very generous comments that you made about me, I am sorry that the first question has to be a negative one, but I——

Mr. MORAN. Well, I mean, we have to get back to business at some point. You understand. I didn't want you to say anything.

Secretary HAGEL. It is a hell of a reminder.

Mr. MORAN. Yeah, yeah. Well, you know, it is a tough league, but——

Secretary HAGEL. Yeah. Thank you.

I understand exactly what you are saying. Here is the reason the decision was made. And I know you have heard this. There was a waiver, I understand, a national security waiver, that could be signed certifying that the Mi–17 helicopter was clearly in the interest of the Afghans and our relationship and our commitments that we have made to assist them as we are leaving and will transition out.

The Mi–17 is a very simple helicopter. They have been trained on it; they have been using it for years. It is a Russian helicopter, as you note. Easy maintenance, unsophisticated. We can get it pretty quickly. They want it. That is the one that they want. Now,

for all those reasons and some others, the decision was made to go ahead with that decision to appropriate the money, fund the Mi–17 purchase.

Now, I know there are many who don't agree with that, but in trying to comply with the commitments that we have made to Afghanistan and what is easiest for them, what they wanted, what their maintenance requirements were, what their pilot requirements were, what their terrain requirements were, recognizing all the other facts, the decision was made on a pretty cold-blooded, calculated basis.

Now, let me ask General Dempsey if he would like to add to that.

General DEMPSEY. No, just to reinforce, it was the right helicopter for them, Congressman.

And, by the way, I would point out that, you know, we are trying to accelerate the, what we call enabling capabilities, or enablers, to provide them as much capability as possible so that they can, in fact, take responsibility for security.

I would also mention, you mentioned withdrawal, but there is no scenario where we wouldn't retain a corps of advisors to train, advise, and assist them in the fielding, especially, of capabilities as they came on board well beyond 2014. Now, you know, unless you are privy to some other plan that I am not, we don't intend to completely withdraw from Afghanistan.

And, finally, you know, it is easy to point out the friction points among nations, whether it is Russia or China, but there is also plenty of places where we have common interests. And Afghanistan happens to be one of those with Russia. Russia wants a stable Afghanistan postwar team just as we do, because of the effect it could have on them. They are supporting us in the Northern Distribution Network. We collaborate on counterterror issues and counternarcotic issues. So there are plenty of places where we collaborate and agree with Russia. There are a handful where we have friction points.

Mr. MORAN. Well, I know I am out of time, but if I had time, Mr. Chairman, I would ask why, when 180,000 of your 800,000 DOD employees that are being furloughed are paid out of working capital funds, thus not achieving any appropriated savings, why we are doing that. But I will let Mr. Hale think about that, and I don't want to monopolize the time. But it doesn't make a lot of sense.

But thank you.

Secretary HAGEL. Thank you, Congressman.

Mr. YOUNG. Mr. Crenshaw.

STRATEGIC DISPERSAL OF AIRCRAFT CARRIERS

Mr. CRENSHAW. Thank you, Mr. Chairman.

I have two questions. One is an older question, and one is a new question. And the first question is about this concept of strategic dispersal. I think Mr. Hale knows a little bit about that, General Dempsey, but I know you are new on the job.

But when we talk about dispersing our nuclear aircraft carriers, that all happened in 2005 when we have an all-nuclear fleet now. And so that meant on the East Coast we only had one homeport for nuclear aircraft carriers; had two or three, depending on how you count, on the West Coast.

And the Navy figured out that this is going to be a problem. And they did a study for 2½ years, and they determined that dispersing our assets was a strategic imperative and that we ought to have another homeport on the East Coast, not only to disperse our assets but also to have a backup nuclear maintenance facility. And then that was reviewed again in 2010, the Quadrennial Defense Review.

And so the Department planned on a 5-year upgrade to have a second homeport on the East Coast. And funds were requested in 2010, 2011, 2012, and they were approved. This subcommittee, I think, believes that is an important strategic imperative. But in 2013 there wasn't any money, zero money, to continue those upgrades, even though nothing had really changed.

We saw a picture just a month or so ago about some five nuclear carriers tied up together in Norfolk, which brings to mind some dramatic pictures of, like, Pearl Harbor, putting all your eggs in one basket. And I figured if a carrier is worth $7 billion, you have $35 billion worth of assets sitting there that potentially could be either impaired or destroyed, terrorism action, whatever.

And so it just seems to me that to protect those kind of assets that are so important, it would make a lot of sense to spend just a fraction of that value to have a second homeport on the East Coast. I think it was Secretary Gates that said, we have never considered a single homeport on the West Coast acceptable, and we shouldn't accept that on the East Coast, as well.

So I know that you are new to this issue. I don't know if you have been briefed on the strategic imperative, but I would like for you to comment on just, do you agree with the results of that 2½-year study, the Quadrennial Defense Review? And do you think that we ought to make the investment to protect our assets, particularly our nuclear carriers, on the East Coast?

Secretary HAGEL. I don't disagree with what you have just noted and what the QDR found. But I think we are moving a carrier to Mayport.

Is that right? We are not moving.

General DEMPSEY. No.

Mr. CRENSHAW. You are moving a big-deck amphib.

Secretary HAGEL. Okay, the amphibs are moving to Mayport.

Well, what we need to, I think, always keep in mind and what we try to do and, obviously, the Navy's assessment is a balance of our assets and resources, just as you noted in your conversation with Secretary Panetta, where those resources and those assets be best homeported and where they can respond in a balanced way in the quickest response time.

I don't know the specifics of the decisions made by the Navy, but I do know that when we asked the questions, and what they are dealing with every day, Navy is not the only service, but Air Force being another one, is that they have to balance those assets to be able to respond to our commitments and our national interests.

The amphibious ships that are going to Mayport, I think, are this year, or are going——

General DEMPSEY. I think the planning is for it to, I don't know——

Secretary HAGEL. The planning. I am not sure physically if they will be there this year, but the planning is to make sure that they are in place to get them there, I think, certainly by next year.

Mr. CRENSHAW. Well, I am glad to hear that you agree with that, because I think this subcommittee is very interested in making sure we protect those assets. And it doesn't cost a whole lot of money to finish those upgrades that were started. And so I think this subcommittee would certainly work with the Department if we can make that happen, not only to have that strategic dispersal but also to have a backup nuclear maintenance facility on the East Coast, whereas on the West we have——

Secretary HAGEL. Well, those maintenance berths, I understand too, we are going to be able to fund most of them, not all of them, I think, that was initially in the earlier budgets. But I think we are going to be able to fund——

SPACE PROGRAM

Mr. CRENSHAW. We hope we can work with you.

And let me ask a quick question about the space program. Excuse me for interrupting, because I know my time is short. The space program is something everybody needs but nobody really sees. It is one of those out of sight, out of mind.

And I notice there was $8 billion in the budget this year for our space programs. And so I wanted you to, if you wouldn't mind it, to comment on the issues and the risk that we face in space. Because if we don't have the availability of these systems, what kind of impact is it going to have on our operations all around the world, particularly as we begin to emphasize the Asian-Pacific area?

Could you just talk about that?

Secretary HAGEL. Sure. Obviously, space is an absolute requirement—our funding, our technology, our resources—for the reasons you just mentioned and others. And it will get more competitive. That is an area of technology we cannot allow to fall behind in. So much of everything revolves around that capacity that we have up there.

And so it is a high priority. It will continue to be a high priority in our technology, our research, and our funding.

Mr. CRENSHAW. Great. Thank you very much.

Thank you, Mr. Chairman.

Mr. YOUNG. Ms. McCollum.

MILITARY INDUSTRIAL BASE

Ms. MCCOLLUM. Thank you, Mr. Chairman.

Secretary Hagel, General Dempsey, Under Secretary Hale, I was going to say good morning, but it is almost lunchtime, so thank you for being here.

Collectively, the leadership of the Department of Defense, the President, every man and woman in uniform, and this Congress is to ensure readiness and to have the capability to confront national security threats, large and small. And now this task must be done in a very difficult budget environment. So it is time for tough choices and smart cuts.

And, General Dempsey, in your testimony you talked about reducing unneeded infrastructure, shedding ineffective acquisition

programs. And I support this effort. And Congress must act responsibly to protect readiness and capability and not be protecting inefficiencies and waste.

And, Secretary Hagel, I applaud your strategic choices and management review. You know, this Congress needs to work with you in your efforts and not against these needed reforms.

I have three questions, and I am going to just put them all together for the sake of time for the chairman.

Secretary Hagel, this is about the industrial military base. As the war in Afghanistan winds down and defense spending is reduced, you know, essential capacity in our military industrial base must be preserved. As we learned when these conflicts started in the early 2000s, we weren't ready. We didn't have the equipment we needed for our men and women.

So I am hearing some real concern that the Pentagon is paying lip service to maintaining the industrial base capacity, that they are not seeing any tangible action for these companies to know that deliveries and requests are going to be made on time and that they have, you know, the strategic planning to keep the base in place.

Part of that is Congress' inability to pass budgets on time. And as the chairman wants to see us move toward regular order, we want to see that happen, too. So there is a joint responsibility I do see in keeping the industrial base moving forward.

But I would like to have you present to this committee what we can expect in a plan, how the Pentagon is moving forward to protect this space.

DIPLOMACY

The other issue is something that I know, as a Senator, you worked on a lot and General Dempsey mentioned in his testimony, and that is in the area of development and diplomacy. To quote, you said, General Dempsey, "As we set priorities and implement reductions, we need to pay attention to the important relationships among defense, development, and diplomacy. Fewer defense dollars mean we must rely more and invest more in our other instruments of power to help underwrite global security." So I thank you for your wise and thoughtful insight.

And the Pentagon, as it looks forward with this, I would be interested in learning more about your perspective of how investments in development and diplomacy complement our national security strategy.

SEXUAL ASSAULT

But, gentleman, I didn't say this because it is the least important, it is because something that, quite frankly, I think we need to be working on very seriously. There is a disease that is infecting the U.S. military, and you both mentioned it in your statements. It is sexual assault of female members by their comrades, I would say by their brothers.

The fact is as many as 19,000 female service members were potentially assaulted in 2011. That, to me, sounds like an epidemic. An all-volunteer Army which is going to be increasingly dependent upon women, and women in the military face a one in three chance

of being assaulted or raped? It is a very strong disincentive for young women to think about joining the military.

And, in fact, later this month, I will be honoring those people who have been accepted into our military service academies. To those women, quite often, I have given my personal number to them and said, do not hesitate to call me. You should never, never be a victim of sexual assault. But then I think of all the women in my district who have just gone down to a recruiter to serve their country who don't have my cell phone number.

So, Secretary Hagel, I am so proud of the way that you have asked Congress to look into what we can do to support you in this effort. I want to work with you on this.

I have been very disappointed the entire time I have served here with the programs that the military has come up with. In my opinion, they have been short, they have been lip service. This is not only to protect our women who have served, but this is to protect each and every one of the men who put on a uniform, who are painted with a brush every time—every time—one of these assaults occurs.

So, General Dempsey, what do I tell a young woman who is graduating from high school next month who wants to join the military, but, quite frankly, she is afraid of being raped as a result of serving her country? And what do I tell the young Air Force recruit?

And I am going to quote a young Air Force recruit here. Quote, "How am I supposed to go about reporting something when the person I am supposed to report to is the person who raped me?"

So, gentlemen, those are my three questions.

Thank you, Mr. Chair.

[The information follows:]

INDUSTRIAL BASE

The Department has several ongoing efforts that address the health and capacity of the defense industrial base to meet our current and future national defense requirements. The Department assesses various industry sectors to understand what industrial capabilities and capacities exist, and what areas may be at risk, with an eye toward preventing the loss of those capabilities. The Department uses a Sector-by-Sector, Tier-by-Tier (S2T2) repository of proprietary defense industrial base survey information provided by industry.

Analysis of industry sectors enables the Department to identify elements of the industrial base where current acquisition programs will not invest enough in production and/or research to support the minimum sustaining rate that would keep critical suppliers viable. Once critical risks have been identified, we investigate and determine an appropriate mitigation plan.

The Department uses several options to mitigate potential industrial base risks and/or preserve capacity. If necessary we alter our procurement plans; or, if required to target specific problems, we use the following authorities; the Defense Production Act, the Manufacturing Technology Program, and the Industrial Base Sustainment Fund.

The Defense Production Act Title III is used to mitigate shortfalls in the domestic industrial base when those capabilities that impact essential national defense requirements do not exist, are at risk of being lost, or are insufficient to meet defense needs. For example, the Defense Production Act Title III Program executed an initiative to establish a production capability to produce advanced radiation hardened microelectronics needed to support defense space and missile capabilities. The effort: involved the expenditure of over $100 million via the authorities of Title III of the Defense Production Act to purchase and install equipment and qualify production process in Honeywell's semiconductor facility in Plymouth, MN.

The Manufacturing Technology Program develops technologies and processes for the affordable, timely production and sustainment of defense systems. The program impacts all phases of acquisition. It aids in achieving reduced acquisition and total

ownership costs by developing, maturing, and transitioning key manufacturing technologies to industry and organic activities. For example, OSD ManTech in partnership with Army ManTech is advancing new and innovative manufacturing processes and multi-function materials for new lighter weight body armor. The combined use of these new processes and materials will result in a nearly 10% weight reduction for our troops with equivalent body armor performance requirements.

The Industrial Base Sustainment Fund is used as a bridge to sustain and/or improve the health of essential parts of the defense industry. For example, the Department's industrial base office worked collaboratively with the Army to sustain a design team that was developing innovative technology to replace optical periscopes used on a variety of tracked vehicles. The Army hopes to develop a multi-function periscope that enables the warfighter to keep eyes on the battlefield by displaying critical information on the periscope with 360 degrees of situational awareness.

In addition to efforts focused on current industrial base issues, we are looking to the future. The Department led the establishment of a pilot national manufacturing institute focused on additive manufacturing. This public-private partnership bridges a critical gap between basic research and mature development work and transitions the results to industry.

DEVELOPMENT AND DIPLOMACY

The Defense Department not only benefits from development and diplomacy investments, it depends on them to achieve our national defense objectives. Political and economic stability are precursors to security throughout the world. The investments made by the United States in development and diplomacy can prevent the dynamics that give rise to conflict, in turn preventing the loss of American lives to secure our interests overseas.

Two specific examples come to mind. First, the Administration's investment of time and resources in our engagement with the Association of Southeast Asian Nations (ASEAN) is strong evidence of the power of diplomacy to bring a region closer together and lower the risk of future conflict. ASEAN contributes to a peaceful region, in bolstering the rule of law and creating incentives for countries to conduct relations responsibly. When a region has strong diplomatic dispute resolution Mechanisms—such as through ASEAN—countries will be less likely to engage in actions that may result in military conflict.

Second, in partnership with the Department of State and USAID, the Defense Department has invested significant resources in Afghanistan to bring affordable, sustainable power to Kandahar City, Afghanistan and the surrounding area. These development efforts will lock in the economic and stability gains achieved during the last ten years. Reliable power is key to Afghanistan's continued economic growth and provides opportunities for the people of Afghanistan to reject the unwanted influence of the Taliban and pursue a peaceful, prosperous future.

SEXUAL ASSAULT

We have implemented a variety of recent initiatives to prevent the crime of sexual assault and, if that crime occurs, to improve how we respond. In short, we recognize there is no single solution to solving the problem of sexual assault and have adopted a multi-disciplinary approach that includes a variety of initiatives in prevention, investigation, accountability, victim assistance, and assessments.

Very soon I will be publishing a revised Department of Defense (DoD)-wide strategic plan on Sexual Assault Prevention and Response (SAPR) that encapsulates our intent to reduce, with the goal of eliminating, sexual assault from our Armed Forces. Our revised 2013 plan defines strategic priorities, objectives, and initiatives, and will serve to synchronize the Department's multi-disciplinary approach.

Our completed initiatives and future actions, organized along the SAPR Program's five lines of effort, include the following:

Prevention

Major Initiatives Completed

- In Fall 2012, the Services launched a wide range of enhanced training programs using interactive and adult learning methods and emphasizing bystander intervention.
- In Fall 2012, the Sexual Assault Prevention and Response Office (SAPRO) expanded its outreach and engagement with experts from advocacy groups, legal, educational and law enforcement communities in order to gain constructive criticism and share best practices.
- In March 2013, DoD published revised DoD Sexual Assault Program policy, enhancing procedures and standardizing DoD SAPR efforts.

• As of April 2013, standardized SAPR core competencies and learning objectives are being taught in DoD-wide pre-command and senior Non Commissioned Officer training courses.

Ongoing and Future Actions

• Utilizing lessons learned from the Air Force's Lackland Air Force Base investigation, the Services conducted my-directed evaluations of their respective initial military training environments; the results are under senior leader review.

• Services conducted my-directed evaluations of their respective Military Academy all SAPR programs; the assessments are complete and the results are under senior leader review.

• Standardized SAPR core competencies and learning objectives are under development for SAPR training courses for basic training, victim advocates, and continuing professional military education; respective course curricula will be revised by the end of this fiscal year.

• Services are conducting unprecedented senior leader and commander engagements and summits focused on SAPR issues and programs.

• SAPRO is expanding its research on effective support services and preventive programs for male sexual assault.

• DoD is conducting a format review and revision of the SAPR Prevention Strategy.

• SAPRO is conducting outreach with targeted universities and communities on prevention program best practices.

Investigation

Major Initiatives Completed

• In September 2011, who revised Sexual Assault Forensic Exam kit to improve victim care and align evidence collection with national standards.

• In January 2012, who implemented DoD policy to retain investigative documentation for 50 years for Unrestricted Reports.

• In January 2013, DoD published new DoD policy on sexual assault investigation standards, requiring all sexual assault Investigations are conducted by independent and professional Military Criminal Investigative Organizations (MCIO).

• In February 2013, DoD Inspector General (IG) completed its evaluation and published findings/recommendations for MCIO initial and annual training.

Ongoing and Future Actions

• DoD is developing policy for a Special Victim Capability, in accordance with Fiscal Year (FY)13 National Defense authorization Act (NDAA), which will include standardized selection, training, and certification standards for Special Victim investigators.

• DoD IG is conducting a review of sexual assault investigations for investigative sufficiency and compliance; audit is completed and results are under senior leader review.

• DoD IG is conducting a review of Sex Offender Registry Programs and compliance with the Sex Offender Registration and Notification Act.

Accountability

Major Initiatives Completed

• In 2012, the Services and National Guard Bureau (NGB) fielded specialized personnel and/or teams such as Complex Trial Teams, Special Victim Prosecutors and Trial Counsel Assistance programs to deliver enhanced capability in the prosecution of sexual assault cases.

• In June 2012, DoD elevated initial disposition decisions to 0–6 level (Colonel or Navy Captain) for cases of rape, sexual assault, forcible sodomy, and attempts.

• In January 2013, the Air Force launched a pilot Special Victim Counsel program to provide victims of sexual assault legal representation during all phases of investigation, prosecution, and victim recovery.

• Last week, I directed the Office of General Counsel to prepare legislation that I believe will be a good first step on this issue to amend Article 60 in two ways:

  • Eliminating the discretion for a convening authority to change the findings of a court-martial, except for certain minor offenses that would not ordinarily warrant trial by court-martial. While convening authorities would no longer have the ability to dismiss charges for serious offenses like sexual assault, defendants would continue to have access to a robust system of appeal rights.

  • Requiring the convening authority to explain in writing any changes made to court-martial sentences, as well as any changes to findings involving minor offenses. The intent is to ensure that convening authorities are required to justify—in an open, transparent, and recorded manner—any decision to modify a court martial sentence.

• These changes, if enacted by Congress, would help ensure that our military justice system works fairly, ensure due process, and is accountable. These changes would increase the confidence of service members and the public that the military justice system will do justice in every case. The changes have the full support of the Joint Chiefs of Staff and the service secretaries.

Ongoing and Future Actions

• DoD is developing policy for Special Victim Capability, in accordance with FY13 NDAA, which will include standardized selection, training, and certification standards for Special Victim prosecutors and paralegals.

• In conjunction with Congress, DoD is establishing and supporting the FY13 NDAAmandated independent Response Systems and Judicial Proceedings Panels.

Advocacy—Victim Assistance

Major Initiatives Completed:

• In April 2011, launched DoD Safe Helpline to give victims 24/7 global access to crisis support staff.

• In December 2011, implemented expedited transfer policy for victims making that request; from implementation to the: end of Calendar Year 2012, commanders approved 334 of 336 transfer requests.

• In January 2012, expanded SAPR Restricted Reporting support services to adult military dependents.

• In January 2012, expanded $APR services during emergency care for DoD civilians stationed abroad and DoD IIJ.S. citizen contractors in combat areas.

• In January 2012, Military Rule of Evidence 514 was enacted providing protected communications between victims and advocates.

• In September 2012, developed and fielded nationally recognized Safe Helpline Mobile Application to advance victim support services.

• In October 2012, implemented DoD Sexual Assault Response Coordinator /Victim Advocate credentialing and certification program with National Organization for Victim Assistance.

• In February 2013, conducted the second Survivor Summit to ensure policy making is informed by the voices of victims.

• In March 2013, as part of revised DoD SAPR policy, implemented new standards for medical care providers to support victim care and enhance investigations.

• In March 2013, implemented DoD policy to retain Restricted Reports for 50 years, upon victim's request.

Ongoing and Future Actions

• In April 2013, SAPRO is expanding the DoD Safe Helpline to include a moderated Safe HelpRoom to advance victim support services.

• Services are expanding the manning of full-time equivalent SARC and VA positions to all brigade or equivalent units, as directed in FY12 NDAA.

• DoD is developing policy to ensure delivery of victim SAPR services to qualified same-sex domestic partners.

• In conjunction with the Department of Veterans Affairs, DoD intends to develop a continuity of care protocol to ensure continuous quality of victim service through transition from active or reserve duty to veteran status.

Assessment

Major Initiatives Completed

• In 2011, established SAPR Integrated Process Team, comprised of senior Office of the Secretary of Defense and Service SAPR program managers, as a standing body that meets regularly to review and advise on SAPR matters.

• In April 2012, added sexual assault questions to DoD Command Climate Surveys and implemented policy to conduct assessments within 120 days for new commanders and annually thereafter.

• In October 2012, fielded Defense Sexual Assault Incident Database as record system for sexual assault case management and data collection.

• In November 2012 conducted inaugural Joint Chiefs of Staff quarterly SAPR Joint Executive Council as DoD's senior standing military oversight body for SAPR matters.

Ongoing and Future Actions:

• SAPRO and Services continue to prepare NDAA-mandated annual SAPR reports to Congress:

—Annual Report on Sexual Harassment and Violence at the U.S. Military Service Academies

—Annual Report on Sexual Assault in the Military

• SAPRO and Services are assessing delivery of SAPR Services in joint base environments.

• SAPRO and NGB intend to assess the NGB SAPR program.
• In Apr 2013, the inaugural general Officer/Flag Officer Tr-Service Council on Recruit Basic Training is being conducted. The Council will be informed by findings and recommendations from Service respective initial military training environmental assessments.

Mr. YOUNG. Thank you, Ms. McCollum. I want to say that I really appreciate what you have just said to the Secretary and to the subcommittee. And this is a terribly, terribly important issue. So thank you for that.

Mr. Calvert.

Mr. CALVERT. Thank you. Thank you, Mr. Chairman.

And I thank you both for coming here today. Thank you for your service.

Ms. MCCOLLUM. Mr. Chairman—excuse me, Mr. Calvert.

I realize we are out of time, so you will be responding in written testimony back to the chair? So I can expect an answer or reply when, sir?

Mr. YOUNG. And I apologize. If I cut you off, Mr. Secretary, please forgive me. But you certainly are recognized to respond.

Secretary HAGEL. Well, thank you, and I know there is a time issue here. Let me be very brief, and then I will ask General Dempsey, because one of the questions, or actually all three, were addressed to him as well. And we will respond for the record, but just very briefly.

The three issues you have mentioned, let's start with the last, sexual assault. That is an issue, as you have laid it out, and I can't expand on it, of highest, highest priority to me, General Dempsey, the leadership, and the United States military. We have a long way to go. We have much more to do. You have noted some actions I have taken. I will be taking more. We need to do more. So let me in there be assured that this is something that I am personally committed to, as well as the leadership of this institution.

On the industrial base, the military industrial base is an absolutely key plank, foundational piece of our ability to sustain our technological edge, our edge in every way, for the future. That cannot erode. We are working our way through that. What do we need? What we think may be excess capacity. We have a study under way on this. It is a high priority. We have to do it. We need it. And we will do everything that we can to address the issue and adjust to where we think the challenges are coming for the first part of the 21st century.

I know the other issue that you wanted to talk about was something that you had asked General Dempsey. So, if I might, I will ask General Dempsey to respond to that issue, and then we will get on with this.

General DEMPSEY. So, in order, Congresswoman, the defense industrial base is an issue about future readiness, and so we are attuned to that. And then the strategic choices and management review. It will compete with the other factors of readiness, but I can assure you that we are focused on our ability not just to generate today's force but tomorrow's force.

On the issue of development and diplomacy, I am an advocate of recognizing that if we as a Nation will ask the military to do less, then we can't leave a vacuum, and so something has to fill that vacuum. The less we do unilaterally, the more we have to do

through partners. And that is both on the other-agencies-of-government side, USAID, Department of State, other agencies of government that have an outreach to international partners, and, in our case, it is literally security force assistance, building partner capacity, as I think we are doing pretty successfully in places like Yemen, like Somalia, like North and Western Africa.

And then the last one, on sexual assault, this is Sexual Assault Prevention Month. I am very much—I have had two daughters serve. I hope you tell those young ladies who continue to be interested in service that they are entering an institution that is taking this more seriously than anyone else I know. I assure you, it is not lip service. But I can't stand here today before you today and tell you that we have turned the corner. We just haven't.

And I had a meeting yesterday with the JCS. We meet monthly on the topic. It is as important to us as anything we are doing. And we look forward to partnering with Congress to helping each other figure it out. And in the process of doing so, by the way, we might actually help America figure this problem out, because it is a national problem.

Ms. KAPTUR. Will the gentlelady yield just—Mr. Chairman, could I just add something?

I would implore the chair, because of the importance of this issue, that perhaps working with the Secretary, with Congresswoman McCollum, and with some of the interest groups and others who have been engaged and affected, that we find a way to better inform our membership. And perhaps there is a manner in which to do that. So I would just throw that suggestion out there.

And I thank the gentlelady and the witnesses today.

Mr. YOUNG. Thank you, Ms. Kaptur.

Okay. Mr. Calvert.

ACQUISITION PROCESS

Mr. CALVERT. Thank you, Mr. Chairman.

Getting back to this issue that I think it is important to address, and I know, Mr. Secretary, this has been of interest to you, and this is acquisition. And it is a mess in the Department of Defense, from A to Z.

And I don't know where to start, whether it is on the major acquisition programs. I remember General Casey sitting where you are at, talking about the replacement vehicle for the Humvee, that if we are optimistic, it would take 7 years before we could get a replacement vehicle coming across the assembly line. We have had significant problems with the Joint Strike Fighter, with the tanker replacement for the Air Force. Certainly, the Navy has had its issues with just a number of programs.

We never seem to be able to estimate the cost of these programs accurately, certainly not within the Department of Defense. I know the CAPE has been much more accurate in the past, developing accurate cost estimates for these programs. Certainly, the time, and I can't imagine the cost. Billions and billions and billions of dollars have been wasted in the acquisition process for the United States Department of Defense over the last number of years.

And in this budget era that we are in, with sequestration, I can't tell you whether it is going to—you know, all of us appreciate what

we are having to go through—but I can't tell you, I don't think you know or anyone knows whether this is going to last for 1 year or 10 years. And so we are going to have to make some significant changes. That is issue one.

CIVILIAN WORKFORCE

And, two, on civilian workforce issues within the Pentagon, as I understand it, as the forces are coming down, both Army, Navy, Marine Corps, the civilian workforce numbers are going down very little relative to that. And the reasons for that are numerous. I understand that. I understand you have a number of people, I think up to 50,000, that are eligible for retirement at the Department of Defense. And the retirement programs for early retirement are not modernized to help encourage people to retire and to come out with a more efficient civilian workforce, bringing down those costs.

But, in this environment, we are going to have to start doing all that. You are a former business guy. I am a former business guy. There are ways that we can bring down some cost without, I think, impacting readiness. And these are things that we need to seriously get involved in in the coming months if we are going to get a hold of this issue.

And I would appreciate your response, Mr. Secretary.

ACQUISITION PROCESS

Secretary HAGEL. Congressman, thank you. I will respond here very quickly to each of your points. And I am going to ask the Comptroller to specifically address the civilian workforce issue, because that workforce is coming down in the projections, as well, for reasons here that the Comptroller will address.

But acquisitions. The GAO recently released a report that was assessing our acquisition programs and processes, which was actually pretty favorable to the efforts and the work that is being done and has been done. We have a long way to go, we recognize that, for the reasons that you noted.

Something that the current Deputy Secretary of Defense, Ash Carter, started when he was the Under Secretary for Acquisitions, best buy program—he actually initiated a number of programs that the current Under Secretary, Frank Kendall, is expanding on, which have put us in a much stronger position for analysis and prioritization.

And the fact is, as you note, that the budgets are smaller, the resources are fewer. The uncertainty is hanging over us. So we don't have any choice. And that is a reality that we are dealing with that, actually, is not all bad, either, for us.

So there is not a higher priority here than to get this right, for the reasons you note. I mean, that is a third of our budget, when you look at acquisitions, procurement, research, testing, development, and so on. So I think that we are on the right track here. A long way to go, more to do, much more to do.

CIVILIAN WORKFORCE

On the furlough issue, first, we have not made a final decision on this. We have let our people know which—and the Congress

know, because by law we have to inform the Congress if we are considering any furloughs, and we have done that. We are. We are having to. We are going to do everything we can to protect that element of our budget, but readiness is our key responsibility, and so everything has to revolve around that.

We will probably be in a position in 2 or 3 weeks to have a better sense of what is going to happen or whether we are going to be required to furlough or not. But there is some good news there. It is coming down from what we originally thought might be the case, 21 days, now 14. We will see.

Let me, in the interest of time, ask our Comptroller to address your specific point on civilian workforce.

Mr. HALE. We have worked hard to restructure our civilian workforce, Mr. Calvert. And it will be coming down about 5 to 6 percent between fiscal 2013 and fiscal 2018, pretty much in proportion to the reductions we have seen on the military side.

I will say, those reductions are contingent on being able to consolidate infrastructure and also to restructure our military treatment facilities. So we will need the BRAC round in order to achieve those cuts, because that is why they work. And if we are going to cut civilians without hurting readiness, we need to do some efficiencies.

But we are on track to achieve a 5 to 6 percent cut in 2013 to 2018.

Mr. CALVERT. Okay.

Mr. YOUNG. Mr. Bonner.

UH–72 LAKOTA HELICOPTER

Mr. BONNER. Thank you, Mr. Chairman.

Gentlemen, the tragedy yesterday is just the latest reminder that the world we live in is still a dangerous place. And while we are all budget-conscious, and we know the Department is too, and has to be, I think I am correct in noting that in the President's budget request that came last week, there was just 5/10 of 1 percent increase in DOD's budget, but other departments in government, HHS, a 5.4 percent increase; Veterans, 10 percent—I don't think anyone on this committee would argue with that—Department of Energy, 35 percent increase; Department of Commerce, 34 percent; and DOT, 50 percent. So there are some areas of government that the administration is still looking to grow.

And I want to focus my two questions on helicopters and on ships. Because going to the comment that I believe General Dempsey made with regard to Mr. Moran's question about the Mi–17 helicopter, that that was the right helicopter for the Afghanis, I want to talk about the right helicopter for the Americans, for our Army and for our Army National Guard.

It is my understanding that an American-made helicopter, the UH–72 Lakota, which is one of the few programs, going to Mr. Calvert's comment about acquisitions, that has never been late and that has never been over budget, that your budget request, the administration's budget request, is talking about cutting the planned purchase order of those helicopters down from what we were hoping or were expecting, we had been told, would be 31 down to 10,

and that, furthermore, you don't plan to purchase the additional 10.

That goes to Ms. McCollum's question about the industrial base. These are American jobs in Columbus, Mississippi, not in my State or district, but they are American jobs nonetheless. So it does have an issue with regard to the industrial base.

And I am just curious, is the helicopter still doing a good job for our Army and our National Guard? And, if so, could you help us understand the strategy here?

LITTORAL COMBAT SHIP

And then with regard to ships, the Secretary talked about, in response to Chairman Rogers' question, about the issues with China and the Philippines and other areas in the Pacific. I think the quote was that we still are the most significant navy in the Pacific. We need to be. And, clearly, it is our intent to ensure that those sea lanes remain open, in regard to Mr. Rogers' question about world commerce.

So in a recent hearing that was closed, so I won't cite who it was with, but it was a senior Navy official, we were talking about the littoral combat ship. I was recently just a few days ago with one of the Navy secretaries when President Reagan was in office when we were aiming toward a 600-ship fleet. Obviously, we are nowhere close to that.

But the littoral combat ship, one of the two, is made in my district, so it is a parochial question. But the question really falls along the lines of this: The world is not a safe place. And can you see with a smaller Navy the need, especially when we are talking about sea lanes or piracy or other issues, can you see the continued need?

Previous secretaries and previous departments have recommended this ship. This Congress has funded this ship. And I, at least, believe that in countries like Singapore, Cambodia, the Philippines, Malaysia, and other areas, having smaller ships that are more versatile that go into the shallow waters can provide some advantage to us as we are trying to do more with less in other parts around the world.

So those are my two questions, and I would welcome a response.

Secretary HAGEL. Congressman, thank you.

On the issue of the amount of the Defense Department budget, if I recall, I think both the House and the Senate resolutions on the Pentagon budget, DOD budget, was pretty close to where the President's budget is. So I think the President's budget is right in line with what the House and the Senate proposed for fiscal year 2014.

As to the specific questions on ships and helicopters, I would answer it this way. First, the recognition, realization that, as you noted, we have less money. And so, therefore, with less money, we are going to have to prioritize where we think our most significant assets are and invest in those to fulfill the national security interests of our country.

I don't know, a 600-ship Navy versus a 300-ship Navy, I suspect I would take the 600-ship Navy. But with a 600-ship Navy comes

maintenance and all the rest. It isn't just buying the ship; it is all that goes with it. And then you have to man the ship.

The reality is that we have to always look at, aside from the limitations of your resources—if you only have so much money and you have an Air Force to deal with and an Army and Marines, so you have so much money to go around—is the capability and quality of the asset. The capability and quality of our assets today, in almost every case, are far superior than they were 30 years ago on these ships.

Now, I suppose more is better, but we have to balance all of that, and we do. It is not an easy task for those charged with that, and, again, keeping our focus on what is the requirement of the Department of Defense and how do we assure the fulfillment of that requirement to secure this country and to protect the interests of this country.

And within the range of the resources we have and the decisions we have to make and the funding of all the different departments, it is not an easy task. But I think our people, over the years, have done a tremendous job of balancing this.

Mr. BONNER. Well, Mr. Secretary, with all due respect, I wasn't trying to go back to the 600-fleet Navy. I was just saying that was the direction at one point we were going 30 years ago. The world is different.

I was really asking you to give me some insight—and because of the newness of your position, if you want to defer to either Secretary Hale or General Dempsey, I would be happy to hear from either of them, as well—but I was really looking to—I am trying to understand the strategy about the helicopters.

These are helicopters that are made in America, that are supporting our Army and our National Guard and, by all accounts, are doing an outstanding job. And yet we are recommending that we are going to be cutting—if we cut the helicopters down, we are cutting the productions down, as well, and we will eventually put those Americans out of work.

And then about the littoral combat ship, that is a part of a smaller fleet. Do you see a value of new technology like the LCS in a smaller Navy?

Secretary HAGEL. Well, I will let General Dempsey respond directly to both weapons systems.

But, again, I go back to, if you have only a limited amount of resources, it isn't always just a question of, are all the weapons systems working, are all the helicopters working, would you buy more, or planes or ships. You probably would. But we have to prioritize the resources that we have, what the needs are on the ground.

We factor in, as I noted earlier, our combatant commanders' decisions. Our people that we rely on in the Navy, in the Air Force, on the ground in the Army and Marines, what do they need? What is the baseline to fulfill the capabilities and readiness in the interests of our national security? That doesn't always come out maybe the way everybody wants, but we are limited to that reality as well.

Let me ask General Dempsey——

General DEMPSEY. I will just add, Mr. Secretary, that the Lakota is a fine helicopter, but it is really a helicopter designed to operate

in a passive environment. And one of the principles going forward in the Strategic Choices Management Review is we have to find platforms that are multirole, that have the capability to operate both in a hostile and a passive environment.

And the Secretary has given us the ability to look at several different alternative futures in terms of financial support: the President's budget, something halfway between there and sequestration, and full sequestration. And I think you are going to see some pretty dramatic changes, based on the early indicators, of things that are not multirole will be very difficult to invest in.

Mr. BONNER. Thank you.

Mr. YOUNG. Mr. Ryan.

MIND FITNESS TRAINING

Mr. RYAN. Thank you, Mr. Chairman.

I know it is getting late, so I want to try to whip through some things here.

First of all, with regard to Ms. McCollum's comments on the sexual abuse, I know there is a pilot program where the Air Force is providing special victims counsel to act as personal legal counsel for sexual assault victims. So I have a couple questions I will submit for the record, and, hopefully, you gentlemen—first, General, I appreciate your comments on that issue; you, too, Mr. Secretary. Thank you.

Mr. RYAN. There is a program that the Mind Fitness Training Institute is doing, and it is a training program that the Marines and the Army are doing with regard to preparing them for performance. But this is also helping them deal with the stress of combat and how to process a lot of what they are doing there. And MMFT is the name of the program, and it is a great program.

We are starting to see some pilot studies come on, not only to help in preparation in the training aspect, but we are also beginning to see in other areas where this is helping with post-traumatic stress. And I know that it is much more expensive, I think three and a half times more expensive, to deal with a vet with post-traumatic stress as opposed to a veteran who does not have post-traumatic stress. So I think we are seeing signs that this can begin to build mental resiliency in the soldier and, I think, save us some money in the long run.

So thank you to Secretary Panetta, who was very supportive, General, and I know General Amos and General Odierno are also supportive of that. So I wanted to just bring that to your attention and say thank you.

Also, I represent Youngstown, Ohio, Mr. Secretary, that landed the National Additive Manufacturing Institute. And the Department of Defense is taking the lead on this, with Energy, Commerce, National Science Foundation, NASA. And I think this is going to be transformational for manufacturing, in general, but also to drive down costs in the Department of Defense. So I want to thank you for that, as well.

LIGHT AIR SUPPORT AIRCRAFT

One further comment and then a question. So there was an article in Roll Call this morning that highlighted an issue that hits

close to home in the 13th Congressional District, and the article was "The U.S. Air Force's Billion-Dollar Mistake." And it talked about the U.S. Air Force's decision to award the light air support contract to the Brazilian-based Embraer over Wichita, Kansas-based Beechcraft.

I am pretty sure you are familiar with this. And Beechcraft is in Kansas, and it depends upon a strong supply chain that covers 38 different States. The real party that benefits from this LAS award is the Brazilian Government, which is operational direction, and Embraer. And it also happens to put Brazil in control of U.S. national security assets, which at the same time putting at risk about 1,400 highly skilled U.S. jobs.

Now, Beechcraft protested the LAS award because of concerns with the way the procurement went down, but the automatic stay triggered by law was overwritten by the Air Force. So the initial contract to deliver 20 planes to Afghanistan has a current ceiling of $950 million. However, what is most concerning is the global marketplace for LAS aircraft.

So two things here. The single acquisition will become the program of record for the BPC of partner States, and the Air Force has stated in congressional testimony that as much as 27 countries may purchase this aircraft through BPC. Even modest projections suggest the potential value of this award could be as high as $10 billion. So I don't believe that the initial award should have been made to Embraer, and I have concerns about the fairness of the procurement.

But there is also a cruel irony here. The last 6 years, Brazil has refused to extradite an American citizen who murdered her husband, Karl Hoerig, who was a combat veteran pilot. Karl lived in my congressional district. We have been working with the State Department and doing everything we could possibly do to try to get her extradited here to come back here and face justice. They have thumbed their nose at us in this process.

And so it is difficult for me, as someone who has been dealing with this, and the Hoerig family back in Ohio to see the Brazilian Government thumb their nose at the State Department, and then the Defense Department is giving them this huge contract.

So, considering the consequences of manufacturing for Brazil now, and it becomes a program of record, can you personally review this award and make an independent determination on whether it should be allowed to stand as the program of record?

Secretary HAGEL. Congressman, thank you.

First, no, I did not see the story in Roll Call. But, as you know, this is under protest. The GAO is reviewing it. So that is the current status of the project.

Mr. RYAN. Can you take a look at this, too, personally?

Secretary HAGEL. Yes, especially—I did not know about the other part of this, your constituent and the Brazilian Government and what you just laid out.

Mr. RYAN. Yeah, and, again, I mean, you have served here. You know how this goes. And——

Secretary HAGEL. I will. I will. I did not know about that.

Mr. RYAN. Yeah. And we have been working closely with the State Department. And if, you know, we could hook up after and

talk to your staff member who will deal with this, and we will get you connected with the State.

But, to me, it is just so frustrating. Here they are ignoring our requests. This man served our country. And we don't know what happened in Boston, but here now Brazil is a safe haven for a terrorist who could commit an act of terror or kill a vet in the United States and go to Brazil and not be extradited here.

I didn't want to get this much into it, but this is a major issue in my district and, I think, a major issue in the country. So I thank you for everything.

Secretary HAGEL. I will look into it, and I will get back to you.

[The information follows:]

On March 8, 2013, the Hawker Beechcraft Defense Company, LLC protested the Light Air Support (LAS) contract award. The Government Accountability Office (GAO) has up to 100 days from the date of the filing to render a decision. It would be inappropriate to comment on the specifics of the LAS award until the completion of the GAO process.

It is important to note that the program of record connecting the LAS contract and Building Partnership Capacity (BPC) efforts was through the U.S. Air Force Light Attack Armed Reconnaissance (LAAR) program. The LAAR program was cancelled in FY 2012 and consequently there is no longer any program of record connecting the LAS contract and BPC.

Mr. RYAN. Thank you. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Cole.

CIVILIAN WORKFORCE

Mr. COLE. Thank you, Mr. Chairman.

And, Mr. Secretary, good to see you. It really is good to have you back on the Hill.

Secretary HAGEL. Thank you.

Mr. COLE. I appreciate your service in and out of uniform and in so many different capacities. And I know you will do a great job for the President and for all of us.

Two quick questions. One, having praised you like my good friend Mr. Moran did, let me not ask as tough a question but pick up on his last question. I have exactly the same concerns about the civilian workforce. I appreciate the fact that we have been able to lower the number of furlough days. I know you are continuing to work on that.

But I am also curious why the 180,000 funded through the working capital fund—and that saves no direct appropriations—are being furloughed at the same rate. In other words, is there some argument, are you simply trying to treat all civilians alike regardless? Or, you know, given the fact that some jobs are more important than others and some are funded in different ways, is there room here for some sort of more individualized response, if you will?

Secretary HAGEL. Thank you. And nice to see you again, Congressman.

On the furlough issue, there will be exceptions for priority jobs, safety, security, expertise, and so on, if we have to do that.

That said, what we have tried to do in approaching this is be fair and try to come at this in a way that is across the board, with the exceptions that I noted and others. If we have to do this—and it

is still if; and if we have to do it, then we still don't know how long—then that is the approach that we will continue to take.

SIZE OF THE GENERAL AND FLAG OFFICER CORPS

Mr. COLE. One additional question because I know we have very limited time, but I would like to get your thoughts. I look at the entire force, as I know you and certainly General Dempsey do, and it is a remarkable force. And it is been well-led and wonderfully trained and well-equipped, and I think highly of it.

On the other hand, I do sometimes worry about the concentration at senior levels that we have now compared to earlier times in our history. We have a lot more four-stars today than we have had, you know, vis—vis a force this size.

So do you have any plans in terms of relooking at whether or not we have an oversized general officer corps and take that into account? I know you have some tough downsizing to do in terms of capability over the next several years. Is that going to include the higher ranks, as well?

Secretary HAGEL. I will respond to that, but I am going to allow General Dempsey to respond, as well, since this is probably more of a parochial issue for him.

Mr. COLE. We want to keep you, General Dempsey.

Secretary HAGEL. Which I would strongly support.

You know, just briefly, that my predecessors instituted a review, and that review came up with some suggestions, which is under way, on downsizing that senior leadership.

But also I would say—and, again, I will ask the chairman to respond—that in the Strategic Choices and Management Review that I have asked for, they will be looking at all of these issues. Because infrastructure, our formations, our entire force structure, how it is led, the commands, have to be looked at and reviewed, and they will be. That will all be part of the strategic review.

General Dempsey.

General DEMPSEY. As I remember the numbers, Secretary Gates' efficiencies review identified about 144 generals and flag officers, for their positions to literally go away by attrition. We are looking again, because as the force comes down, the ratio changes.

And we are also looking not just at individual positions and numbers of generals and flags, but at headquarters. We are a bit overstructured. We didn't get there out of any malfeasance. We got there because there were requirements. And as this budget now comes upon us in the Secretary's strategic management review, we will look at where we think we can do less with less but not less well.

Mr. COLE. Well, not to overdramatize the point, but recently I read a wonderful book by Adrian Goldsworthy, who is a great Roman historian, talked about the evolution—and a great historian of the Roman Army, and talked about the long-term evolution where there got to be more and more units of smaller and smaller size and more and more individual commands but less mass, if you will. And I would just hope that we avoid that problem as you guys wrestle with a really tough set of challenges.

Again, thank you, Mr. Chairman. Appreciate the time.

Mr. YOUNG. Thank you, Mr. Cole.

Mr. Owens.

NATIONAL GUARD CIVIL SUPPORT TEAMS

Mr. OWENS. Thank you, Mr. Chairman.

Mr. Secretary, I would like to go back to the 24th CST issue again. We have been in contact with the Governor's office, Governor Cuomo. He has indicated they have received notices within the last week to disestablish this unit.

Will they be receiving notification that that has now been withdrawn?

Secretary HAGEL. I have reversed the initial decision. And that is why we will keep the funding for both of those offices.

Mr. OWENS. And I understand that you have testified to that earlier today. But will a notice go out to the State of New York, is really my question.

Secretary HAGEL. Oh, of course. Yes.

EAST COAST MISSILE DEFENSE SITE

Mr. OWENS. Thank you. That resolves it from my perspective.

I wanted to ask you also about the missile defense proposal for the Northeast. Can you give me an update as to the status of that? There have been some recent stories that indicate that Fort Drum, which is in my district, and the former Griffiss Air Force Base are on the potential list.

Secretary HAGEL. We, as you know, are undertaking an environmental study. We are looking at different sites, as directed by the National Defense Authorization Act, to review potential East Coast sites. We are looking at those. And we should have—and I will ask General Dempsey to be more specific—we should have that study concluded here, I would suspect, by the end of the year.

General Dempsey.

General DEMPSEY. The only thing I would add, Mr. Secretary and Congressman, is that the environmental impact study shouldn't be taken to assume that we will, in fact, establish an East Coast missile field for the ground-based interceptor, because we have other options. We have other options, to include sea-based.

But we want to do the work to understand where we could conceivably place an East Coast missile field in the event that the threat continues to increase or if we decide that the sea-based capability would be inadequate. But we are not there yet.

Mr. OWENS. Thank you.

Obviously, from my perspective, the two—there are three sites. One in Maine, I believe, as well. Fort Drum is, I believe, the only active installation. And just from an economic perspective, it would seem to me that that would be the best location, because it does have all of the infrastructure associated with an operating installation.

BRAC

My last question goes to BRAC. Mr. Secretary, in the beginning of your testimony, you indicated that—I think you cited $12 billion had been saved as a result of the BRAC. Having come from a community that went through a BRAC, certainly our impression of the

process was that ultimately it became a political decision and not an objective decision.

And I am curious as to what steps you would see taking in order to ensure that this was a fact-based and not a politically based decision.

Very difficult, I understand, but my community, which had Plattsburgh Air Force Base in it, felt very aggrieved by this process. It would be very difficult for me to vote for authorization of a BRAC as a result, because we did not feel it was a fair deal, if you will.

Secretary HAGEL. Well, thank you. You, of course, know the system very well after living through it.

I said in my opening statement that it was an imperfect system, and I think everyone understands that. Now, that said, our responsibility here within the DOD, as you know, is, in fact, to do exactly what you said, to work through the facts, what we think we need to fulfill the commitments to the American people to secure this country. Is there excess overhead structure? You know all the reasons for it. And so our focus is on just that reality.

The community involvement is obviously an important part of this. I noted that in my statement. You know; you have gone through it. Because everyone has to be engaged in this and involved in this process. Open, transparent, fair. And then you know the system as it works out. And then the BRAC Commission itself takes all of this and then makes recommendations to the Congress. And then, as you know, you have one plan to vote up or down.

It is imperfect. I know that there are problems, there are issues. But I don't think that means that we shouldn't go forward with trying to make this work. The fact is that we are unwinding now almost 12 years of two wars. We have built up a force structure to fight those two wars. And all that is coming out of this—and we have already shut down and consolidated a number of bases in Europe, overseas. We will do more. We have another study coming out later this—another review coming out later this year on that. We have tried to, obviously, focus there first. But I think the infrastructure and overhead has to be looked at. And then it is in the hands of the policymakers.

So I know that probably doesn't reassure you of anything, but I think, because of those imperfections and those problems, we shouldn't go forward with it. We have tried to get better and smarter at it. We have been doing this a few times over the years, and I think every time, I hope, we do it better. That doesn't mean, if we would get the authorization to go forward, that it wouldn't be without some problems, but we learn something every time.

But we have got to address excess infrastructure and overhead. It is all part of the larger review, that we just can't afford everything that we are doing.

Mr. OWENS. And thank you, Mr. Secretary.

Gentlemen, I thank you for your testimony here today and for your service to our country. Thank you.

Mr. YOUNG. Mr. Womack.

READINESS IMPACTS OF SEQUESTRATION

Mr. WOMACK. Thank you, Mr. Chairman.

And I, too, would like to thank the gentlemen for their outstanding records of service to our Nation and what they continue to do to help us in very difficult times.

I want to go first to General Dempsey.

You talked earlier, sir, about what you called a readiness shortfall. This is a sequester question. And I think you referred to the effects of a readiness shortfall based on sequester to involve pretty serious, what you called, recovery costs. I kind of referred to that recovery cost as more or less an effective hollowing out the force. I think we are basically saying the same thing.

You indicated that calculating those recovery costs might be a little bit difficult, although there are metrics in place, I think, to do some of that. I think we would all agree that we do know there will be recovery costs. It is a terribly inefficient way to run the military.

So my question is, are you concerned that when we are finally able to determine those recovery costs, that they may manifest themselves maybe not so much in dollars but in lives on a future battlefield?

General DEMPSEY. Yes.

Mr. WOMACK. Which leads to my second question, and I will—I appreciate the—I could not agree more. And I think that Chairman Rogers in previous hearings in discussing the effects on sequester, the criticality of what we were able to do in that last piece of legislation was very, very important for our Nation's military.

So my last question I will just kind of throw to Secretary Hagel.

Forget for a moment that you are in a hearing room on Capitol Hill and consider that you are sitting in a town hall meeting in the Third District of Arkansas, maybe out in one of my rural areas. And you are talking to a group of people, some of whom are wearing the hats of a proud World War II veteran, some of whom fought in Vietnam or Korea or Desert Storm, Somalia, Panama, you name it, the current war on terror. And in this audience there are probably going to be parents of kids who are going to graduate with the class of 2013. Some of those kids are going to put their hand up and take the oath of enlistment. Others will be entering our service academies.

How can we assure them with the uncertainty of sequestration that the military that was defended by America's greatest generation, the country defended by America's greatest generation, and the country that is going to be defended by future men and women is going to be the best-manned, best-equipped, best-trained, best-maintained, and best-cared-for military that our country is known for?

Secretary HAGEL. Congressman, thank you.

Since I won't be around that long, few of us will be, as that emerging class gets through the academy and then moves on to senior-level positions in this country, but I would respond this way: The one unabiding confidence that I have had in this country—and I am 66 years old. I have been in a war, done a lot of different things, made a lot of mistakes. But one confidence that I have never lost sight of, and it strengthens every day, is the fiber and character of this country to do the right thing.

We stumble around occasionally, we fight like hell, but in the end we do the right thing, for our country, for our future, and for

mankind. And I do believe, I certainly hope, but I do believe that that will be there for a long time to come. And it is much because of the public service of people like you all and others, and General Dempsey, who has been in the service for 39 years.

And when you look at credibility and confidence and trust in people and institutions, this institution, having nothing to do with me, is the one institution still in this country today that has a very high degree of trust and confidence. All other institutions are this way except the military, the men and women.

So I depend on that, I believe in that, and I think that would be my answer.

And then it gets to the individual. What is your purpose in life? What do you want to do with your life? And I have great and unabiding confidence in our young people.

Mr. WOMACK. I appreciate the gentleman.

And thank you, Mr. Chairman, for the opportunity.

Mr. YOUNG. Thank you, sir.

Ms. Kaptur.

Ms. KAPTUR. Thank you. You can all breathe a sigh of relief. I think I am the last Member.

Mr. Secretary, we congratulate you warmly on your appointment.

General Dempsey, thank you for your phenomenal service to our country.

And, Mr. Secretary, thank you so very much for being here today.

I wanted to mention four points and follow on with questions. You can respond to any directly or for the record. I want to focus on neurological conditions affecting our troops and veterans; number two, the role of the Guard and Reserve in structuring future defense for cost-savings purposes and excellent service; number three, DOD's role in the imperative of national energy independence, which was not mentioned in your testimony; and, finally, the downsizing of defense and economic recovery in regions of our country that still are hurting greatly from the downturn.

NEUROLOGICAL CONDITIONS

Number one, on neurological conditions affecting our troops, General Dempsey, thank you for addressing that in your testimony.

I wanted to point out the excellent work Colonel Castro is doing at Army Medical and Materiel Command. It is path-breaking.

And I wanted to ask if in the President's new BRAIN Initiative—which is to be funded at a level, if we are successful, of $100 million, half of that funding coming from DARPA. In reading through some of the material that has come to my attention, all of the research institutes involved in that are on the coasts; in our region of the country, nothing. And we have many, many of our citizens who enlist in the military or the Guard and Reserve. And I would hope that, as DARPA's role in this is shaped, you will think about all parts of our country being linked somehow in this tremendous effort that can help both on the military side as well as on the civilian side. So just FYI on that.

GUARD AND RESERVE

Number two, on the role of the Guard and Reserve for future defense, I am wondering how you are structuring the full integration in your discussions as we deal with these budget realities of Guard and Reserve. And I am going to give you an arithmetic question, very micro, that might help illustrate this issue.

If one looks at the F–16 unit that is based in Ohio, obviously my home State, and we would compare the cost of fulfilling the mission in Poland on F–16, with F–16s, which is currently being done by EUCOM, what would be the cost savings to shift that effort to a Guard unit, in this case Army Air Guard? What would be the cost differential?

The same is true with the repair of that equipment. What would be the difference between doing it within Active Duty forces versus the Air Guard in Ohio?

Just two arithmetic questions. You don't have to answer that now, but for the record.

[The information follows:]

There are critical roles for both the active and reserve component fighter aircraft that we have relied on since 9–11. In particular, Guard fighters have played an essential part of our nation's Noble Eagle response force. Pilots from the reserve component have been heroic in both Iraq and Afghanistan. There are, however, a number of factors we review when we determine which unit will conduct each mission; some of these include cost, unit readiness, speed of response required, and availability of aircraft. Although the Guard F–16 units are capable of conducting the mission in Poland, it would be more expensive to activate that unit and transfer it to Europe for that mission vice relying on an F–16 unit already located in Europe. To your question about the repair of equipment differential, the difference would be effectively zero between performing the repairs with active duty forces versus the Guard.

ENERGY INDEPENDENCE

Ms. KAPTUR. Number three, on energy independence, no one knows more than our military, certainly the Marine Corps, about the cost of delivering fuel to the front lines or energy to the front lines. The fact that you haven't even mentioned that in your testimony is of deep concern to me because I view our lack of energy independence as heavily influencing the conundrums we face globally.

And I would hope that in an answer back to us for the record you could provide some focus for what the Department is doing. And many of its departments are heavily involved in research, in energy retrofits for its buildings to save money long term, and it wasn't mentioned at all.

In that regard, let me also ask for a comment in the solar industry, which is critical to our future. The Chinese have been dumping solar panels globally, and it is causing tremendous outfall in this industry for our country, coast to coast. And the intellectual property that is associated with that, some of which came out of the military, some of it came out of NASA, is at risk. I just wanted to place that on the record for you to think about.

MILITARY CONSTRUCTION

And my final point is, as we downsize, some States have a lot of investment for MILCON, for defense. Ohio is not one of those

States. We rank near the bottom in terms of military construction. Yet if you look at our enlistment rates, if you look at the patriotism of the people of our State, they have always been shortchanged, in my view, in terms of defense investment.

I would hope that, as you look at downsizing around the country, there will be some factor that is considered at the policy level of which areas of the country are still struggling to recover, maybe those that are heavily manufacturing and very tied to the defense industrial base of this country, and the lack over a long period of time of defense-related investment, be it direct bases or R&D for the future. Just to make you aware of that concern.

If you want to respond to any one of these points, I would welcome your comments.

Secretary HAGEL. Congresswoman, thank you. You have touched on four important points. We will respond for the record and answer each of your questions and points and expand on some of the commentary that you provided here and your concerns.

[The information follows:]

Strengthening energy security strengthens our national security. Military operations, capabilities, and facilities depend on a significant and steady supply of energy, a requirement that can be exploited by our adversaries as vulnerability or cultivated as strength for our forces.

DoD has made significant investments to improve the energy efficiency of its platforms and facilities across the full range of military facilities and operations. For our military operations, the Department has focused on reducing the energy required at forward operating bases, and by our warfighters on the front lines by using energy alternatives like tactical solar. Our main goal with these investments is improving military capabilities, since there is every reason to believe that the burdens and vulnerabilities created by our energy supply lines will continue to be a challenge in future scenarios. We have also focused investments on reducing the fuel consumption of our platforms.

In addition to operational energy, the Department has focused on facilities energy for two key reasons: to reduce costs and improve the energy security of our fixed installations. Within the Department's FY14 budget request there is approximately $1 billion in energy conservation investments, mostly for investments in repair and upgrading systems in existing buildings.

The Services also use third-party financing tools, such as Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), to improve the energy efficiency of their existing buildings. Under these contracts, private firms or utilities commit their own funds to upgrade our energy efficiency and are paid back out of the resulting savings in our utilities bills. In FY2012 the DoD committed to award nearly $1.2 billion of these contracts by the end of 2013, in response to the President's Dec. 2, 2011 commitment ($2 billion in such contracts Federal Government-wide). To date, the Department has awarded 39 contracts worth $362 million with over $900 million in contracts under development.

Ms. KAPTUR. Thank you, Mr. Secretary.

I would hope on the first one, neurological research and so forth, I hope there is a way for Dr. Castro's excellent work to be linked to whatever DARPA is going to do so that we can bring current practice and join it with futuring in terms of neurology. I think there is a real chance to do that, but they have to be connected.

Secretary HAGEL. We will specifically address that point.

Ms. KAPTUR. Thank you so very much.

Thank you, Mr. Chairman.

Mr. YOUNG. Mr. Secretary, the chairman has several questions, but in the interest of time, I am going to submit them and ask you to respond, if you would, please.

[The information follows:]

As part of the BRAIN Initiative, DARPA is working on programs to develop tools, models, and applications for advancing neuroscience and neurotechnology that would benefit our warfighters including:

Revolutionizing Prosthetics—Closed-loop neural control of anthropomorphic upper-extremity prosthetic limbs. Performers include Johns Hopkins University Applied Research Lab (Laurel, MD) and DEKA (Manchester, NH).

Restorative Encoding Memory Integration Neural Device (REMIND)—Memory prosthetics and information encoding and decoding in a mammalian model. Performers include Wake Forest University (Winston-Salem, NC) and University of Southern California (Los Angeles, CA).

Reorganization and Plasticity to Accelerate Injury Recovery (REPAIR)—Uncovering the mechanisms and dynamics underlying neural computation and reorganization. Performers include SUNY Downstate (Brooklyn, NY) and Stanford University (Palo Alto, CA).

Enabling Stress Resistance—Leveraging advances in molecular neurobiology, neuroimaging, and pathway and network modeling to understand the effects of multiple stressors on brain circuitry. Performers include Massachusetts Institute of Technology (Cambridge, MA); Children's Hospital of Philadelphia (Philadelphia, PA); Northwestern University (Chicago, IL).

Blast Gauge—A lightweight, reliable, low-cost sensor that measures exposure to blast for correlation with impairment. Performers include Black Box Biometrics (Rochester, NY); Applied Research Associates (Albuquerque, NM); Advanced Data Tools (Annandale, VA).

Mr. YOUNG. And then, actually, the last Member is not Ms. Kaptur but Mr. Kingston.

CARGO AIRCRAFT

Mr. KINGSTON. Thank you. Thank you, Mr. Chairman.

Mr. Secretary, I had a question that I want to submit for the record, and it has to do with the purchasing in 2009 by the Air Force of the G–222 cargo planes in Italy that are from an Italian company. We have spent $550 million on the training and the aircraft and the maintenance, and not all of the 20 were delivered. But the Afghanis did not like them, and now they are demanding that we have C–130s, which I understand the contract has been cancelled and we are moving to the C–130s.

And my question is, was this properly vetted to begin with? Because we spent a lot of money on that mistake. And it seems very odd that, you know, going to an Italian company over an American company, that we would be in that position. So that is a question for the record.

[The information follows:]

In response to an urgent need to provide the Afghan Air force with medium airlift, the G.222 air frame was selected as an initial capability. The requirements and acquisition strategy for this effort were reviewed and approved by the Air Force Service Acquisition Executive in place at contract award and determined to be appropriate.

Refurbishing retired Italian Air Force G.222's was deemed the only solution that met the mission requirements of the urgent operational need submitted by the Afghan Air Force and CENTCOM and could be delivered within the desired schedule and cost. This appeared to be a cost effective way to provide the Afghans with an interim medium lift aircraft while a permanent solution was identified. The G.222 aircraft we provided the Afghan Air Force were refurbished Italian Air Force aircraft that were retired in the late 1990's/early 2000's. The contract to refurbish these aircraft was awarded to Alenia North America in 2007. The first refurbished aircraft was delivered to Afghanistan in 2009. We initially contracted for refurbishment of 18 aircraft. Two more aircraft were later added to the contract, bringing the total to 20 aircraft.

We started tracking aircraft mission capability rates immediately upon delivery. In 2010 we determined the low mission capable rate for the G.222 fleet was trending well below the rates required in the contract, and initiated dialogue with Alenia to determine cause(s) and required corrective actions. Because the aircraft

was refurbished Italian aircraft no longer made by Alenia, the Air Force found out that Alenia could not provide spare parts (e.g., propellers) to meet the availability numbers iii the contract. Alenia did not have the supplier base available to make many of the spare parts. Parts were traded between aircraft to try to meet the revised goal of having a smaller number of aircraft ready at any one time.

Working with the Afghan Air Force, the Department has elected to cease operation of the G.222 and move forward to a more permanent solution that meets Afghan needs. The Afghan government has requested C–130s for this capability, and we concur that the C–130 airframe is the best available alternative to meet Afghan requirements.

Mr. KINGSTON. My other question is, on the C–5Ms, that is the largest cargo plane that goes the longest distance and can carry the most in terms of the American fleet, correct?

And I was wondering if you could send me a comparison on that to the C–17. I know the C–5M is doing really well these days, and I would like to know more about it compared to the C–17 and would like that for the record.

[The information follows:]

The C–5M is the largest cargo plane owned by the Department of Defense. It can travel the longest distance and carry more than any other aircraft in the Department's inventory. The M model is the newest and most modern C–5 in our inventory. The C–5M has a maximum takeoff weight of 840,000 pounds, while the C–17's maximum takeoff weight is 585,000 pounds. At a payload of 100,000 pounds, a C–5M can fly over 6,000 nautical miles while a C–17 can fly about 4,000 nautical miles. The C–5M can carry about twice as many pallets as the C–17. Additionally, the C–5M can carry certain types of equipment that are too large for the C–17. Conversely, the C–17 has great access—it can land on runways that are too short for the C–5M. Both aircraft provide different capabilities and are critical for our airlift needs of the future.

CIVILIAN WORKFORCE

Mr. KINGSTON. Also, even though you reduce the number of civilians at the Pentagon, you would still have 70,000 more at the Pentagon than we had in 2007. And so I am curious as to, what is the justification for that? Why are they there? What is their activity? Because as we reduce troops by 100,000, it seems like disproportionately we are not reducing the civilians. And there must be an explanation for that, and I would love to know.

[The information follows:]

There are civilian personnel employed in all Department activities. The largest percentages are largest numbers are in logistics, admin support, engineering, financial management, acquisition and other miscellaneous program areas.

From FY01–FY12, civilian personnel numbers have grown by 17%. This growth was driven by the mid-decade conversion of approximately 50,000 military positions to civilian positions in an effort to relieve stress on the military force while returning service men and women to operational duties as well as directed growth in areas such as veterans transition assistance, behavioral health, sexual assault prevention/response, suicide prevention and family support programs. The specifics of this civilian personnel growth came with an increase of approximately 20,000 in the acquisition workforce, 8,000 in cyber/information technology and 7,000 in medical workforce.

As the wars in Iraq and Afghanistan increased in duration, force stress became more and more prevalent because the military did not have the right personnel in the right specialties. The specialty mix of force had migrated during peacetime away from operational requirements and into supporting requirements that were not military essential. Therefore, a conversion from military to civilian was necessary to refocus the military force on operational roles, while ensuring "non-military essential" supporting functions were performed by non-military staff. In addition to re-focusing the role of the military, the number of civilian personnel also grew through insourcing. As a result of insourcing, the Department added 17,000 new positions in FY10 and 11,000 in FY11. These positions were added because they were inher-

ently governmental, work had been exempted from contractor performance and the insourcing produced cost savings to the Department.

The FY 2014 budget supports a properly sized and highly capable civilian workforce that is aligned to mission, workload and reduced force structure. The number of Civilian FTEs in FY 2014 declines by 2 percent from 777,151 in FY 2013 to 765,042 in FY 2014 and five to six percent between FY14 and FY18. The Military Services and Defense Agencies will begin to shape their workforce to reflect the changed needs of post-Afghanistan requirements and a declining military force. Some needs will increase, such as: cyber, disability evaluation and audit. Other needs will decrease over time directly related to the war: depot maintenance and base support for military end strength.

Civilian workforce reductions in the FY14 budget reflect a workforce to workload analytic review that was designed to preserve mission essential skills and capabilities. Changes reflect Component-identified opportunities for reshaping their civilian workforces through realignments and workload reductions consistent with Departmental strategies, and with due consideration of statutory total force management and workload sourcing mandates.

TRICARE

Mr. KINGSTON. And then, finally, in terms of the fee increases for TRICARE Prime, what is the average premium right now? Do you know offhand?

Secretary HAGEL. Well, as you know, those over 65, I believe it is zero.

Mr. KINGSTON. Okay. What is, say, 50 years old, a family, a veteran family, 50 years old——

Secretary HAGEL. I think around $500.

Mr. KINGSTON. $500?

Secretary HAGEL. A year.

Mr. KINGSTON. A year? And what would their civilian equivalent be, say, a family of four, same age? It would be about $6,000 probably.

Secretary HAGEL. Yeah, yeah, yeah. It would be at least $5,000, probably more.

Mr. KINGSTON. As you touch this—and Secretary Westphal had testified before our committee last year about this same situation—it appears that often the VSOs, you know, immediately jump on it, and I understand that is their job. But it would appear that that number of $500 a year versus $6,000, that people would understand that as health care goes up, no one likes it but premiums do go up.

Do you know, off the top of your head, how often these premiums have increased since I think it was 1996?

Secretary HAGEL. Twice?

Mr. KINGSTON. Twice.

Secretary HAGEL. Twice, I think. Yeah, I think twice.

Mr. HALE. They were constant until 2 years ago, and then they have gone up twice.

Mr. KINGSTON. Do you plan to have a discussion on this? And the only reason why I say that is, every year, every administration, regardless of party, as you remember, suggests fee increases at the Department of Agriculture for plant inspection, and routinely Congress ignores them. But I am wondering if we are doing the same thing in this testimony, where you are suggesting fee increases but there is no real effort in it.

The only reason why I say that is because military retirees and veterans understand that health care is going up, and they under-

stand the issues that we are all faced with in terms of budget. But I am not sure that they are being quite informed that since 1996 there have been two premium increases, and you are looking at a family of four paying $500 versus $6,000. And, you know, are you going to put effort into that discussion, would be my question.

Secretary HAGEL. Yes, we are.

I noted—and you know this, and you alluded to it, and everyone on this panel knows it—this is a tough issue. There are a lot of interests going the other way on this. And I understand it is a tough issue. As you mentioned, I was on your side of the dais once, so I appreciate that.

But my point here is—and I think it again gets to your overall long-term point—if we are going to be able to sustain this program—it is not unlike Social Security and Medicare and the entitlements that you are all dealing with here. If we are going to be able to sustain this for the long term, then we are going to have to make some adjustments and get real about this. And, yes, we are going to have to push this and make the best case, and then it is up to the Congress.

Mr. KINGSTON. I think the kind of openness and frankness hasn't been there and it needs to be there, in terms of the family discussion, if you will.

And then my last question, Mr. Chairman, which you may know off the top of your head: What has been the increase in military healthcare spending? Do you have any numbers for the last 5 years?

Secretary HAGEL. We have. And, actually, there is some good news in that, too. But let me ask the Comptroller to give you some of the numbers.

Mr. HALE. Well, if you go back to 2001, it would have gone from about $19 billion to around $49 billion. The good news is that, if you go back 2 years ago, it was a little higher than it will be in 2014; it was about $52 billion. So we have managed to slow the growth, with the help of the Congress. But if you go back over a long time, it is still a very large increase.

Mr. KINGSTON. Thank you.

Thank you, Mr. Chairman.

CLOSING REMARKS

Mr. YOUNG. Mr. Secretary, I realize we have gone beyond the time that we had agreed on, but thank you very much for very, very responsive responses to our questions.

You can see that this committee has a lot of interest in what you do and what we do, and we take our responsibilities very seriously. And so we are here to support, and we are here to make sure that our country remains ready and that our troops have what they need to stay ready and to protect themselves.

So thank you all very much.

And this committee is adjourned.

Secretary HAGEL. Thank you, Mr. Chairman.

[CLERK'S NOTE.—Questions submitted by Mr. Calvert and the answers thereto follow:]

ACQUISITIONS REFORMS

Question. What specific factors does the Cost Assessment and Program Evaluation (CAPE) process take into account that have historically not been reflected in Service budget estimates that account for CAPE's greater accuracy in projecting costs?

Answer. All CAPE independent cost estimates, like those prepared in the Cost Analysis Improvement Group prior to Weapon System Acquisition Reform Act of 2009, are built upon product-oriented work breakdown structures, based on historical actual cost information to the maximum extent possible, and, most importantly, based on conservative assumptions that are consistent with actual demonstrated contractor and government performance for a series of acquisition programs in which the Department has been successful.

In the past the Military Departments have not always employed processes like those used by CAPE to prepare cost estimates for military systems. However, as reported in the FY 2012 Annual Report on DoD Cost Assessment activities prepared by CAPE, and made available to the public, the overall quality of cost estimates prepared by the military departments continues to improve and provide more relevant support to decision authorities. CAPE attributes these improvements to more rigorous and comprehensive collection of actual cost information for DoD programs, resulting from a long-term initiative to collect contractor cost and software data reports on the actual costs incurred for all major programs. This information is made available in automated information systems for use by government personnel throughout DoD, including those in the military departments and in CAPE.

CAPE has also instituted reformed business processes to improve accountability and transparency of cost estimates prepared throughout the Department. For example, a new policy for all major defense acquisition programs requires a signed, dated Service cost estimate and position be delivered to CAPE before the office presents its independent cost estimate to the Defense Acquisition Board in support of a milestone review. Also, the Service's financial and acquisition leaders are now required to provide a statement affirming their commitment to fully fund a program to their Service's cost position during the preparation of the next DoD five-year spending plan.

Question. How is the Department incorporating these best practices into its cost projections for the purpose of preparing annual budgets?

Answer. CAPE has reformed business processes to improve accountability and transparency of cost estimates prepared throughout the Department and to incorporate these cost estimates into the preparation of the President's Budget request and the Future Years Defense Program (FYDP). For example, a new policy for all major defense acquisition programs requires a signed, dated service cost estimate and position be delivered to CAPE before the office presents its independent cost estimate to the Defense Acquisition Board in support of a milestone review. Also, the Service's financial and acquisition leaders are now required to provide a statement affirming their commitment to fully fund a program to their Service's cost position during the preparation of the next DoD budget request and FYDP.

Question. What acquisitions programs anticipated to cost more than $100,000,000 in any single year between Fiscal Year (FY) 2014 and FY23 were cancelled, delayed, or otherwise downsized in the FY14 President's Budget Request, and what is the dollar value of the savings in each year?

Answer. Enclosure 1 lists the baselined Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Programs anticipated to cost more than $100,000,000 in any single year that were downsized in the FY14 PB Request. Enclosure 2 contains detailed budget data for each program, comparing the FY14 PB with the FY13 PB, showing the dollar value difference in each year. The sources for the budget data are the December 2013 Selected Acquisition Reports and MAIS Annual Reports.

Baselined Major Defense Acquisition Program and Major Automated Information System Programs with Reductions in the Fiscal Year 2014 President's Budget

Service	Program	Program Budget Changes (FY14PB - FY13 PB) ($M)	
		FY14	FY14-18 Total
Army	AH-64E Apache New Build	-$475.2	-$1,462.9
Army	AMF JTRS	-$62.6	-$643.2
Army	FMTV	-$50.8	-$75.5
Army	GCSS-A	-$31.9	$93.5
Army	GMLRS/GMLRS AW	-$6.2	-$72.5
Army	JTRS HMS	-$195.9	-$1,505.3
Army	LUH	-$99.4	-$195.6
Army	MQ-1C Gray Eagle	-$5.7	$149.1
Army	PIM	-$40.7	$1.0
Army	TMC	$44.9	-$105.7
Army	UH-60M Blackhawk	-$48.9	-$1,132.1
Army	WIN-T Inc 2	-$275.0	-$1,191.9
Air Force	AEHF	-$24.5	-$166.0
Air Force	AMRAAM	-$78.8	-$115.3
Air Force	B-2 EHF Inc 1	-$1.7	-$2.6
Air Force	C-130J	-$430.5	-$1,064.5
Air Force	C-5 RERP	-$1.4	-$9.2
Air Force	FAB-T	$55.7	-$240.3
Air Force	GBS	-$12.3	$2.8
Air Force	HC/MC-130 Recap	-$360.3	-$673.0
Air Force	JPATS	-$40.5	-$22.9
Air Force	KC-46A	-$8.9	$9.1
Air Force	MQ-9 Reaper	-$469.9	-$448.3
Air Force	NAS	-$6.2	-$29.3
Air Force	NAVSTAR GPS	-$17.7	$21.1
Air Force	RQ-4A/B Global Hawk	-$36.3	-$42.3
Air Force	SBIRS High	$0.0	-$2.8
Air Force	SDB II	-$23.0	-$125.6
Air Force	WGS	-$22.6	-$71.2

Service	Program	Program Budget Changes (FY14PB - FY13 PB) ($M)	
		FY14	FY14-18 Total
Navy	AGM-88E AARGM	-$0.1	$25.1
Navy	CANES	-$62.3	$101.6
Navy	CEC	-$16.6	$38.6
Navy	CH-53K	-$33.1	$49.7
Navy	CVN 78	$450.8	-$838.6
Navy	DDG-51	-$37.0	$3,437.4
Navy	F/A-18E/F	-$909.7	-$909.7
Navy	H-1 Upgrades	-$69.9	-$217.7
Navy	JPALS Inc 1A	-$13.5	$21.1
Navy	JSOW	-$13.6	-$56.5
Navy	KC-130J	$5.3	-$580.3
Navy	LCS	-$30.9	-$380.2
Navy	LHA 6	$64.3	-$74.4
Navy	LPD 17	-$31.2	$10.0
Navy	MH-60R	-$140.2	-$758.0
Navy	MH-60S	-$33.7	-$71.2
Navy	MIDS	-$14.3	$314.7
Navy	MQ-4C Triton	-$344.3	-$414.1
Navy	MUOS	-$214.7	$92.8
Navy	P-8A	-$134.7	-$1,238.3
Navy	RMS	-$0.2	-$35.3
Navy	SM-6	-$129.2	-$502.5
Navy	Tactical Tomahawk	-$10.6	-$72.1
Navy	Trident II Missile	-$335.2	$76.7
Navy	V-22	-$19.5	-$3,239.0
Navy	VTUAV	-$6.1	-$369.6
DoD	BMDS	$66.9	-$1,146.4
DoD	F-35	-$664.1	-$2,220.0

Notes:

1. Data Source: Selected Acquisition Reports and Major Automated Information System (MAIS) Annual Reports for the FY13 PB and FY14 PB
2. Totals include all acquisition funding for each program, as listed in its SAR or MAR (typically RDT&E, Procurement and MILCON)

Cost & Funding for AH-64E New Build (PNO: 437)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Procurement	84.3	371.1	0.0	0.0	0.0	0.0	0.0	2029.1	2484.5
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	84.3	371.1	0.0	0.0	0.0	0.0	0.0	2029.1	2484.5
PB 2013 Total	104.2	371.1	475.2	385.2	95.7	391.9	114.9	217.6	2155.8
Delta	-19.9	0.0	-475.2	-385.2	-95.7	-391.9	-114.9	1811.5	328.7

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	0	10	0	0	0	0	0	46	56
PB 2014 Total	0	0	10	0	0	0	0	0	46	56
PB 2013 Total	0	0	10	10	11	4	11	0	12	58
Delta	0	0	0	-10	-11	-4	-11	0	34	-2

Cost & Funding for AMF JTRS (PNO: 421)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1550.9	57.5	33.2	64.6	21.4	5.1	0.0	0.0	1732.7
Procurement	0.0	74.0	0.0	8.8	165.0	153.7	160.8	1464.9	2027.2
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1550.9	131.5	33.2	73.4	186.4	158.8	160.8	1464.9	3759.9
PB 2013 Total	1644.5	132.2	95.8	326.1	294.2	308.8	230.9	1197.0	4229.5
Delta	-93.6	-0.7	-62.6	-252.7	-107.8	-150.0	-70.1	267.9	-469.6

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	212	0	0	0	0	0	0	0	0	212
Production	0	0	220	0	48	1598	1188	1204	11182	15440
PB 2014 Total	212	0	220	0	48	1598	1188	1204	11182	15652
PB 2013 Total	92	0	220	356	1958	1670	1934	1152	4790	12172
Delta	120	0	0	-356	-1910	-72	-746	52	6392	3480

Cost & Funding for FMTV (PNO: 746)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	163.0	3.0	2.1	0.4	0.3	0.0	0.0	0.0	168.8
Procurement	15930.6	374.4	223.9	0.0	0.0	0.0	0.0	0.0	16528.9
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	16093.6	377.4	226.0	0.4	0.3	0.0	0.0	0.0	16697.7
PB 2013 Total	16086.1	377.4	276.8	5.1	9.2	11.1	0.0	0.0	16765.7
Delta	7.5	0.0	-50.8	-4.7	-8.9	-11.1	0.0	0.0	-68.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	78150	1298	780	0	0	0	0	0	80228
PB 2014 Total	0	78150	1298	780	0	0	0	0	0	80228
PB 2013 Total	0	78228	1298	850	0	0	0	0	0	80376
Delta	0	-78	0	-70	0	0	0	0	0	-148

Annual Funding Comparison for GCSS-A
from Dec 2012 and Dec 2011 MARs

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 MAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	884.5	120.9	41.2	5.6	3.4	2.5	0.3	0.0	1058.4
Procurement	190.0	113.2	83.9	136.6	142.7	133.6	31.7	57.0	888.7
PB 2014 Total	1074.5	234.1	125.1	142.2	146.1	136.1	32.0	57.0	1947.1
PB 2013 Total	1066.1	230.8	157.0	180.6	167.7	153.6	16.1	120.7	2092.6
Delta	8.4	3.3	-31.9	-38.4	-21.6	-17.5	15.9	-63.7	-145.5

Cost & Funding for GMLRS/GMLRS AW (PNO: 260)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	619.5	67.3	69.3	55.4	27.4	7.0	6.9	28.4	881.2
Procurement	2112.3	239.2	237.2	250.0	256.9	334.0	399.2	1983.9	5812.7
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	2731.8	306.5	306.5	305.4	284.3	341.0	406.1	2012.3	6693.9
PB 2013 Total	2733.1	306.5	312.7	304.1	302.8	370.0	426.2	1656.1	6411.5
Delta	-1.3	0.0	-6.2	1.3	-18.5	-29.0	-20.1	356.2	282.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	376	0	0	0	0	0	0	0	0	376
Production	0	17718	1794	1746	1746	1566	2352	2916	13722	43560
PB 2014 Total	376	17718	1794	1746	1746	1566	2352	2916	13722	43936
PB 2013 Total	376	17748	1794	1812	1806	2028	2862	3402	12108	43936
Delta	0	-30	0	-66	-60	-462	-510	-486	1614	0

Cost & Funding for JTRS HMS (PNO: 385)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1015.6	116.0	31.8	0.6	0.0	0.0	0.0	0.0	1164.0
Procurement	488.4	485.8	382.9	355.4	355.1	355.1	382.7	6221.7	9027.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1504.0	601.8	414.7	356.0	355.1	355.1	382.7	6221.7	10191.1
PB 2013 Total	1537.6	687.6	610.6	573.0	686.8	711.6	786.9	3710.6	9304.7
Delta	-33.6	-85.8	-195.9	-217.0	-331.7	-356.5	-404.2	2511.1	886.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	833	0	0	0	0	0	0	0	0	833
Production	0	23134	10995	10523	10065	10064	10064	10881	184643	270369
PB 2014 Total	833	23134	10995	10523	10065	10064	10064	10881	184643	271202
PB 2013 Total	833	20495	17128	18004	19130	18009	18072	25229	134302	271202
Delta	0	2639	-6133	-7481	-9065	-7945	-8008	-14348	50341	0

Cost & Funding for LUH (PNO: 182)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
Procurement	1524.3	201.5	80.4	0.0	0.0	0.0	0.0	0.0	1806.2
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1527.4	201.5	80.4	0.0	0.0	0.0	0.0	0.0	1809.3
PB 2013 Total	1527.2	201.5	179.8	82.9	13.3	0.0	0.0	0.0	2004.7
Delta	0.2	0.0	-99.4	-82.9	-13.3	0.0	0.0	0.0	-195.4

Modification costs are not included in the reported UH-72A Lakota program acquisition costs and are currently estimated at $185.4 (TY$M). Yearly breakdown of modification costs are as follows: Prior $99.3, FY 2013 $70.2, FY 2014 $15.9 (TY$M).

Current funding limits future modifications to 100 Wide Area Augmentation Systems (WAAS) and 139 Cockpit Voice Data Recorders (CVDR)/Flight Data Recorders (FDR).

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	271	34	10	0	0	0	0	0	315
PB 2014 Total	0	271	34	10	0	0	0	0	0	315
PB 2013 Total	0	271	34	30	10	0	0	0	0	345
Delta	0	0	0	-20	-10	0	0	0	0	-30

Cost & Funding for MQ-1C Gray Eagle (PNO: 420)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	810.0	74.6	10.9	17.6	25.2	25.6	13.3	0.0	977.2
Procurement	1878.6	592.5	553.5	248.6	9.8	18.2	100.3	0.6	3402.1
MILCON	350.6	71.0	88.0	0.0	0.0	0.0	0.0	0.0	509.6
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3039.2	738.1	652.4	266.2	35.0	43.8	113.6	0.6	4888.9
PB 2013 Total	3039.1	744.3	658.1	248.1	29.4	26.3	0.0	0.0	4745.3
Delta	0.1	-6.2	-5.7	18.1	5.6	17.5	113.6	0.6	143.6

Common Sensor Payload is included in SAR Procurement but is not included in MQ-1C Gray Eagle President's Budget 2014 P-Forms.

P-Forms reflect aircraft quantities and SAR and APB reflect Platoon sets.

Full Rate Production Defense Acquisition Board (DAB) scheduled for June 2013 will result in an updated APB.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	19	6	3	1	0	0	0	0	29
PB 2014 Total	2	19	6	3	1	0	0	0	0	31
PB 2013 Total	2	19	6	4	0	0	0	0	0	31
Delta	0	0	0	-1	1	0	0	0	0	0

Cost & Funding for PIM (PNO: 466)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	541.1	167.8	80.6	92.8	130.8	28.6	6.6	0.0	1048.3
Procurement	0.0	206.1	260.2	302.3	297.6	471.7	614.8	4703.2	6855.9
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	541.1	373.9	340.8	395.1	428.4	500.3	621.4	4703.2	7904.2
PB 2013 Total	541.1	373.9	381.5	370.7	412.1	500.3	620.4	4699.3	7899.3
Delta	0.0	0.0	-40.7	24.4	16.3	0.0	1.0	3.9	4.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	0	17	18	18	18	36	60	413	580
PB 2014 Total	2	0	17	18	18	18	36	60	413	582
PB 2013 Total	2	0	17	18	18	18	36	60	413	582
Delta	0	0	0	0	0	0	0	0	0	0

Annual Funding Comparison for TMC
from Dec 2012 and Dec 2011 MARs

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 MAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	280.0	41.1	29.1	28.5	7.5	8.4	8.1	0.0	402.7
Procurement	889.5	57.6	59.2	154.4	176.8	175.0	67.1	0.0	1579.6
PB 2014 Total	1169.5	98.7	88.3	182.9	184.3	183.4	75.2	0.0	1982.3
PB 2013 Total	1067.1	85.0	43.4	22.6	251.3	251.3	251.2	0.0	1971.9
Delta	102.4	13.7	44.9	160.3	-67.0	-67.9	-176.0	0.0	10.4

Cost & Funding for UH-60M Black Hawk (PNO: 341)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	780.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	780.4
Procurement	9086.7	1222.2	1163.0	1169.8	1401.0	793.7	733.4	9343.6	24913.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	9867.1	1222.2	1163.0	1169.8	1401.0	793.7	733.4	9343.6	25693.8
PB 2013 Total	9867.1	1222.2	1211.9	1233.5	1408.5	1322.2	1216.9	11378.3	28860.6
Delta	0.0	0.0	-48.9	-63.7	-7.5	-528.5	-483.5	-2034.7	-3166.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

The Multi-Year Procurement (MYP) contract VIII was awarded on July 6, 2012. With the incorporation of the contract and the associated cost savings additional aircraft were able to be procured for the same dollar amounts.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	8	0	0	0	0	0	0	0	0	8
Production	0	509	74	65	65	89	35	34	496	1367
PB 2014 Total	8	509	74	65	65	89	35	34	496	1375
PB 2013 Total	8	501	59	57	56	65	52	62	515	1375
Delta	0	8	15	8	9	24	-17	-28	-19	0

Cost & Funding for WIN-T Inc 2 (PNO: 349)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	252.0	2.8	1.1	0.0	21.5	0.0	0.0	1.2	278.6
Procurement	1635.9	785.9	712.5	657.3	605.6	233.0	228.6	0.0	4858.8
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1887.9	788.7	713.6	657.3	627.1	233.0	228.6	1.2	5137.4
PB 2013 Total	2021.1	788.7	988.6	1099.3	1074.2	286.2	203.2	0.0	6461.3
Delta	-133.2	0.0	-275.0	-442.0	-447.1	-53.2	25.4	1.2	-1323.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	56	0	0	0	0	0	0	0	0	56
Production	0	932	507	290	241	130	0	0	0	2100
PB 2014 Total	56	932	507	290	241	130	0	0	0	2156
PB 2013 Total	56	946	368	482	556	438	0	0	0	2846
Delta	0	-14	139	-192	-315	-308	0	0	0	-690

Cost & Funding for AGM-88E AARGM (PNO: 368)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	648.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	648.6
Procurement	248.1	86.7	111.9	126.2	157.9	160.7	189.7	283.2	1364.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	896.7	86.7	111.9	126.2	157.9	160.7	189.7	283.2	2013.0
PB 2013 Total	891.6	86.7	112.0	126.3	158.1	160.8	164.1	306.1	2005.7
Delta	5.1	0.0	-0.1	-0.1	-0.2	-0.1	25.6	-22.9	7.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	40	0	0	0	0	0	0	0	0	40
Production	0	184	100	143	188	252	263	312	437	1879
PB 2014 Total	40	184	100	143	188	252	263	312	437	1919
PB 2013 Total	40	184	100	143	188	252	263	273	476	1919
Delta	0	0	0	0	0	0	0	39	-39	0

Annual Funding Comparison for CANES
from Dec 2012 and Dec 2011 MARs

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 MAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	30.6	15.4	23.5	21.7	22.2	22.5	22.9	311.9	470.7
Procurement	166.1	360.6	348.2	373.6	364.3	402.8	391.0	1131.1	3537.7
PB 2014 Total	196.7	376.0	371.7	395.3	386.5	425.3	413.9	1443.0	4008.4
PB 2013 Total	375.2	488.6	434.0	399.7	409.1	372.7	275.6	1076.7	3831.6
Delta	-178.5	-112.6	-62.3	-4.4	-22.6	52.6	138.3	366.3	176.8

Cost & Funding for CEC (PNO: 582)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2473.0	61.3	76.6	70.7	89.0	77.8	78.9	0.0	2927.3
Procurement	1279.6	78.7	57.2	65.8	68.3	80.6	74.9	64.2	1769.3
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3752.6	140.0	133.8	136.5	157.3	158.4	153.8	64.2	4696.6
PB 2013 Total	3764.3	146.1	150.4	167.7	166.6	172.4	44.1	162.7	4774.3
Delta	-11.7	-6.1	-16.6	-31.2	-9.3	-14.0	109.7	-98.5	-77.7

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	30	0	0	0	0	0	0	0	0	30
Production	0	145	11	7	8	10	12	11	18	222
PB 2014 Total	30	145	11	7	8	10	12	11	18	252
PB 2013 Total	30	142	12	9	14	10	12	10	30	269
Delta	0	3	-1	-2	-6	0	0	1	-12	-17

Cost & Funding for CH-53K (PNO: 390)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	3297.4	606.2	503.2	597.4	478.2	368.9	184.8	261.8	6297.9
Procurement	0.0	0.0	0.0	47.2	480.0	749.1	1152.9	19749.2	22178.4
MILCON	0.0	0.0	13.2	0.0	0.0	34.9	0.0	0.0	48.1
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3297.4	606.2	516.4	644.6	958.2	1152.9	1337.7	20011.0	28524.4
PB 2013 Total	3315.6	606.2	549.5	583.3	921.4	860.7	1645.2	18144.9	26626.8
Delta	-18.2	0.0	-33.1	61.3	36.8	292.2	-307.5	1866.1	1897.6

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	4	0	0	0	0	0	0	0	0	4
Production	0	0	0	0	0	2	4	7	183	196
PB 2014 Total	4	0	0	0	0	2	4	7	183	200
PB 2013 Total	4	0	0	0	0	2	2	9	183	200
Delta	0	0	0	0	0	0	2	-2	0	0

Cost & Funding for CVN 78 (PNO: 223) / CVN 78
from SAR DEC 2012

Appropriation and Quantity Summary - CVN 78

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2819.7	112.6	104.7	114.4	62.2	63.5	59.4	117.9	3454.4
Procurement	14115.5	578.6	1358.8	2490.2	1620.6	2497.4	2918.5	10705.0	36284.6
MILCON	0.0	32.7	3.4	0.0	0.0	0.0	0.0	0.0	36.1
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	16935.2	723.9	1466.9	2604.6	1682.8	2560.9	2977.9	10822.9	39775.1
PB 2013 Total	18406.1	814.3	1287.3	3581.3	1756.7	2961.0	3410.5	10311.3	42528.5
Delta	-1470.9	-90.4	179.6	-976.7	-73.9	-400.1	-432.6	511.6	-2753.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	1	1	0	0	0	0	1	0	3
PB 2014 Total	0	1	1	0	0	0	0	1	0	3
PB 2013 Total	0	1	1	0	0	0	0	1	0	3
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for CVN 78 (PNO: 223) / EMALS
from SAR DEC 2012

Appropriation and Quantity Summary - EMALS

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	753.5	60.9	43.0	2.4	2.5	0.0	0.0	0.0	862.3
Procurement	724.7	29.6	228.2	169.7	338.4	45.0	35.9	899.6	2471.1
MILCON	20.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.7
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1498.9	90.5	271.2	172.1	340.9	45.0	35.9	899.6	3354.1
PB 2013 Total	--	--	--	--	--	--	--	--	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3354.1

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	1	1	0	0	0	0	1	0	3
PB 2014 Total	0	1	1	0	0	0	0	1	0	3
PB 2013 Total	0	0	0	0	0	0	0	0	0	0
Delta	0	1	1	0	0	0	0	1	0	3

Cost & Funding for DDG 51 (PNO: 180)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	3224.2	77.5	120.7	125.0	172.0	150.8	188.2	246.9	4305.3
Procurement	66615.2	3522.5	2013.1	2903.1	3507.2	3803.7	3773.3	746.5	86884.6
MILCON	44.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.5
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	69883.9	3600.0	2133.8	3028.1	3679.2	3954.5	3961.5	993.4	91234.4
PB 2013 Total	69939.4	3600.0	2170.8	3152.9	3655.5	4210.3	130.2	478.5	87337.6
Delta	-55.5	0.0	-37.0	-124.8	23.7	-255.8	3831.3	514.9	3896.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	66	2	1	2	2	2	2	0	77
PB 2014 Total	0	66	2	1	2	2	2	2	0	77
PB 2013 Total	0	66	2	1	2	2	2	0	0	75
Delta	0	0	0	0	0	0	0	2	0	2

Cost & Funding for F/A-18E/F (PNO: 549)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	5557.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5557.6
Procurement	42173.0	2083.7	244.3	0.0	0.0	0.0	0.0	0.0	44501.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	47730.6	2083.7	244.3	0.0	0.0	0.0	0.0	0.0	50058.6
PB 2013 Total	47761.0	2083.7	1154.0	0.0	0.0	0.0	0.0	0.0	50998.7
Delta	-30.4	0.0	-909.7	0.0	0.0	0.0	0.0	0.0	-940.1

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	526	26	0	0	0	0	0	0	552
PB 2014 Total	0	526	26	0	0	0	0	0	0	552
PB 2013 Total	0	526	26	13	0	0	0	0	0	565
Delta	0	0	0	-13	0	0	0	0	0	-13

Cost & Funding for H-1 Upgrades (PNO: 101)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1506.7	31.1	0.0	0.0	0.0	0.0	0.0	0.0	1537.8
Procurement	4997.1	824.1	822.2	818.3	847.8	926.1	962.6	970.8	11169.0
MILCON	17.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.6
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	6521.4	855.2	822.2	818.3	847.8	926.1	962.6	970.8	12724.4
PB 2013 Total	6513.3	855.2	892.1	889.7	876.0	1023.6	913.3	882.1	12845.3
Delta	8.1	0.0	-69.9	-71.4	-28.2	-97.5	49.3	88.7	-120.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	4	0	0	0	0	0	0	0	0	4
Production	0	156	28	25	26	27	28	30	29	349
PB 2014 Total	4	156	28	25	26	27	28	30	29	353
PB 2013 Total	4	156	28	26	27	26	31	28	27	353
Delta	0	0	0	-1	-1	1	-3	2	2	0

Cost & Funding for JPALS Inc 1A (PNO: 238)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	613.1	78.4	42.0	19.2	23.8	18.7	18.3	0.0	813.5
Procurement	0.0	0.0	0.0	32.2	59.8	56.6	46.1	87.8	282.5
MILCON	6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	619.9	78.4	42.0	51.4	83.6	75.3	64.4	87.8	1102.8
PB 2013 Total	622.0	78.4	55.5	77.1	78.5	78.8	5.7	0.0	996.0
Delta	-2.1	0.0	-13.5	-25.7	5.1	-3.5	58.7	87.8	106.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	10	0	0	0	0	0	0	0	0	10
Production	0	0	0	0	2	6	6	7	6	27
PB 2014 Total	10	0	0	0	2	6	6	7	6	37
PB 2013 Total	11	0	0	2	9	9	6	0	0	37
Delta	-1	0	0	-2	-7	-3	0	7	6	0

Cost & Funding for JSOW (PNO: 766) / BASELINE/BLU-108
from SAR DEC 2012

Appropriation and Quantity Summary - BASELINE/BLU-108

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	643.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	643.6
Procurement	1016.3	0.0	0.0	0.0	0.0	0.0	0.0	214.9	1231.2
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1659.9	0.0	0.0	0.0	0.0	0.0	0.0	214.9	1874.8
PB 2013 Total	1659.9	0.0	0.0	0.0	0.0	0.0	40.9	172.5	1873.3
Delta	0.0	0.0	0.0	0.0	0.0	0.0	-40.9	42.4	1.5

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	2517	0	0	0	0	0	0	817	3334
PB 2014 Total	0	2517	0	0	0	0	0	0	817	3334
PB 2013 Total	0	2517	0	0	0	0	0	165	652	3334
Delta	0	0	0	0	0	0	0	-165	165	0

Cost & Funding for JSOW (PNO: 766) / UNITARY
from SAR DEC 2012

Appropriation and Quantity Summary - UNITARY

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	440.2	5.5	0.4	0.4	0.4	0.5	0.5	2.4	450.3
Procurement	1110.2	127.8	137.1	168.3	170.7	173.7	197.6	835.0	2920.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1550.4	133.3	137.5	168.7	171.1	174.2	198.1	837.4	3370.7
PB 2013 Total	1549.2	133.3	151.1	170.4	172.8	175.9	195.0	825.7	3373.4
Delta	1.2	0.0	-13.6	-1.7	-1.7	-1.7	3.1	11.7	-2.7

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	2571	280	328	431	432	440	496	2022	7000
PB 2014 Total	0	2571	280	328	431	432	440	496	2022	7000
PB 2013 Total	0	2571	280	370	435	436	444	493	1971	7000
Delta	0	0	0	-42	-4	-4	-4	3	51	0

Cost & Funding for KC-130J (PNO: 433)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	37.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.8
Procurement	3605.0	26.0	170.7	106.2	136.8	108.7	205.7	6132.0	10491.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3642.8	26.0	170.7	106.2	136.8	108.7	205.7	6132.0	10528.9
PB 2013 Total	3652.6	26.0	165.4	201.9	234.6	212.1	494.4	5541.9	10528.9
Delta	-9.8	0.0	5.3	-95.7	-97.8	-103.4	-288.7	590.1	0.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	48	0	2	1	1	1	2	49	104
PB 2014 Total	0	48	0	2	1	1	1	2	49	104
PB 2013 Total	0	48	0	2	2	2	2	4	44	104
Delta	0	0	0	0	-1	-1	-1	-2	5	0

Cost & Funding for LCS (PNO: 374)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2384.8	233.6	202.6	170.8	42.0	40.6	41.1	271.6	3387.1
Procurement	5643.9	1885.6	1946.6	2022.0	1195.3	1328.9	1354.2	14955.3	30331.8
MILCON	0.0	65.6	17.4	40.0	0.0	0.0	0.0	113.6	236.6
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	8028.7	2184.8	2166.6	2232.8	1237.3	1369.5	1395.3	15340.5	33955.5
PB 2013 Total	8049.9	2182.7	2197.5	2181.6	1241.0	1230.3	1931.3	18426.2	37440.5
Delta	-21.2	2.1	-30.9	51.2	-3.7	139.2	-536.0	-3085.7	-3485.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	10	4	4	4	2	2	2	22	50
PB 2014 Total	2	10	4	4	4	2	2	2	22	52
PB 2013 Total	2	10	4	4	4	2	2	2	25	55
Delta	0	0	0	0	0	0	0	0	-3	-3

Cost & Funding for LHA 6 (PNO: 333)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	247.2	33.7	30.8	23.3	13.2	4.9	6.8	0.0	359.9
Procurement	6311.3	162.9	75.0	83.4	255.9	1623.4	2440.7	5.1	10957.7
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.0	1.8
PB 2014 Total	6559.1	196.8	106.0	106.9	269.3	1628.5	2447.7	5.1	11319.4
PB 2013 Total	6573.6	196.8	41.7	114.4	260.8	2120.0	2095.9	0.0	11403.2
Delta	-14.5	0.0	64.3	-7.5	8.5	-491.5	351.8	5.1	-83.8

Current funding reflects the LHA 6, LHA 7, and LHA 8.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013. However, for this program the President's requested amounts for FY 2013 were appropriated.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	2	0	0	0	0	1	0	0	3
PB 2014 Total	0	2	0	0	0	0	1	0	0	3
PB 2013 Total	0	2	0	0	0	0	1	0	0	3
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for LPD 17 (PNO: 542)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	120.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.1
Procurement	18280.4	140.3	45.0	68.1	102.9	54.1	31.4	0.0	18722.2
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	18400.5	140.3	45.0	68.1	102.9	54.1	31.4	0.0	18842.3
PB 2013 Total	18387.3	140.3	76.2	54.7	54.5	32.1	74.0	0.0	18819.1
Delta	13.2	0.0	-31.2	13.4	48.4	22.0	-42.6	0.0	23.2

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	11	0	0	0	0	0	0	0	11
PB 2014 Total	0	11	0	0	0	0	0	0	0	11
PB 2013 Total	0	11	0	0	0	0	0	0	0	11
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for MH-60R (PNO: 191)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1662.7	6.9	17.6	10.8	10.0	0.0	0.0	0.0	1708.0
Procurement	8053.0	843.1	831.6	980.0	964.7	81.3	0.0	0.0	11753.7
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	9715.7	850.0	849.2	990.8	974.7	81.3	0.0	0.0	13461.7
PB 2013 Total	9753.3	850.0	989.4	1216.7	1365.2	82.7	0.0	0.0	14257.3
Delta	-37.6	0.0	-140.2	-225.9	-390.5	-1.4	0.0	0.0	-795.6

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	182	19	19	29	29	0	0	0	278
PB 2014 Total	2	182	19	19	29	29	0	0	0	280
PB 2013 Total	2	182	19	19	31	38	0	0	0	291
Delta	0	0	0	0	-2	-9	0	0	0	-11

Cost & Funding for MH-60S (PNO: 282)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	706.3	29.7	33.8	25.2	0.0	0.0	0.0	0.0	795.0
Procurement	5943.3	456.9	421.6	246.4	28.6	0.0	0.0	0.0	7096.8
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	6649.6	486.6	455.4	271.6	28.6	0.0	0.0	0.0	7891.8
PB 2013 Total	6654.8	486.6	489.1	294.4	38.6	4.7	0.0	0.0	7968.2
Delta	-5.2	0.0	-33.7	-22.8	-10.0	-4.7	0.0	0.0	-76.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	231	18	18	8	0	0	0	0	275
PB 2014 Total	0	231	18	18	8	0	0	0	0	275
PB 2013 Total	0	231	18	18	8	0	0	0	0	275
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for MIDS (PNO: 554)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1345.5	104.3	119.9	78.5	61.4	30.4	10.6	0.0	1750.6
Procurement	1198.0	49.9	23.3	32.5	71.3	127.5	83.1	0.0	1585.6
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	2543.5	154.2	143.2	111.0	132.7	157.9	93.7	0.0	3336.2
PB 2013 Total	2538.7	147.9	157.5	104.5	30.6	31.2	0.0	0.0	3010.4
Delta	4.8	6.3	-14.3	6.5	102.1	126.7	93.7	0.0	325.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	488	0	0	0	0	0	0	0	0	488
Production	0	4388	214	90	112	218	447	276	0	5745
PB 2014 Total	488	4388	214	90	112	218	447	276	0	6233
PB 2013 Total	441	4406	168	98	96	25	24	0	0	5258
Delta	47	-18	46	-8	16	193	423	276	0	975

Cost & Funding for MQ-4C Triton (PNO: 373)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2101.2	657.5	375.2	304.7	96.6	21.8	0.0	0.0	3557.0
Procurement	0.0	51.1	52.0	685.1	649.8	609.0	833.9	8501.3	11382.2
MILCON	37.5	70.9	79.2	74.1	31.5	35.8	0.0	0.0	329.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	2138.7	779.5	506.4	1063.9	777.9	666.6	833.9	8501.3	15268.2
PB 2013 Total	2138.4	779.5	840.7	854.8	788.7	747.1	1031.5	7701.6	14882.3
Delta	0.3	0.0	-334.3	209.1	-10.8	-80.5	-197.6	799.7	385.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	5	0	0	0	0	0	0	0	0	5
Production	0	0	0	0	3	4	4	6	48	65
PB 2014 Total	5	0	0	0	3	4	4	6	48	70
PB 2013 Total	5	0	0	3	4	4	5	5	44	70
Delta	0	0	0	-3	-1	0	-1	1	4	0

Cost & Funding for MUOS (PNO: 345)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	3796.7	145.9	36.0	8.5	7.2	7.4	7.6	130.8	4140.1
Procurement	1794.4	21.5	23.0	253.0	40.9	10.4	10.2	778.9	2932.3
MILCON	34.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.6
Acq O&M	26.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.8
PB 2014 Total	5652.5	167.4	59.0	261.5	48.1	17.8	17.8	909.7	7133.8
PB 2013 Total	5659.2	167.4	273.7	9.1	9.4	8.1	11.1	898.6	7036.6
Delta	-6.7	0.0	-214.7	252.4	38.7	9.7	6.7	11.1	97.2

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	3	0	0	0	0	0	0	1	4
PB 2014 Total	2	3	0	0	0	0	0	0	1	6
PB 2013 Total	2	3	0	0	0	0	0	0	1	6
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for P-8A (PNO: 334)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	7216.7	399.8	239.4	228.4	69.8	25.4	10.7	0.0	8190.2
Procurement	6233.9	2837.1	3525.1	3646.2	3344.1	2817.8	2173.8	1766.6	26344.6
MILCON	107.3	0.0	105.9	117.7	69.3	0.0	0.0	0.0	400.2
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	13557.9	3236.9	3870.4	3992.3	3483.2	2843.2	2184.5	1766.6	34935.0
PB 2013 Total	13581.8	3236.9	4005.1	4710.9	3992.2	2527.0	2376.7	0.0	34430.6
Delta	-23.9	0.0	-134.7	-718.6	-509.0	316.2	-192.2	1766.6	504.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	5	0	0	0	0	0	0	0	0	5
Production	0	24	13	16	16	16	14	10	8	117
PB 2014 Total	5	24	13	16	16	16	14	10	8	122
PB 2013 Total	5	24	13	17	20	20	13	10	0	122
Delta	0	0	0	-1	-4	-4	1	0	8	0

Cost & Funding for RMS (PNO: 286)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	504.7	39.1	31.8	23.8	18.7	18.7	11.1	6.5	654.4
Procurement	109.3	0.0	0.0	33.3	61.1	58.6	58.5	474.2	795.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	614.0	39.1	31.8	57.1	79.8	77.3	69.6	480.7	1449.4
PB 2013 Total	585.3	39.1	32.0	57.2	79.8	77.4	104.5	474.1	1449.4
Delta	28.7	0.0	-0.2	-0.1	0.0	-0.1	-34.9	6.6	0.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	8	0	0	2	4	4	4	30	52
PB 2014 Total	2	8	0	0	2	4	4	4	30	54
PB 2013 Total	2	8	0	0	2	4	4	4	30	54
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for SM-6 (PNO: 391)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	933.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	933.4
Procurement	831.1	419.4	386.9	571.3	589.3	741.1	836.5	4466.5	8842.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1764.5	419.4	386.9	571.3	589.3	741.1	836.5	4466.5	9775.5
PB 2013 Total	1757.2	419.4	516.1	702.7	762.3	926.5	720.0	662.8	6467.0
Delta	7.3	0.0	-129.2	-131.4	-173.0	-185.4	116.5	3803.7	3308.5

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	178	94	81	125	127	160	174	861	1800
PB 2014 Total	0	178	94	81	125	127	160	174	861	1800
PB 2013 Total	0	178	94	115	157	168	204	150	134	1200
Delta	0	0	0	-34	-32	-41	-44	24	727	600

Cost & Funding for Tactical Tomahawk (PNO: 289)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	581.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	581.9
Procurement	3792.1	309.0	312.4	322.8	330.2	336.2	342.2	782.2	6527.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	4374.0	309.0	312.4	322.8	330.2	336.2	342.2	782.2	7109.0
PB 2013 Total	4374.0	309.0	323.0	329.2	336.6	342.6	384.5	786.0	7184.9
Delta	0.0	0.0	-10.6	-6.4	-6.4	-6.4	-42.3	-3.8	-75.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	10	0	0	0	0	0	0	0	0	10
Production	0	3298	196	196	196	196	196	196	477	4951
PB 2014 Total	10	3298	196	196	196	196	196	196	477	4961
PB 2013 Total	10	3298	196	196	196	196	196	225	448	4961
Delta	0	0	0	0	0	0	0	-29	29	0

Cost & Funding for Trident II Missile (PNO: 178)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	9508.6	61.6	81.5	99.4	104.4	101.2	96.7	113.0	10166.4
Procurement	24272.9	661.4	666.4	679.9	662.4	684.2	678.8	2087.4	30393.4
MILCON	548.3	280.0	24.9	93.1	0.0	0.0	0.0	0.0	946.3
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	34329.8	1003.0	772.8	872.4	766.8	785.4	775.5	2200.4	41506.1
PB 2013 Total	34507.0	1180.6	1108.0	995.1	676.0	663.7	453.4	1011.5	40595.3
Delta	-177.2	-177.6	-335.2	-122.7	90.8	121.7	322.1	1188.9	910.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	28	0	0	0	0	0	0	0	0	28
Production	0	533	0	0	0	0	0	0	0	533
PB 2014 Total	28	533	0	0	0	0	0	0	0	561
PB 2013 Total	28	533	0	0	0	0	0	0	0	561
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for V-22 (PNO: 212)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	9865.9	84.2	92.7	111.6	87.4	69.4	67.6	159.4	10538.2
Procurement	27931.1	2001.7	1851.1	1603.8	1535.7	1459.5	435.2	7592.7	44410.8
MILCON	96.8	10.6	0.0	5.4	0.0	0.0	0.0	0.0	112.8
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	37893.8	2096.5	1943.8	1720.8	1623.1	1528.9	502.8	7752.1	55061.8
PB 2013 Total	38012.5	2086.7	1963.3	1692.2	1587.1	1561.6	3754.2	2836.9	53494.5
Delta	-118.7	9.8	-19.5	28.6	36.0	-32.7	-3251.4	4915.2	1567.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	287	21	21	19	19	18	4	68	457
PB 2014 Total	2	287	21	21	19	19	18	4	68	459
PB 2013 Total	2	287	21	21	19	19	18	38	34	459
Delta	0	0	0	0	0	0	0	-34	34	0

Cost & Funding for VTUAV (PNO: 253)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	609.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	609.4
Procurement	367.6	27.7	19.4	34.7	37.0	22.6	18.9	2019.5	2547.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	977.0	27.7	19.4	34.7	37.0	22.6	18.9	2019.5	3156.8
PB 2013 Total	992.7	21.7	25.5	77.9	150.1	106.2	142.5	1353.8	2870.4
Delta	-15.7	6.0	-6.1	-43.2	-113.1	-83.6	-123.6	665.7	286.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Funding associated with Rapid Deployment Capabilities and Endurance Upgrade Capabilities are not part of the VTUAV Program Of Record and are not included in this SAR; therefore, the SAR does not match the budget exhibits for this Program Element.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	7	0	0	0	0	0	0	0	0	7
Production	0	23	0	0	0	0	0	0	145	168
PB 2014 Total	7	23	0	0	0	0	0	0	145	175
PB 2013 Total	7	23	0	0	4	8	6	10	117	175
Delta	0	0	0	0	-4	-8	-6	-10	28	0

Cost & Funding for AEHF (PNO: 261) / AEHF SV 1-4
from SAR DEC 2012

Appropriation and Quantity Summary - AEHF SV 1-4

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	6791.6	175.6	183.4	136.1	64.6	21.7	0.0	0.0	7373.0
Procurement	2710.0	50.2	64.5	66.6	77.5	41.8	29.1	0.0	3039.7
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	9501.6	225.8	247.9	202.7	142.1	63.5	29.1	0.0	10412.7
PB 2013 Total	10255.9	732.8	607.4	526.0	471.2	792.7	58.2	30.0	13474.2
Delta	-754.3	-507.0	-359.5	-323.3	-329.1	-729.2	-29.1	-30.0	-3061.5

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	2	0	0	0	0	0	0	0	2
PB 2014 Total	2	2	0	0	0	0	0	0	0	4
PB 2013 Total	2	4	0	0	0	0	0	0	0	6
Delta	0	-2	0	0	0	0	0	0	0	-2

Cost & Funding for AEHF (PNO: 261) / AEHF SV 5-6
from SAR DEC 2012

Appropriation and Quantity Summary - AEHF SV 5-6
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	13.8	19.5	20.0	20.0	0.0	0.0	0.0	0.0	73.3
Procurement	755.5	507.1	315.0	235.6	294.5	690.0	29.1	77.7	2904.5
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	769.3	526.6	335.0	255.6	294.5	690.0	29.1	77.7	2977.8
PB 2013 Total	--	--	--	--	--	--	--	--	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2977.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	2	0	0	0	0	0	0	0	2
PB 2014 Total	0	2	0	0	0	0	0	0	0	2
PB 2013 Total	0	0	0	0	0	0	0	0	0	0
Delta	0	2	0	0	0	0	0	0	0	2

Cost & Funding for AMRAAM (PNO: 185)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2187.1	89.9	86.8	86.0	45.4	38.3	38.9	147.5	2719.9
Procurement	9994.7	333.3	436.7	485.6	537.4	563.0	596.0	4466.4	17413.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	12181.8	423.2	523.5	571.6	582.8	601.3	634.9	4613.9	20133.0
PB 2013 Total	12176.5	423.2	602.3	615.5	614.6	610.2	586.8	4579.1	20208.2
Delta	5.3	0.0	-78.8	-43.9	-31.8	-8.9	48.1	34.8	-75.2

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	10816	180	253	298	348	368	453	3537	16253
PB 2014 Total	0	10816	180	253	298	348	368	453	3537	16253
PB 2013 Total	0	10842	180	300	324	350	349	434	3460	16239
Delta	0	-26	0	-47	-26	-2	19	19	77	14

Cost & Funding for B-2 EHF Inc 1 (PNO: 224)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	418.2	6.3	0.0	0.0	0.0	0.0	0.0	0.0	424.5
Procurement	50.0	63.4	11.9	9.4	0.5	0.0	0.0	0.0	135.2
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	468.2	69.7	11.9	9.4	0.5	0.0	0.0	0.0	559.7
PB 2013 Total	468.6	81.0	13.6	10.1	0.7	0.0	0.0	0.0	574.0
Delta	-0.4	-11.3	-1.7	-0.7	-0.2	0.0	0.0	0.0	-14.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	4	0	0	0	0	0	0	0	0	4
Production	0	5	11	0	0	0	0	0	0	16
PB 2014 Total	4	5	11	0	0	0	0	0	0	20
PB 2013 Total	4	5	11	0	0	0	0	0	0	20
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for C-130J (PNO: 220)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	242.8	28.2	20.3	28.3	28.7	21.4	23.4	0.0	393.1
Procurement	9365.7	109.1	701.3	628.8	957.1	224.3	102.5	2885.0	14973.8
MILCON	118.5	30.2	0.0	0.0	0.0	0.0	0.0	0.0	148.7
Acq O&M	23.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.7
PB 2014 Total	9750.7	167.5	721.6	657.1	985.8	245.7	125.9	2885.0	15539.3
PB 2013 Total	9908.8	137.3	1152.1	991.9	736.7	125.6	794.3	1871.6	15718.3
Delta	-158.1	30.2	-430.5	-334.8	249.1	120.1	-668.4	1013.4	-179.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Additional requirements subsequent to the April 2007 program baseline are not included in this SAR. They consist of:
1) RDT&E: Capability Management Updates (CMUs), Cooperative Systems and Software Upgrade Requirements Management (COSSURM), and C-130J Trainers.
2) BP11: Large Aircraft Infrared Countermeasures (LAIRCM), Dynamic Retasking Capability (DRC), Center Wing Replacement (CWR), and C-130J Tactics Training.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	122	0	6	7	14	2	0	17	168
PB 2014 Total	0	122	0	6	7	14	2	0	17	168
PB 2013 Total	0	122	0	12	10	7	0	7	10	168
Delta	0	0	0	-6	-3	7	2	-7	7	0

Cost & Funding for C-5 RERP (PNO: 327)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1602.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1602.1
Procurement	3066.0	1238.8	1153.9	334.7	0.0	0.0	0.0	0.0	5793.4
MILCON	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	4673.4	1238.8	1153.9	334.7	0.0	0.0	0.0	0.0	7400.8
PB 2013 Total	4699.6	1238.8	1155.3	342.5	0.0	0.0	0.0	0.0	7436.2
Delta	-26.2	0.0	-1.4	-7.8	0.0	0.0	0.0	0.0	-35.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	3	0	0	0	0	0	0	0	0	3
Production	0	27	11	11	0	0	0	0	0	49
PB 2014 Total	3	27	11	11	0	0	0	0	0	52
PB 2013 Total	3	27	11	11	0	0	0	0	0	52
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for FAB-T (PNO: 199)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1912.6	97.9	140.2	55.9	4.0	0.0	0.0	0.0	2210.6
Procurement	11.2	9.6	74.9	120.0	299.6	267.0	271.8	1409.9	2464.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1923.8	107.5	215.1	175.9	303.6	267.0	271.8	1409.9	4674.6
PB 2013 Total	1914.0	107.5	159.4	169.1	303.0	270.7	571.5	1207.5	4702.7
Delta	9.8	0.0	55.7	6.8	0.6	-3.7	-299.7	202.4	-28.1

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Distribution of procurement funds will be adjusted based on terminal schedules and priorities as a result of production competition.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	30	0	0	0	0	0	0	0	0	30
Production	0	0	0	4	9	19	16	16	152	216
PB 2014 Total	30	0	0	4	9	19	16	16	152	246
PB 2013 Total	30	0	0	0	10	20	24	42	120	246
Delta	0	0	0	4	-1	-1	-8	-26	32	0

Cost & Funding for GBS (PNO: 237)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	419.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	419.7
Procurement	523.2	73.0	32.3	25.8	24.5	6.8	1.8	0.0	687.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	942.9	73.0	32.3	25.8	24.5	6.8	1.8	0.0	1107.1
PB 2013 Total	931.1	50.8	44.6	17.6	24.5	1.7	0.0	0.0	1070.3
Delta	11.8	22.2	-12.3	8.2	0.0	5.1	1.8	0.0	36.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	136	0	0	0	0	0	0	0	0	136
Production	0	1614	106	10	21	21	11	7	0	1790
PB 2014 Total	136	1614	106	10	21	21	11	7	0	1926
PB 2013 Total	136	1475	94	169	15	23	4	0	0	1916
Delta	0	139	12	-159	6	-2	7	7	0	10

Cost & Funding for HC/MC-130 Recap (PNO: 257)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	87.6	19.0	6.2	20.5	18.4	10.2	10.4	0.0	172.3
Procurement	3964.1	691.0	1183.6	650.9	1313.8	865.2	543.0	5145.3	14356.9
MILCON	216.4	8.5	0.0	17.5	0.0	0.0	36.0	0.0	278.4
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	4268.1	718.5	1189.8	688.9	1332.2	875.4	589.4	5145.3	14807.6
PB 2013 Total	4269.0	740.0	1550.1	493.6	1165.4	883.9	1255.7	3649.1	14006.8
Delta	-0.9	-21.5	-360.3	195.3	166.8	-8.5	-666.3	1496.2	800.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	42	7	10	6	13	8	6	39	131
PB 2014 Total	0	42	7	10	6	13	8	6	39	131
PB 2013 Total	0	42	7	15	4	9	7	10	28	122
Delta	0	0	0	-5	2	4	1	-4	11	9

Cost & Funding for JPATS (PNO: 560)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	291.4	2.3	2.3	2.7	2.6	0.0	0.0	0.0	301.3
Procurement	4229.7	319.6	274.0	33.1	16.8	16.2	0.0	0.0	4889.4
MILCON	110.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	110.5
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	4631.6	321.9	276.3	35.8	19.4	16.2	0.0	0.0	5301.2
PB 2013 Total	4659.7	305.6	316.8	33.2	17.9	2.7	0.0	0.0	5335.9
Delta	-28.1	16.3	-40.5	2.6	1.5	13.5	0.0	0.0	-34.7

The FY 2011 Defense Appropriations Bill marked all 38 Navy aircraft in FY 2011. The 2014 Presidents Budget procures the remaining 29 aircraft (other 9 aircraft procured in FY 2013) to restore the Navy program of record of 295 aircraft. This includes a reduction of 2 aircraft in FY 2014 to adjust for an anticipated but unrealized loss of 2 aircraft in FY 2012. The addition of 2 Army aircraft in FY 2014 results in a net zero quantity change in FY 2014.

May 2012 Acquisition Decision Memorandum added 4 Army Aircraft in the JPATS program (2 FY 2013/2 FY 2014) to be delivered in FY 2014. Full reporting for the Army aircraft and funding begins with the December 2012 Selected Acquisition Report.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	1	0	0	0	0	0	0	0	0	1
Production	0	685	35	31	0	0	0	0	0	751
PB 2014 Total	1	685	35	31	0	0	0	0	0	752
PB 2013 Total	1	685	33	31	0	0	0	0	0	750
Delta	0	0	2	0	0	0	0	0	0	2

Cost & Funding for KC-46A (PNO: 387)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1785.5	1815.6	1558.6	911.6	613.4	320.0	60.7	4.4	7069.8
Procurement	0.0	0.0	0.0	1777.8	2777.4	3228.7	3382.3	29155.2	40321.4
MILCON	0.0	0.0	264.3	244.4	306.2	261.2	275.0	2899.8	4250.9
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1785.5	1815.6	1822.9	2933.8	3697.0	3809.9	3718.0	32059.4	51642.1
PB 2013 Total	1845.0	1815.6	1831.8	3018.8	3533.5	3941.5	3646.9	32343.9	51977.0
Delta	-59.5	0.0	-8.9	-85.0	163.5	-131.6	71.1	-284.5	-334.9

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	4	0	0	0	0	0	0	0	0	4
Production	0	0	0	0	7	12	15	15	126	175
PB 2014 Total	4	0	0	0	7	12	15	15	126	179
PB 2013 Total	4	0	0	0	7	12	15	15	126	179
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for MQ-9 Reaper (PNO: 424)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	584.0	148.0	128.3	194.6	191.3	147.1	92.9	93.1	1579.3
Procurement	3787.2	920.0	536.4	766.5	778.5	899.7	878.3	3096.7	11663.3
MILCON	55.6	0.0	20.0	0.0	0.0	0.0	0.0	0.0	75.6
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	4426.8	1068.0	684.7	961.1	969.8	1046.8	971.2	3189.8	13318.2
PB 2013 Total	4549.5	1068.0	1154.6	1126.4	834.4	783.7	1182.8	2388.5	13087.9
Delta	-122.7	0.0	-469.9	-165.3	135.4	263.1	-211.6	801.3	230.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	3	0	0	0	0	0	0	0	0	3
Production	0	204	24	12	24	24	24	24	65	401
PB 2014 Total	3	204	24	12	24	24	24	24	65	404
PB 2013 Total	3	204	24	24	24	24	24	24	53	404
Delta	0	0	0	-12	0	0	0	0	12	0

Cost & Funding for NAS (PNO: 537)
from SAR DEC 2012

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	115.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	115.8
Procurement	1242.9	42.9	20.4	12.1	7.2	2.7	2.8	0.0	1331.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1358.7	42.9	20.4	12.1	7.2	2.7	2.8	0.0	1446.8
PB 2013 Total	1354.2	47.0	26.6	31.8	13.3	2.8	0.0	0.0	1475.7
Delta	4.5	-4.1	-6.2	-19.7	-6.1	-0.1	2.8	0.0	-28.9

Current Estimate quantity has changed from 92 in previous SAR to 88 due to Navy reducing their planned unit procurement quantities by 4. Quantity and funding reduction due to Navy resource sponsors decision to reduce their inventory.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	87	1	0	0	0	0	0	0	88
PB 2014 Total	0	87	1	0	0	0	0	0	0	88
PB 2013 Total	0	88	1	1	1	1	0	0	0	92
Delta	0	-1	0	-1	-1	-1	0	0	0	-4

Cost & Funding for NAVSTAR GPS (PNO: 166) / SPACE & CONTROL from SAR DEC 2012

Appropriation and Quantity Summary - SPACE & CONTROL

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	2226.1	14.3	0.0	0.0	0.0	0.0	0.0	0.0	2240.4
Procurement	4145.7	65.8	67.8	33.5	21.0	2.4	0.5	0.0	4336.7
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	6371.8	80.1	67.8	33.5	21.0	2.4	0.5	0.0	6577.1
PB 2013 Total	6397.0	80.3	85.5	15.8	2.4	0.4	0.0	0.0	6581.4
Delta	-25.2	-0.2	-17.7	17.7	18.6	2.0	0.5	0.0	-4.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	33	0	0	0	0	0	0	0	33
PB 2014 Total	0	33	0	0	0	0	0	0	0	33
PB 2013 Total	0	33	0	0	0	0	0	0	0	33
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for NAVSTAR GPS (PNO: 166) / USER EQUIPMENT from SAR DEC 2012

Appropriation and Quantity Summary - USER EQUIPMENT

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	1389.1	29.6	0.0	0.0	0.0	0.0	0.0	0.0	1418.7
Procurement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	1389.1	29.6	0.0	0.0	0.0	0.0	0.0	0.0	1418.7
PB 2013 Total	1376.8	29.6	0.0	0.0	0.0	0.0	0.0	0.0	1406.4
Delta	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

All procurement fund (Aircraft Procurement, Air Force and Other Procurement, Air Force) along with the Department of Defense (DoD) funds (Research Development Test and Evaluation (RDT&E)) have been removed from the Selected Acquisition Report (SAR). The User Equipment (UE) portion of the SAR only covers Modernized UE (MUE). All MUE activities are paid for by RDT&E, Air Force funds and thus we were incorrectly carrying the other funding.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	0	0	0	0	0	0	0	0	0
PB 2014 Total	0	0	0	0	0	0	0	0	0	0
PB 2013 Total	0	0	0	0	0	0	0	0	0	0
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for RQ-4A/B Global Hawk (PNO: 252)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	3057.6	199.5	102.4	123.0	49.9	27.6	28.1	0.0	3588.1
Procurement	5020.5	95.9	68.1	43.3	31.2	16.4	16.7	6.2	5298.3
MILCON	122.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	122.9
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	8201.0	295.4	170.5	166.3	81.1	44.0	44.8	6.2	9009.3
PB 2013 Total	8393.5	295.4	206.8	142.0	65.5	44.6	90.1	125.1	9363.0
Delta	-192.5	0.0	-36.3	24.3	15.6	-0.6	-45.3	-118.9	-353.7

Current Estimate changes from previous submission reflect fact of life updates for prior year Research, Development, Test and Evaluation (RDT&E) and Procurement, including a decrease in initial spares as well as a revision of estimates for Global Hawk Ground and Communications Technical Refresh efforts in RDT&E and reduction in scope of retrofits in Procurement.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	45	0	0	0	0	0	0	0	45
PB 2014 Total	0	45	0	0	0	0	0	0	0	45
PB 2013 Total	0	45	0	0	0	0	0	0	0	45
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for SBIRS High (PNO: 210) / Baseline (GEO 1-4, HEO 1-2, and Ground) from SAR DEC 2012

Appropriation and Quantity Summary - Baseline (GEO 1-4, HEO 1-2, and Ground)
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	8929.3	365.4	267.4	190.2	187.7	112.0	98.0	107.0	10257.0
Procurement	2603.1	98.4	143.5	158.9	121.9	84.6	36.2	7.9	3254.5
MILCON	57.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	57.0
Acq O&M	161.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	161.1
PB 2014 Total	11750.5	463.8	410.9	349.1	309.6	196.6	134.2	114.9	13729.6
PB 2013 Total	12337.0	829.1	830.2	760.7	725.9	673.4	1235.7	307.8	17699.8
Delta	-586.5	-365.3	-419.3	-411.6	-416.3	-476.8	-1101.5	-192.9	-3970.2

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	2	0	0	0	0	0	0	0	2
PB 2014 Total	2	2	0	0	0	0	0	0	0	4
PB 2013 Total	2	2	2	0	0	0	0	0	0	6
Delta	0	0	-2	0	0	0	0	0	0	-2

Cost & Funding for SBIRS High (PNO: 210) / Block Buy (GEO 5-6)
from SAR DEC 2012

Appropriation and Quantity Summary - Block Buy (GEO 5-6)

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Procurement	487.0	368.1	419.3	410.5	413.2	472.8	1106.9	191.5	3869.3
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	487.0	368.1	419.3	410.5	413.2	472.8	1106.9	191.5	3869.3
PB 2013 Total	--	--	--	--	--	--	--	--	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3869.3

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	0	2	0	0	0	0	0	0	2
PB 2014 Total	0	0	2	0	0	0	0	0	0	2
PB 2013 Total	0	0	0	0	0	0	0	0	0	0
Delta	0	0	2	0	0	0	0	0	0	2

Cost & Funding for SDB II (PNO: 439)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	819.8	160.8	142.3	87.0	63.4	127.8	84.5	150.0	1635.6
Procurement	0.0	42.0	42.3	71.4	102.0	120.4	172.0	1999.7	2549.8
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	819.8	202.8	184.6	158.4	165.4	248.2	256.5	2149.7	4185.4
PB 2013 Total	821.6	202.8	207.6	174.6	150.3	234.9	371.3	2049.4	4212.5
Delta	-1.8	0.0	-23.0	-16.2	15.1	13.3	-114.8	100.3	-27.1

Due to testing delays, System Verification Review has changed from June 2013 to November 2013. Based on this, the Program Manager's current estimate for Milestone (MS) C is now January 2014. The FY 2014 President's Budget (PB) shifts Air Force (AF) production funding by one year. There is no change to the Department of Navy (DoN) production start in FY 2017. This AF shift realigns the AF and DoNs production funding to the quantity profile established at MS B since DoN previously shifted their production profile one year due to F-35 delays. The changes do not affect F-15E Required Assets Available which remains on track for July 2016.

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	163	0	0	0	0	0	0	0	0	163
Production	0	0	144	144	250	390	550	1050	14472	17000
PB 2014 Total	163	0	144	144	250	390	550	1050	14472	17163
PB 2013 Total	163	0	144	250	390	460	390	1650	13716	17163
Delta	0	0	0	-106	-140	-70	160	-600	756	0

Cost & Funding for WGS (PNO: 326)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	409.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	409.6
Procurement	3076.6	36.8	38.4	64.1	69.3	67.5	48.9	11.4	3413.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3486.2	36.8	38.4	64.1	69.3	67.5	48.9	11.4	3822.6
PB 2013 Total	3472.2	36.8	61.0	88.2	86.4	85.8	38.0	0.0	3868.4
Delta	14.0	0.0	-22.6	-24.1	-17.1	-18.3	10.9	11.4	-45.8

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	8	0	0	0	0	0	0	0	8
PB 2014 Total	0	8	0	0	0	0	0	0	0	8
PB 2013 Total	0	8	0	0	0	0	0	0	0	8
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for BMDS (PNO: 362)
from SAR DEC 2012

Appropriation and Quantity Summary

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	84750.1	6224.7	5640.1	5808.8	5477.5	5197.3	5164.3	0.0	118262.8
Procurement	3460.3	1077.8	1575.5	1728.9	1491.8	1785.2	1890.0	0.0	13009.5
MILCON	268.9	188.3	212.1	11.7	172.4	10.4	10.6	0.0	874.4
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	88479.3	7490.8	7427.7	7549.4	7141.7	6992.9	7064.9	0.0	132146.7
PB 2013 Total	88457.2	7490.8	7360.8	7860.5	7596.9	7439.9	0.0	0.0	126206.1
Delta	22.1	0.0	66.9	-311.1	-455.2	-447.0	7064.9	0.0	5940.6

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	0	0	0	0	0	0	0	0	0
PB 2014 Total	0	0	0	0	0	0	0	0	0	0
PB 2013 Total	0	0	0	0	0	0	0	0	0	0
Delta	0	0	0	0	0	0	0	0	0	0

Cost & Funding for F-35 (PNO: 198) / F-35 Aircraft
from SAR DEC 2012

Appropriation and Quantity Summary - F-35 Aircraft
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	35799.7	2464.8	1376.9	1580.6	1272.5	669.7	196.5	0.0	43360.7
Procurement	23548.5	5452.0	5675.8	6918.0	8604.1	9744.7	11108.7	207900.1	278951.9
MILCON	1098.8	131.1	250.9	392.6	216.7	114.3	11.0	2384.8	4600.2
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	60447.0	8047.9	7303.6	8891.2	10093.3	10528.7	11316.2	210284.9	326912.8
PB 2013 Total	62482.0	7844.7	7762.6	8687.2	9979.8	10619.2	11737.5	212742.2	331855.2
Delta	-2035.0	203.2	-459.0	204.0	113.5	-90.5	-421.3	-2457.3	-4942.4

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	14	0	0	0	0	0	0	0	0	14
Production	0	121	29	29	42	62	76	100	1984	2443
PB 2014 Total	14	121	29	29	42	62	76	100	1984	2457
PB 2013 Total	14	121	29	29	44	66	76	110	1968	2457
Delta	0	0	0	0	-2	-4	0	-10	16	0

Cost & Funding for F-35 (PNO: 198) / F-35 Engine
from SAR DEC 2012

Appropriation and Quantity Summary - F-35 Engine

FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	10786.4	358.1	400.5	168.3	104.2	3.9	0.8	0.0	11822.2
Procurement	4345.0	1019.9	873.0	1028.0	1380.7	1687.7	2077.9	40064.3	52476.5
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	15131.4	1378.0	1273.5	1196.3	1484.9	1691.6	2078.7	40064.3	64298.7
PB 2013 Total	13377.2	1567.2	1478.6	1612.6	1848.6	1947.0	2404.9	39620.5	63856.6
Delta	1754.2	-189.2	-205.1	-416.3	-363.7	-255.4	-326.2	443.8	442.1

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	14	0	0	0	0	0	0	0	0	14
Production	0	121	29	29	42	62	76	100	1984	2443
PB 2014 Total	14	121	29	29	42	62	76	100	1984	2457
PB 2013 Total	14	121	29	29	44	66	76	110	1968	2457
Delta	0	0	0	0	-2	-4	0	-10	16	0

DOD CIVILIAN WORKFORCE

Question. In your testimony, you stated that the civilian workforce was projected to be downsized at approximately the same rate as military personnel. What is the total number of civilian positions that the Department plans to reduce between now and FY18? How many of these reductions assume either a round of BRAC or a restructuring of military health care?

Answer. The total number of civilian full time equivalents that the Department plans to reduce between FY 2012 and FY 2018 is 34,320. This represents a 4.6% reduction. The reductions associated with BRAC are 13,000 and military health care are almost 5,000.

Question. How many civilian positions were created in the Department to support U.S. Central Command between FY01 and FY13? How many of these positions will be retained beyond FY15?

Answer. USCENTCOM's management HQ's civilian manpower did not grow between 2001 and 2013 in support of the contingencies. Instead, the Department augmented the HQs with individual augmentees and RC members on active duty. However, USCENTCOM HQ's civilian manpower did increase from 60 in 2001 to its current FY13 sum of 386 as a direct result of reprogramming military-to-civilian (88) and contract-to-civilian (247) conversions less (−9) JTD/FYDP rebalance action.

The 386 civilian billets are programmed beyond 2015, through FY 2017, when a decrement of ten (−10) is in the future years defense program.

[CLERK'S NOTE.—End of questions submitted by Mr. Calvert. Questions submitted by Mr. Ryan and the answers thereto follow:]

Question. Secretary Hagel, as you know, the Air Force is pressing ahead with a pilot program where the Air Force provides Special Victims' Counsel to act as personal legal counsel for sexual assault victims. I commend the Air Force for their efforts. I am concerned, however, about the ongoing challenge of resolving the question of whether these Special Victims' Counsel have standing in a criminal case. This uncertainty has prevented SVCs from advocating for sexual assault victims to the full extent envisioned by the Air Force JAG Corps, and envisioned by those in Congress who have been asking for steps in this direction like we did in the last two NDAAs.

Would you be willing and able to ask the President to direct a change to the Manual for Courts Martial to resolve the standing issue now, or do you need Congress to act first?

Answer. I do not currently believe Congress currently needs to act to address whether Special Victims' Counsel have standing to make legal arguments in a criminal case. The Department instituted the Air Force Special Victims' Counsel Program as a pilot program so that the Department could use its results and victim experience to inform future policy. On February 12, 2013, the Acting General Counsel directed the Joint Service Committee on Military Justice to review the concept of Special Victims Counsel representation, to include standing, and also whether the scope of the program should be extended to include to other victims, including children. The JSC was also directed to consult with civilian jurisdictions to assess whether and how such jurisdictions address the issue of Special Victims Counsel, if at all, and how their programs interface with their criminal justice systems and authorities. Additionally, the congressionally mandated Response Systems Panel is charged with comparing military and civilian systems investigation, prosecution and adjudication of adult sexual assault crimes, including and include an assessment of differences in providing support and protection to victims and the identification of civilian best practices that may be incorporated into any phase of the military systems. I urge Congress not to take action on this issue until the CAAF has an opportunity to act and the JSC and the panel complete their assessments on this topic, so that concerns can be identified and addressed.

Question. When do you expect to release the recommended statutory language for changing the UCMJ provision that allows a commander who is a court-martial convening authority to toss out the findings of a court-martial, like a sexual assault conviction?

Answer. On May 7, 2013, the Department submitted its proposed legislation to amend Article 60, Uniform Code of Military Justice, to the Speaker of the House, President of the Senate, and the Committees on Armed Services of the Senate and House of Representatives.

Question. I don't believe that the initial award should have been made to Embraer, and I have concerns about the fairness of the procurement. But I am also

very concerned about the program of record issue. There's a cruel irony here—because for the last 6 years Brazil has refused to extradite an American citizen who murdered her husband Karl Hoerig, who was a combat veteran pilot. So it's not just a foreign nation, it's one that has repeatedly thumbed its nose at our attempts to obtain justice for a fallen Air Force hero. While the State Department is being rebuffed by Brazil, the Department of Defense is giving it a billion dollar opportunity.

Considering the grave consequences for US manufacturing if the award to Brazil becomes the program of record for the BPC, do you intend to personally review the award and make an independent determination on whether it should be allowed to stand as the program of record?

Answer. On March 8, 2013, the Hawker Beechcraft Defense Company, LLC protested the Light Air Support (LAS) contract award. The Government Accountability Office (GAO) has up to 100 days from the date of the filing to render a decision. It would be inappropriate to comment on the specifics of the LAS award until the completion of the GAO process.

It is important to note that the program of record connecting the LAS contract and Building Partnership Capacity (BPC) efforts was through the U.S. Air Force Light Attack Armed Reconnaissance (LAAR) program. The LAAR program was cancelled in FY 2012 and consequently there is no longer any program of record connecting the LAS contract and BPC.

[CLERK'S NOTE.—End of questions submitted by Mr. Ryan. Questions submitted by Ms. Kaptur and the answers thereto follow:]

MILITARY MEDICAL INNOVATION INITIATIVE

Question. Both the CIA and the U.S. Army approached similar innovation and budgetary challenges by establishing self-sustaining, private-public equity sharing initiatives—the CIA's In-Q-Tel in 1999, and the Army's On-Point Technologies in 2002, respectively. Under these models, the CIA and Army have been able to target necessary investments in startup companies that are developing commercially-focused technologies that have strong, near term applications for the U.S. government. In turn, the initiatives have also been able to capture the financial profits from successful pursuits and reinvest these profits into future research endeavors. The apparent success of these innovative initiatives demonstrate the viability, precedence, and fiscal pragmatism of public-private research and development partnerships.

Has the Department considered the feasibility of establishing a similar, self-sustaining, military medical research and development initiative, modeled after the U.S. Army and CIA funding models, to ensure continued innovative health care for our servicemembers? Could such a model be established within the Defense Health Program and would it be beneficial to the Department?

Answer. While the Department has an in house technology innovation program for the Military Health System, we have not pursued the model of investing in a venture capital start up as an initiative. In order to determine whether such a model may be established, I have asked the Assistant Secretary of Defense for Health Affairs to review the Army's results under this model and consider whether this model would benefit the DoD medical research program.

[CLERK'S NOTE.—End of questions submitted by submitted by Ms. Kaptur.]

WITNESSES

	Page
Amos, General J. F	1
Clark, Lieutenant General S. E., III	119
Dempsey, General M. E	261
Grass, General F. J	1, 119
Greenert, Admiral Jonathan	1
Hagel, Hon. Chuck	261
Hale, Robert	261
Ingram, Lieutenant General W. E., Jr	119
Locklear, Admiral S. J., III	219
Odierno, General R. T	1
Talley, Lieutenant General J. W	119
Welsh, General M. A., III	1