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[H.A.S.C. No. 113–110]

THE DEPARTMENT OF DEFENSE'S READINESS POSTURE

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

HEARING HELD
APRIL 10, 2014

U.S. GOVERNMENT PRINTING OFFICE
88–455 WASHINGTON : 2015

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CONTENTS

CHRONOLOGICAL LIST OF HEARINGS

2014

	Page
HEARING:	
Thursday, April 10, 2014, The Department of Defense's Readiness Posture	1
APPENDIX:	
Thursday, April 10, 2014	39

THURSDAY, APRIL 10, 2014

THE DEPARTMENT OF DEFENSE'S READINESS POSTURE

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Bordallo, Hon. Madeleine Z., a Delegate from Guam, Ranking Member, Subcommittee on Readiness 3
Wittman, Hon. Robert J., a Representative from Virginia, Chairman, Subcommittee on Readiness 1

WITNESSES

Campbell, GEN John F., USA, Vice Chief of Staff, U.S. Army 4
Ferguson, ADM Mark, USN, Vice Chief of Naval Operations, U.S. Navy 6
Paxton, Gen John M., Jr., USMC, Assistant Commandant, U.S. Marine Corps 7
Spencer, Gen Larry O., USAF, Vice Chief of Staff, U.S. Air Force 9

APPENDIX

PREPARED STATEMENTS:
- Campbell, GEN John F. 46
- Ferguson, ADM Mark 63
- Paxton, Gen John M., Jr. 73
- Spencer, Gen Larry O. 93
- Wittman, Hon. Robert J. 43

DOCUMENTS SUBMITTED FOR THE RECORD:
- Statement of the American Legion 107
- Transmittal letter for Section 347 report on European Infrastructure Consolidation Initiative 110

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING:
- Mr. Barber 113
- Mrs. Noem 113
- Mr. Palazzo 113

QUESTIONS SUBMITTED BY MEMBERS POST HEARING:
- Mr. Bishop 149
- Ms. Bordallo 142
- Mr. Wittman 117

THE DEPARTMENT OF DEFENSE'S READINESS POSTURE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Thursday, April 10, 2014.

The subcommittee met, pursuant to call, at 8:02 a.m., in room 2212, Rayburn House Office Building, Hon. Robert J. Wittman (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. ROBERT J. WITTMAN, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. WITTMAN. Good morning. I am going to call to order the Subcommittee on Readiness of the House Armed Services Committee, and want to welcome our panelists this morning. And welcome all of our members for today's hearing focused on the Department of Defense's readiness posture.

This morning we have with us General John Campbell, Vice Chief of Staff of the United States Army; Admiral Mark Ferguson, Vice Chief of Naval Operations of the United States Navy; General John Paxton, Assistant Commandant of the United States Marine Corps; General Larry Spencer, Vice Chief of Staff, United States Air Force.

This hearing is critically important, as we try to understand and evaluate this year's budget request and proposed investment as the services seek to address gaps created by sequestration.

Although we recognize that the Bipartisan Budget agreement provided some relief, sequestration is not going away and the problem it creates persists.

The budget we have before us today obviously doesn't include or address the Overseas Contingency Operations [OCO] supplementary requirements, which have been so critical to sustaining our force in recent years.

So we will be challenged to understand the full funding picture, but there is no doubt that there are a multitude of enduring, high-priority activities funded by that account. It is imperative that we find a way to mitigate the billions of dollars in funding for these essential and enduring activities from the OCO to the base budget as we ramp down operations in Afghanistan.

My top priority is to ensure that no soldier, sailor, airman, or marine ever enters into a fair fight. All of us recognize the shortfalls and it is our duty and responsibility to ensure our men and women who serve have the necessary tools to dominate in any operational environment.

As I look across the services at respective readiness posture, I want to highlight a few issues that I think are noteworthy.

The Air Force flying-hours program cuts from last year have only restored approximately 50 percent of those pilots back to appropriate training levels.

The facilities sustainment accounts represent only 65 percent of the total requirement.

The Navy proposes possible future reductions in force structure to include phased modernization of 11 Aegis cruisers and amphibious warships over the next few years, in addition to an out-years request to retire a carrier.

The Marine Corps is establishing crisis response task forces in the Middle East and South America, but has not been given the $33.8 million in additional resources to properly resource them.

The Army has identified approximately $1.73 billion in unfunded training needs.

And not to be overlooked, shortfalls and backlogs in the depots persist for all the services for fiscal year 2015.

I want to make one thing very clear from my perspective. I have taken the opportunity to travel on numerous occasions to visit with our men and women in uniform, both at home in training status and overseas while they are deployed in combat zones.

I make the same two observations everywhere I visit, whether it is on the deck of an aircraft carrier or at a training range or on a FOB [Forward Operating Base]—we have the best and brightest the Nation has to offer, and these men and women are trained and ready. They have volunteered to do an inherently dangerous job and there is nothing safe about serving in the military. But these are well-trained professionals and they mitigate risks and they make it safe.

My fear is that Congress and this Nation are taking these men and women's service and their safety for granted. They operate in a dangerous world doing dangerous and daring things. This danger is mitigated because they are trained, ready, and prepared to do their jobs.

The threat of sequestration is not over. If sequestration persists, if we continue to hack away indiscriminately at our DOD [Department of Defense] budget, our readiness will erode to levels that will take decades to fix. We will lose our initiative and our edge in power projection, influence, and forward presence around the globe.

We will create gaps that will be filled by adversaries and we will see more men and women die in training accidents and killed in combat because we did not properly resource their mission and we did not provide them with the best training and equipment to do their jobs.

This is absolutely reprehensible and irresponsible.

I look forward to hearing greater details about the fiscal year 2015 budget request, the status of readiness, and how existing gaps and shortfalls will be satisfied to ensure we have the most ready, capable, and proficient military in the world.

I would now like to turn over to our ranking member, Ms. Madeleine Bordallo, for any remarks that she may have.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 43.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

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

And to each of our witnesses this morning, thank you for your testimony and for your service to our great Nation.

And Admiral Ferguson, I understand that this will be your last testimony as the Vice Chief of Naval Operations and that you will be headed over to Europe soon. So thank you for your leadership and service to our great Navy.

We hold this hearing at a critical point for the Department of Defense. By allowing sequestration to go into effect in 2013, Congress—Congress created the largest single challenge and risk to the readiness of our military in many, many decades.

We reduced that risk with passage of the Balanced Budget Agreement in December of 2013. But sequestration will return in a little over a year if we don't find a permanent solution.

I hope that our witnesses can discuss how they balanced readiness and risk in the current budget submission before us for consideration. We know the Department has used the additional funds from the Balanced Budget Agreement to buy back readiness. But where do we assume risk now?

And further, I hope our witnesses will discuss the challenges in future budgets if we do not find a permanent solution to sequestration. How will each of the services meet the Department's strategic objectives to have a flexible, agile, and deployable force should sequestration continue? How does the current budget find the right balance between meeting operational requirements, strategic guidance, and budget realities?

And beyond the quarterly readiness reports to Congress, how do we truly measure the risk that is being taken in our budgets? The quarterly readiness reports give us a sense of readiness at a point in time. But how do we really quantify or qualify that risk?

In particular, I hope that our witnesses can touch on training capacity and access to training in the Asia-Pacific region. One of the critical components of the rebalance to the Asia-Pacific region is ensuring that our military remains ready to deploy to support a variety of contingencies, as well as engaging in more training opportunities with partner nations.

How is this reflected in the fiscal year 2015 budget, as well as in future budgets?

And further, I hope General Campbell can discuss how this budget affects the readiness of the Army National Guard. I understand the operation and the maintenance account for the Army National Guard sees a decrease at $827 million in fiscal year 2015 from fiscal year 2014 levels.

I understand this may be a result of savings from depot maintenance requirements for a smaller force. But I am concerned that there will be no national training center rotations in fiscal year 2015 for the National Guard.

I hope that our witnesses can elaborate on this matter because I am concerned that this is an indication of greater challenges in ensuring the Guard is ready to deploy and support contingencies and operations abroad.

I have been very supportive of the strategic guidance that requires a right-sized military force that is trained, that is equipped and ready to deploy to any variety of operational requirements and contingencies.

I appreciate that the fiscal year 2015 budget request buys back a lot of readiness that was lost or deferred as a result of sequestration last fiscal year.

However, if we do not find a permanent solution to sequestration, I fear that we risk the ability to meet not just immediate operational requirements, but that we will be unable to execute the DOD's strategic guidance.

And this is simply unacceptable. We can fix the problem that Congress created.

And I yield back.

Mr. WITTMAN. Thank you, Ms. Bordallo.

Gentlemen, again, thank you for joining us this morning. Thank you for your service to our Nation and we will begin with your testimony.

And General Campbell, we will start with you.

STATEMENT OF GEN JOHN F. CAMPBELL, USA, VICE CHIEF OF STAFF, U.S. ARMY

General CAMPBELL. Sir, thank you very much.

Chairman Wittman, Ranking Member Bordallo, other distinguished members of the subcommittee, thank you very much for the opportunity to discuss the readiness of your United States Army.

I appreciate your support and commitment to our soldiers, our Army civilians, our families, our wounded warriors, and our veterans.

I would like to take a quick moment to send our regards to our brother-in-arms at Fort Hood, Texas. Our Nation's leaders attended a very emotional memorial ceremony yesterday and we continue to keep the families of the victims in our thoughts and prayers; so, thank you for that.

Today, the Army remains globally engaged with more than 66,000 soldiers deployed, including 32,000 in Afghanistan, and about 85,000 forward-stationed in over 150 different countries.

While the restoration of some funding in fiscal year 2014 helps the Army restore readiness, it is not sufficient to fully eliminate the void in core capabilities created over the past decade of counterinsurgency operations and made greater by sequestration.

The current level of fiscal year 2015 funding will allow the Army to sustain readiness levels achieved in fiscal year 2014, but will only generate minimum readiness required to meet the defense strategy.

The anticipated sequestration reductions in fiscal year 2016 and beyond will severely degrade manning, readiness, and modernization efforts and will not allow us to execute the strategic guidance.

To really understand our current and future readiness, I need to quickly provide a little bit of context on what happened in fiscal year 2013.

Due to fiscal year 2013 Budget Control Act spending caps, the Army canceled seven combat training rotations and significantly

reduced home station training, negatively impacting readiness and leader development. These lost opportunities only added to the gap created between 2004 and 2011 as the Army focused exclusively on counterinsurgency.

In the event of a crisis, we will deploy these units at a significantly lower readiness level. They will accomplish their mission; but, sir, as you said, probably with higher casualties.

Further results of sequestration fiscal year 2013 include the deferment of approximately $716 million worth of equipment reset in fiscal year 2014 and also fiscal year 2015.

The Army was also forced to cut routine maintenance for non-deployed units, thereby creating an additional $73.5 million in deferred cost that carried over to fiscal year 2014.

We have lost some of our most skilled civilians, many in highly technical fields, as a result of a 6-week furlough that cut their pay by 20 percent and 2 years of frozen salaries and performance-based salaries.

In order to preserve funding for readiness and modernization, the Army is in the process of an accelerated drawdown to 490,000 in the Active Component, 350,000 in the Army National Guard, and 202,000 in the U.S. Army Reserve by the end of fiscal year 2015.

By the end of fiscal year 2017, we will further decrease end strength to 450,000 in the Active, 335,000 in the Army National Guard, and 195,000 in the U.S. Army Reserve Component.

Seventy percent of these cuts will come from the Active Army and the reductions will reverse the force mix ratio going from 51 percent Active and 49 percent Reserve Component mix in fiscal year 2012 to a 46 percent Active, 54 percent Reserve Component in fiscal year 2017. So, we will have more reliance on our National Guard and our Reserve.

In conjunction with this rapid drawdown, the Army is reorganizing the brigade combat teams and restructuring our aviation formations to achieve a leaner, more efficient force that balances operational capability and flexibility.

As we continue to draw down and restructure over the next 3 to 4 years, the Army will have readiness and modernization deficiencies.

Fiscal realities have caused us to implement tiered readiness as a bridging strategy. Under tiered readiness, only 20 percent of the total operational force will conduct collective training to a level necessary to meet our strategic requirements.

And we have accepted risks to the readiness of multi-functional and theater support brigades, as well as in our home station training, installation readiness and infrastructure.

Base operation support levels remain under-resourced and must be a future priority as additional funds become available.

This year and next are critical to deciding the fate of what is the greatest Army in the world. Cuts implemented under the Budget Control Act and sequestration have significantly impaired our readiness.

Further, I am concerned about the impact of Army base funds in fiscal year 2015 if the Overseas Contingency or OCO, sir, as you talked about, is not acted upon by the start of the fiscal year.

Absent approval of OCO funding, we would be required to support OCO-funded missions with base funds, which would immediately begin degrading readiness across the total Army.

Ultimately, the Army is about people. And as we downsize, we are committed to taking care of those who have sacrificed so much for our Nation over the past 12-plus years of war.

Assisting our transitioning veterans, our wounded warriors, our Gold Star families will remain a top priority and we must protect the programs that support their needs.

I thank you again for your steadfast and generous support of the outstanding men and women of your United States Army.

Please accept my written testimony for the record, and I am honored to sit here with my fellow Vices.

Mark, thank you for your service here; too bad we will not do another testimony together.

But I look forward to the questions from the subcommittee. Thank you very much.

[The prepared statement of General Campbell can be found in the Appendix on page 46.]

Mr. WITTMAN. General Campbell, thank you very much.

Admiral Ferguson.

STATEMENT OF ADM MARK FERGUSON, USN, VICE CHIEF OF NAVAL OPERATIONS, U.S. NAVY

Admiral FERGUSON. Chairman Wittman, Ranking Member Bordallo, and distinguished members of the committee, good morning. Thank you for the opportunity to testify before you today.

As we conclude over a decade of conflict and extended stability operations, your naval forces remain on watch around the globe.

Forward presence is our mandate. Our forward deployed forces are where it matters, when it matters—thanks in good measure to your support.

Since we testified last year, America's naval forces helped shape events and provided immediate options to the President during times of crisis around the globe.

Our global presence reassures our allies and partners, deters aggression, and provides a ready response to humanitarian crises. It confronts piracy and supports counterterrorism operations from the sea.

The Bipartisan Budget Act has improved our forward operations and readiness over fiscal year 2013.

Through the remainder of this fiscal year, we are restoring fleet training, maintenance and operations and we will recover a substantial portion of our ship maintenance backlog.

Our fiscal year 2015 Navy budget request with Overseas Contingency Operations or OCO funding will provide the resources necessary to train, maintain, and operate our planned fleet structure.

Our request with OCO will also sustain required levels of readiness to support the adjudicated Global Force Management Allocation Plan for naval forces. To remain a balanced and ready force across the Future Years Defense Plan, this budget proposes slowing cost growth in compensation and benefits, maintaining the option to refuel or inactivate one aircraft carrier and a carrier air wing.

The budget also proposes, as the chairman mentioned, inducting 11 guided-missile cruisers and three dock landing ships into a phased modernization period.

This phased modernization approach, while fiscally driven, will reduce force structure risk in the 2030s and beyond by extending the service life of these ships.

In recognition of reduced funding levels from our PB14 submission, our request also reflects a reduction of nearly 80 aircraft and 3,500 weapons when compared to last year.

We have endeavored to reset in stride across a decade of high-tempo operations. The Navy will require approximately 5 years beyond the end of Operation Enduring Freedom to complete the reset of the force. This period and the length of it reflects unique ship depot maintenance demands which are limited by operational schedules and the capacity of our depot infrastructure. Our budget request also proposes lower investment in our shore infrastructure. We are mindful that this backlog will compound over time and must eventually be addressed.

Accordingly, we will continue to aggressively pursue opportunities such as reprogramming or realignment of funds in the year of execution to modernize and sustain our shore facilities. As we look to the future, a return to sequestration spending levels in fiscal year 2016 and beyond will lead us to a Navy that would be insufficient in size and capability to meet the needs of the country. Under that scenario, additional force structure reductions would be required to fund adequate readiness of the remaining force. Under sequestration, further reductions in procurement, in maintenance, training, and operations would be required and damage to the industrial base would likely be severe.

Despite these challenges, we are fortunate to continue to enjoy the highest quality force in our history. These outstanding men and women who serve our Nation at sea make us the finest Navy in the world. And on behalf of all our Active, Reserve, and civilian sailors, I wish to express my appreciation for your efforts and your continued support of them and their families. Thank you very much.

[The prepared statement of Admiral Ferguson can be found in the Appendix on page 63.]

Mr. WITTMAN. Admiral Ferguson, thank you very much. And now we will go to General Paxton.

STATEMENT OF GEN JOHN M. PAXTON, JR., USMC, ASSISTANT COMMANDANT, U.S. MARINE CORPS

General PAXTON. Good morning, Chairman Wittman. Thank you Ranking Member Bordallo and distinguished members of the committee. I appreciate the opportunity to report on the readiness of your United States Marines Corps.

Today, as always, your Marine Corps is committed to remaining our Nation's force in readiness, a force that is truly capable of responding to crisis anywhere around the globe at a moment's notice. As we gather here this morning, almost 37,000 marines are forward deployed or stationed around the world, promoting peace, protecting our Nation's interests and securing our defense. There are more than 6,000 Marines in Afghanistan who continue to make a

huge difference to our Nation and our allies in the world. All of your marines who are forward remain well-trained, well-equipped, well-led, and at the highest state of readiness.

Our readiness was proven last year, as your Marine Corps displayed its agility and responsiveness in saving lives in the aftermath of the super typhoon that struck the Philippines in November and then shortly thereafter with the rescue of American citizens in South Sudan over Christmas. Both of these indicate the reality and the necessity of maintaining a combat-ready force that is capable of handling today's crisis today. Such an investment is essential to maintaining our Nation's security and our prosperity into the future.

We fully appreciate that our readiness today and the ability to maintain it in the future are directly related to the fiscal realities that face our Nation and particularly the Department of Defense budget. As our Nation continues to face fiscal uncertainty, we are making the necessary choices to protect our near-term readiness and to place your United States Marine Corps on the best trajectory to meet future defense requirements.

I look forward to elaborating on examples of the choices that we have made and how they impact our training proficiency, our equipment maintenance, and our unit readiness, to name a few.

As we navigate the current fiscal environment, we will strive to maintain balance across what we call our five pillars of readiness. Number one is to recruit and retain the high-quality people. Number two is to maintain a high state of unit readiness. Number three is to maintain combatant commanders—to meet, rather, combatant commanders' requirements for our marines. Number four is to ensure that we maintain appropriate infrastructure investments. And number five is to keep an eye towards the future by investing in the capabilities that we will need to meet tomorrow's challenges.

As we begin this hearing, I would like to highlight a few points from my written statement. First, with regards to high-quality people. United States Marine Corps continues to achieve 100 percent of its officer and enlisted recruiting goals for both the Active and the Reserve Component while exceeding DOD quality standards. Marine Corps remains committed to attracting, mentoring, and retaining the most talented men and women who bring diverse backgrounds, cultures, and skills into the service of our Nation.

Second, United States Marine Corps has and always will source our best-trained, most ready forces to meet combatant commander demand requirements. In doing so, the Marine Corps has accepted risks to both personnel manning and to equipment readiness in our non-deployed units in order to fully support forces who are forward deployed and those who are next to deploy.

We have taxed our home station units as the billpayers to ensure that marines in Afghanistan and our Marine Expeditionary Units have everything that they need. As a result, as we sit here this morning, slightly more than 50 percent of our non-deployed forces are experiencing some degree of degraded readiness in their ability to execute what we consider to be core missions.

Third, we continue to foster a rich heritage and a strong partnership with our naval counterparts. As we look to the future, we all realize that sea-based and forward-deployed naval forces provide

day-to-day engagement, crisis response, and assured access to the global commons.

A critical component in building, training, and maintaining an expeditionary forward presence is the availability and readiness of amphibious ships. This is why we ask for a continued congressional support for the Navy and for our naval shipbuilding and surface-to-ship connector programs in order to maintain an adequate fleet that is modern and combat-ready, and particularly on the amphibious ships. Doing so enables continuous naval expeditionary presence and projects power across the globe whenever and wherever our Nation needs it.

I thank each of you for the opportunity this morning, for your faithfulness, and I request that the written testimony be accepted for the record. Thank you very much. I look forward to your questions.

[The prepared statement of General Paxton can be found in the Appendix on page 73.]

Mr. WITTMAN. Thank you, General Paxton. Without objection.

We will now go to General Spencer.

STATEMENT OF GEN LARRY O. SPENCER, USAF, VICE CHIEF OF STAFF, U.S. AIR FORCE

General SPENCER. Chairman Wittman, Ranking Member Bordallo, and distinguished members of the subcommittee, thank you for the opportunity to share the Air Force's current readiness posture. Readiness is critical for your Air Force, especially as the time and place of our next crisis are never certain and rarely what we expect.

The Air Force's range, speed, and agility enable us to quickly respond in hours, not days, to national missions, a national security threat, or a humanitarian event from home to anywhere on the globe. The cornerstone of our success depends on airmen who are exploiting and mastering emerging technologies not only in warfare, but also in space and cyberspace, giving us the ability to project global military power on a scale our adversaries cannot match. However, decades of sustained combat operations have stressed our force and decreased our readiness to unacceptable levels.

We are finding it increasingly difficult to maintain our advantage when it comes to effectively operate in contested environments and against adversaries with access to increasing levels of advanced warfighting technology. We will continue to maintain our ability to respond to today's requirements, but we must also regain and further maintain our ability to operate in the most demanding threat environments, but we need your help and support to get there.

The Air Force defines readiness as having the right number of airmen, with the right equipment, trained to the right skill level, and with the right amount of support, force structure, weapons, and supplies to successfully accomplish what the Nation asks us to do. A good readiness plan depends on an optimum level of health in all of these areas, but sequestration has slashed our budget by billions of dollars, forcing us to make the difficult decision to cut force structure in order to help preserve our near-term readiness.

In order to maintain our readiness health, we had to look beyond flying hours and exercises. We took a close look at the preservation of modernization efforts to help us maintain our technological edge. This includes preferred munitions; live, virtual, constructive environments that can replicate the threats we may face; and installation support that allow us to literally fight and power project from our bases.

Additionally, weapon sustainment health is also critical to our readiness plan. As many of you with logistic centers and depots in your districts know, you witness firsthand how these centers contribute to the sustainment and readiness of all of our aircraft and equipment. Said another way, while adequate flying-hour funding ensures the aircraft on our ramps are ready to fly, weapon system sustainment readiness funding ensures we have the adequate numbers of aircrafts on our ramps to fly in our missions and to complete our flying goals.

Because every aircraft and every piece of equipment counts, we are driven to seek the most efficient and effective way to ensure we are ready to sustain the warfighter in any environment. Investments in Air Force capabilities and readiness are essential if we are to maintain our agility and flexibility. Where we struggle is with last year's sequestration trigger that placed the Air Force readiness posture at an unacceptable level of risk that we are still working to recover from.

The loss of time and experience flying, maintaining, supporting, and integrating those aircraft equated to a loss of critical readiness for our airmen across the entire force. Our highly sophisticated and capable force cannot be reconstituted overnight, if our readiness is allowed to atrophy. This is why we desperately need your help to de-trigger sequestration going forward. The Air Force appreciates the temporary relief that the Bipartisan Budget Act provides and it puts us on a gradual path to recovery. But our analysis indicated it will not fix readiness during the FYDP [Future Years Defense Program].

Because our readiness is heavily influenced by ongoing operations, we need to ensure we can meet these requirements while also training for the full spectrum of potential conflict.

As demonstrated after the conclusion of every major combat operation in recent history, there will continue to be high demand for Air Force capabilities even as we begin our drawdown from Afghanistan.

If we are not able to train for scenarios across the full range of military operations against a backdrop of increasingly contested air, space, and sovereign environments around the world, we face unacceptable risk to mission accomplishment and to our joint forces.

Mr. Chairman and committee members, today's Air Force provides America an indispensable hedge against the challenges of an uncertain future. Properly trained and equipped, your Air Force can set the conditions for success in any conflict, in any region of the world, whenever we are called upon.

Sequestration and the demands of sustained combat have decreased our readiness, but with your help we can execute our plan

to slowly fix this. Thank you for your time this morning and I look forward to your questions.

[The prepared statement of General Spencer can be found in the Appendix on page 93.]

Mr. WITTMAN. Thank you very much, General Spencer.

I would ask now for unanimous consent to include into the record a statement from the American Legion to the Subcommittee on Readiness. Is there objection?

Without objection, so ordered.

[The information referred to can be found in the Appendix on page 107.]

Mr. WITTMAN. Gentlemen, thanks again for your testimony. I am going to defer my questions until the end to give our members a chance to ask their questions. So I will now go to Ranking Member Bordallo.

Ms. BORDALLO. Thank you, Mr. Chairman.

I would like to address each of the witnesses, but if you could make it brief, to describe the risk associated with this year's readiness budget, as well as the risk you foresee in future years if sequestration is not eliminated. What happens if sequestration returns in 2016? If you could be specific.

And I will begin with General Campbell.

General CAMPBELL. Thank you, ma'am.

As in the read testimony as I talked very briefly in the opening, as General Odierno, as Secretary McHugh through all their testimonies have said, sequestration would impact your Army in that we would not be able to do the Defense Strategic Guidance if we go with full sequestration.

Right now we are on a path to go from 570,000 in your Active Component in 2010 to 490,000. We were going to do that in fiscal year 2017. Sequestration is forcing us to do that earlier in fiscal year 2015. Then we are on a path to go from 490 to 450,000 in your Active.

We have been—at 490 we are at moderate risk to get all the tasks accomplished that you expect us to do and to finish strategic guidance. At 450, our Chief, our Secretary have testified that we are at significant risk at 450.

Below 450, moving down to potentially 420, that number is out there based on trying to keep things in balance, we would not be able to accomplish what is required in the Defense Strategic Guidance. That is plain and simple.

Ms. BORDALLO. Thank you.

Admiral.

Admiral FERGUSON. First of all, let me talk about the size of the Navy. It would be smaller.

We would procure one less submarine, three fewer destroyers of the *Arleigh Burke* class, four fewer support ships, one less afloat forward staging base, and so you would see immediate decrease in force structure.

We would see that our investment in weapons and capability against a high-end adversary would be degraded because we could not procure those systems across the future.

We would see less surge capability in the force that we could surge to meet national requirements.

Our infrastructure, we would defer additional investments. It would degrade over time. And we would see less investment in spare parts, in maintenance, and in capability.

We would be a smaller, less capable Navy, and unable to meet the tenets of the Defense Strategic Guidance.

Ms. BORDALLO. Thank you.

General Paxton.

General PAXTON. Thank you, ma'am.

When we moved into OIF [Operation Iraqi Freedom] and OEF [Operation Enduring Freedom], through the great support of Congress, the Marine Corps expanded to 202,000; we knew that that would be unsustainable and probably not needed for the Nation in the aftermath of the conflict.

The optimal size for the Marine Corps would be 186,800. Under sequestration, in order to give you a balanced and forward and ready force, we can support 175,000. So that is a significant decrease in the number of uniformed personnel in the Marine Corps, first and foremost.

Second, that force would be ready and forward and balanced, but we would be mortgaging the readiness of the next-to-deploy units in order to keep that unit forward and ready.

And then the third piece, ma'am, is that with those forward units would be moving at a 1:2 dep-to-dwell instead of the optimal 1:3.

So due to sequestration, we would have a smaller force, we would be mortgaging future readiness and the readiness of our bench strength, and then we would be turning forces over more frequently.

Ms. BORDALLO. Thank you.

And General Spencer.

General SPENCER. Congresswoman, just briefly, just to make sure we get this in context, based on sequestration last year we were in the hole, readinesswise. We had to stand down 13 combat-coded fighters and bombers. And we are now trying to climb out of that hole.

With sequestration, specifically for the Air Force, we would divest 80 more aircraft. To be more specific, we right now struggle to meet 60 percent of the COCOM [combatant command] requirements for ISR [intelligence, surveillance, and reconnaissance]. We would have to reduce those by 10 additional combat air patrols.

We would divest the entire KC–10 fleet. We would divest the entire Block-40 Global Hawk fleet. We would take further cuts to our readiness in terms of depot support, weapons systems sustainment support.

So we would be a smaller Air Force. We would—as was mentioned before, under sequestration we could not meet the current defense strategic ops.

Ms. BORDALLO. I wish to thank all of you. It is a gloomy picture, I must admit.

General Campbell, can you elaborate on what is driving the $827 million reduction in the National Guard O&M [Operations and Maintenance] account? And can you elaborate on the rationale behind why the Army National Guard will have no planned national training center rotations in fiscal year 2015?

I truly am concerned that this is evidence of relegating the Guard to strategic reserve status and not maintaining their operational capabilities.

General CAMPBELL. Thank you, ma'am.

Well, first off, as I think everybody knows, you have asked your Army to cut $75 billion in the next 5 years—$75 billion. So we have got to balance. So what the Chief and the Secretary are trying to do is make sure we have the best total Army.

I have gone into combat with our National Guard, our U.S. Army Reserve, and our Active in Iraq and Afghanistan. They have all served us very well.

But as we move forward we have to get smaller, as all of the other Vices have said. But what you expect us to do is to balance that. And as we do that, we have to take out end strength.

Your Army is about people. So we have to take out end strength; we have to take out force structure. We can't take out that end strength fast enough based on the uncertainty of sequestration.

The $827 million you talked about, the O&M, is based on the sequestration, as you talked about.

On the CTC [combat training center] rotations, right now if we get the additional monies that we have asked for in the Opportunity, Growth, and Security Initiative, $7.5 billion of that, we plan to have two National Guard rotations at the combat training centers in fiscal year 2015. So we are planning for two, but that is dependent upon these additional monies that will help in the short-term readiness piece.

Brigade combat teams. We are going in the Active force from 45 in 2010 to 32. But that is only going at 490,000. As we go to 450, we are probably going to have to take out more brigade combat teams. On the order of maybe four on the Active side.

Now brigade combat teams only make up 30 percent of the total force, but they are sort of the pacing item—carriers for the Navy, fighter squadrons for the Air Force, is brigade combat teams for your Army.

On the National Guard we have 28. We continue to have 28. But if we go down to 335, we are probably going to have to take out two of those National Guard brigade combat teams.

We will continue to work this very hard with our National Guard, with our U.S. Army Reserve. As I talked about earlier, we are going to have more reliance on our National Guard and our Army Reserve based on 56 or 46/54 percentage as we move to the future. But we have to have it in balance.

Our Chief and our Secretary have testified over and over that we cannot go back to a strategic reserve for our National Guard. They are better manned, equipped, trained, and led than they ever have been. We have got to maintain that.

But we can't maintain that as an operational reserve if we keep all of the end strength, if we keep all of the force structure, and we have no readiness in our National Guard. So we have to balance that and we will continue to work that very hard.

Ms. BORDALLO. Thank you very much, General.

I have one final question, Mr. Chairman. This is for General Spencer. As we refocus on the Asia-Pacific region, I am wondering

if the Air Force is looking seriously at its rotational presence in the Asia-Pacific region and its cost and impact to the O&M accounts.

Have we seriously looked at the cost-benefit of how we do rotational presence and whether innovative ways of keeping a permanent presence of some assets in the region would make more budget sense?

General SPENCER. Yes, Congresswoman, we have thought about that. And it is a balance, obviously.

So if we had a sequester, as an example, and we look at additional reductions to O&M, money that we would already—our readiness account, if you will, money that we would use for tankers to drag fighters across their rotations or other—or parts, and that sort of thing, we clearly have looked at the balance between keeping—the cost of keeping forces back home and pulling them across the—you know, such a long distance or forward stationing them.

So we have got some analysis that we are working on, as we speak, to try to look at that balance, if we take that sort of cut, exactly how would we adjust to make sure we maintain our presence forward.

Ms. BORDALLO. Thank you very much.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

I will now go to Mr. Palazzo.

Mr. PALAZZO. Thank you, Mr. Chairman.

Good morning, gentlemen. Thank you for your service. And thank you for being here so early in the morning.

General Spencer, I know you—excuse me—you probably share my appreciation for the Keesler Air Force Base, given the fact that they were named the best Air Force base in the nation in 2013.

I had the opportunity a few weeks ago to speak with Secretary James and General Welsh and to invite them personally down to Keesler to see firsthand the fine facilities, the airmen, and our south Mississippi community, so I want to extend that invitation to you.

And, of course, I always extend it to my colleagues, as well, and anyone who would like to come see Keesler Air Force Base.

The latest Air Force budget proposal contains the third plan in 3 years to try to move the C–130J planes from Keesler Air Force Base. I fought to kill the first two, previous proposals, and I am going to continue to ask the hard questions for this third proposal. Because, quite frankly, this move doesn't make any sense. It doesn't make sense from a cost perspective and it doesn't make sense from a readiness perspective.

The latest proposal to send these planes and these airmen to Little Rock seems like it would cost $27 million, just to move this unit.

That doesn't even take into account the $58 million in construction investment that has been completed at Keesler in recent years in order to accommodate these planes.

And then there is also the cost of retraining personnel for work on a completely different plane, and that also takes time.

So in past hearings, I focused on the questionable costs of moving these planes, but I want to focus today on the readiness factor. And so, my question to you, General Spencer, from a readiness perspec-

tive, how much time and use of these planes does the Air Force stand to lose if this move goes forward?

General SPENCER. Well, obviously, we wouldn't—well, let me back up a second. I think you have heard before that we—and when we look at every one of our weapons systems, as we looked at these reductions.

And we did an analysis on each one and bounced those against campaign plans to see where we could take less risk.

Our C–130 fleet overall is in excess of the requirement. And so, what we decided to do, then, is sit down with the Active Duty, Guard, and Reserve and look at the entire C–130 fleet, and look at where they are located and try to figure out where is the best place for them to be, based on the mission that we have, and allow us to also draw down C–130s.

And so, based on that sort of chessboard, if you will, there was a holistic plan——

Mr. PALAZZO. General, not to interrupt, because I might—want to ask a question of General Paxton, how does this affect readiness? I mean, we have a unit that has been in combat, broke some serious awards over there.

And from our perspective, we are hearing that it may take 12 to 24 months just to train up this unit, to get it to a state of readiness. And if we want to get it to the state of readiness that this unit already has, it could possibly take another 12 to 24 months.

General SPENCER. No, I——

Mr. PALAZZO. Is——

General SPENCER. No, I do not agree that it would take 12 to 24 months.

Mr. PALAZZO. Well, will you provide me some——

General SPENCER. Yes, sir.

Mr. PALAZZO [continuing]. Justification for that? I would appreciate that.

General SPENCER. Yes, sir. Yes, sir.

[The information referred to can be found in the Appendix on page 113.]

Mr. PALAZZO. Thank you, sir.

General Paxton, my second question is for you.

A few weeks ago General Amos testified before our committee that the Marine Corps needs more amphibious ships. In fact, CNO [Chief of Naval Operations] Greenert said we should use 50 ships. We got retired generals and admirals out there saying we have got to have more of these ships as well.

So we have got a need. The Navy says it is 38 ships. Under fiscal constraints, they can make do with 33. Right now, we have only got 28 ships, and we could drop as low as 22 in the next 10 years.

We are not anywhere close to the 38, and certainly not anywhere near the 50. And so, I just want to know, how—I mean, I understand how important these ships are to have survivable amphibious lift, like the LPD. It is important to our Marines and our Navy personnel.

And we have got to provide our service members with the capabilities they need.

So my question is, does the Navy-Marine Corps team require more amphibious lift? What can we do to ensure that the Marine

Corps requirements are being met, that our homeland is protected, and that we can get our troops to and from where they need to be?

And how would increased amphibious lift capabilities provide flexibility to our services as the world becomes a much more dangerous place and not safer?

General PAXTON. Thank you, Congressman Palazzo.

And I believe the Navy and Marine Corps team are pretty close on this, and we have been fairly consistent.

And if I could just add maybe a fine point to the numbers there. The most pressing set of circumstances for the Navy-Marine team is the steady-state demand requirement. And both Admiral Greenert and General Amos have been on record to say that given the studies, that somewhere between 48 and 54 is the optimal amphibious lift capacity that we need.

The 38 has to do with getting amphibious lift and getting our forcible entry element into the current—the two major theater war plans. So we have accepted, the Navy-Marine team years ago accepted 33 as a fiscally constrained goal.

We are below that right now. We have 31 that are commissioned and on the waterfront. And then, when you account for those that are in and out of maintenance, that is the loss.

So to your specific question, sir, absolutely. We could use and we would like to have more ships.

The challenge is, the Navy and the Marine Corps both have maintenance requirements and capital investment requirements, so there is a higher class sub and other things like that. So the challenge for us is to get that balance within the current top line.

In order to get more amphibious ships, we know that we need to just increase the top line for the entire Navy-Marine team, so that the Navy isn't forced to go into these really tough decisions between a carrier, a submarine, and an amphib ship.

But we need more amphibious ships, sir.

Mr. PALAZZO. Thank you, General.

General PAXTON. Thank you, sir.

Mr. PALAZZO. My time is expired. Thank you.

Mr. WITTMAN. Thank you, Mr. Palazzo.

We will now go to Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman.

And thank you to all the witnesses for your testimony this morning.

Admiral Ferguson, in your testimony you indicated that the fiscal year 2015 budget request will provide the maintenance funding necessary to maintain, train, and operate the proposed operational fleet.

Again, that is subject to getting the OCO sort of supplement to hit the number you need, is that correct?

Admiral FERGUSON. That is correct, Congressman.

Mr. COURTNEY. And approximately how much is that number?

Admiral FERGUSON. Well, our OCO requirements are broken into three pieces. The first is what we look at as the support operations, that the combatant commanders. That is about $3.3 billion.

The second piece is reset, as we try to recover some of the backlog of maintenance. That is about another $2.2 billion, $2.4 billion, or so.

And then the last piece is about another $2 billion, which is the enduring, things of maintenance, another piece.

So it is approximately $7 billion to $8 billion for us.

Mr. COURTNEY. Well, that is helpful in terms of, you know, focusing in it for us, so that we can make sure we keep an eye on it through the process here this year.

You know, I was pleased to see on page 1 of your testimony that you listed as, in terms of one of the priorities for the Navy is to sustain a relevant industrial base. I mean I think sometimes, you know, the readiness discussion doesn't focus on that enough.

And, again, I appreciate that.

You know, since we have sort of stabilized 2014 and hopefully, you know, we have got, I think, actually some overlap in terms of the two sides for the 2015 budget that we are going to be voting on later today that will protect the priority that you described.

I guess in terms of the industrial base, I think that Admiral Kevin McCoy once described a goal of the Navy in terms of sort of viewing the shipyards as sort of one shipyard, that it makes no sense to be laying off a nuclear welder in one shipyard at the same time there is a backlog of work in another shipyard where they need nuclear welders.

And I guess, again, given the fact that we have retained—you know, we have achieved some stability, I mean, do you sort of see that still as sort of a basic goal, in terms of protecting the industrial base?

Admiral FERGUSON. Well, as a capital intensive service, as you know, I mean, we rely heavily on both the innovation in the industrial base, the development of new systems, and the repair capability.

All our naval shipyards are at capacity right now in working, and they have a backlog in work that will carry them through the next 5 years.

So, our industrial base, we are extraordinarily reliant on each of them to provide that both technical expertise you referred to as well as the capacity and innovation.

So we do treat them and look at it as a holistic piece as we go forward.

Mr. COURTNEY. Right. I think that is the right approach. I think General Campbell described sort of the damage that was done to the workforce with sequestration and furloughs is that, you know, when you—when people have to leave, you know, they have still got to feed their family. And sometimes, even, you know, when things get restored, they don't come back, because they have found something somewhere else to feed their family.

And, again, that one shipyard approach, in terms of protecting the industrial base I think is really the balanced way to make sure that, you know, once we are out of the woods here with sequestration—I am an optimist; I think we are going to get there—you know, that we have got people who are ready to do the work.

So, thank you for your testimony and your service and good luck with your next endeavor.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Mr. Courtney.

I want to now go to Mr. Scott.

Mr. SCOTT. General Spencer, you were at Robins Air Force Base from 1980 to 1982, I see.

And I have the privilege of representing that area; would like to represent you—invite you back, I should say, and join you at the base and give you an opportunity to meet some of the men and women that are there today.

One of the concerns that I have as we have gone through these talks has been the proposal of arbitrary cuts to the civilian workforce.

I personally think we broke faith with them with the furloughs and the other things, and I think that they are a vital role in national defense. And if we don't have our civilian workforce providing the weapon systems that we need and making sure that they are maintained and we end up having to put more uniformed personnel in those positions.

So, my question for you is if these arbitrary cuts to the civilian workforce that have been proposed were put in place, what would the impact on readiness be for the Air Force?

General SPENCER. Yes, thank you for the question. Because quite frankly, we haven't treated our civilian workforce very well.

We had a sequestration which forced us to carry thousands of vacancies. We then had to do a government shutdown; we actually had to furlough civilian employees.

And so, one of the misconceptions I think there is—and I can just speak for the Air Force—is that, you know, we have civilian employees that are sort of doing administrative work.

And whereas we do—I mean, and that is important work, as well—we have 180,000—roughly 180,000 civilians in the Air Force, 5,000 of them work in the National Capital Region; the other civilians are out in depots, turning wrenches every day.

And in the case of our air training—Air Education and Training Command as an example, the entire maintenance of the airplanes that we have to train our pilots are maintained by civil service employees.

So if you cut—are doing across-the-board arbitrary reduction to civilians in the Air Force, it is—the impact on readiness is going to be devastating. We can't make it up.

You can't cut civilians off a flight line or in a depot that are fixing airplanes and expect the work to be done. You just—it just won't happen.

Mr. SCOTT. Well, thank you for your comments and thank you for your service.

Gentlemen, if any of the rest of you would like to comment on the proposed cuts to—just arbitrary cuts to the entire civilian workforce, I would appreciate your opinion.

Admiral FERGUSON. Congressman, from the Navy's perspective, we are in a similar position to the Air Force—less than 15 percent of our civilians are in the National Capital Region.

And the rest are in, you know, over 30,000 in naval shipyards; we have, you know, thousands in our aviation depots.

And just like the Air Force, they provide the readiness; they work on our aircraft and systems—they repair them; they train; they care for our families and our children in our daycare centers.

I mean, they are indispensable to what we do and to execute the mission every day.

General CAMPBELL. Sir, same thing with the Army. At the height, probably fiscal year 2010, we had 285,000 Department of Army civilians. Today, we are about 250,000.

As the Army end strength continues to go down, there will be a proportional cut to our civilians, as well.

I agree with General Spencer—fiscal year 2013 was a very, very tough year for our civilians. We need to do better in the future.

We have to give them some certainty or we will continue to lose the best and brightest. We will have a hard time recruiting the best and brightest that will stay with us.

It is a total force with Army civilians—Army military, as well.

General PAXTON. And Congressman, for the record, I would concur with my mates here.

And then in particular, we have less than 5 percent of our civilian workforce who are here inside the National Capital Region and they are essential to what we do at our depots and all around the Marine Corps. So, I concur with my mates, sir.

Mr. SCOTT. Thank you, General. I have a cousin, actually, that works at your depot in Albany.

So, thank you for your service. And with that, I will yield the remainder of my time.

Mr. WITTMAN. Thank you, Mr. Scott.

We will now go to Mr. Barber.

Mr. BARBER. Thank you, Mr. Chairman.

And thanks to all the witnesses for being here today and for your long and patriotic service to our country.

What you said this morning and what we have heard at previous hearings worries me deeply, as I know it does my colleagues, and you, of course, as well. There are very serious threats to our national security in the path we are on.

In terms of the cuts that we are talking about and future cuts that might come, we are putting our country in a very dangerous position in the world, not only in protecting this nation, but in protecting and standing up with our allies and abiding by our treaty obligations.

General Spencer, I would like to direct a question to you. It is an issue that I am very concerned about and I think it seriously threatens our readiness.

As you know, General, last year, our Congress approved the National Defense Authorization Act [NDAA].

And in there, there was a provision that said the A–10 Thunderbolt would not be divested—or not—you wouldn't take action to divest it during calendar year 2014.

It specifically said no preparatory actions for future divestment within calendar year 2014.

And it has been since reported, General, that the Air Force may not have allotted any flight hours for the A–10 weapon school, may have canceled A–10 modernization and ended the normal sustainment process for fiscal year 2015, which begins October 1st.

This, in my opinion, General, would clearly demonstrate a complete disregard for congressional intent within the NDAA.

General, how and when will the Air Force rectify this violation and ensure that the A–10 continues to fly as we said it should?

Congress intended that the Air Force would keep the A–10 flying—not only because it is an important aircraft, but also because it is critical to the defense and protection and support of our troops on the ground.

I recently returned from Afghanistan where I heard that story over and over again—how important it is to their protection. So, General, please tell me, when will we see this violation rectified?

General SPENCER. All right, thank you, sir, for the question, Congressman. First of all, we are not going to violate the law.

And the airplane is funded through fiscal year 2014, so I am not sure where those reports came from; but we understand the NDAA.

The flying hours are there for the airplane, so we are not going to violate the law in terms of funding.

If you will allow me, based on the second part of your question, you won't find anybody in the Army or the Air Force say the A–10s are not a good airplane. It is a good airplane.

But it is an airplane; it is not a mission. And we are talking about a mission here, which is CAS [close air support], and we have—as you have heard before, we have multiple aircraft that can perform that mission.

So, we are not walking away from the mission at all. Again, when—as you have heard, when we take—when we lose $8 billion to $10 billion a year, we have to stop doing something. We have to cut something.

And so, as I mentioned before, we looked at—across our entire portfolio. We balanced all of our weapon systems against the COCOM demands and the war plans and the campaign plans that we have and we took risk across every area, not just in CAS; but we took risk in every area.

We have got—you know, I heard someone once say that close air support is a game changer. I don't—I think it is, but we have a lot of game changers.

Air superiority is a game changer so no one can drop bombs on our folks; command and control is a game changer; ISR is a game changer.

So, if we had the money, we wouldn't have cut the A–10. But again, we try to focus on the mission, not necessarily the platform.

Mr. BARBER. I do want to speak to that issue momentarily. But I would like to ask you, General, to look into these allegations and these reports that the Air Force is in violation of our provision in the NDAA—and let us have an answer in writing as soon as possible.

General SPENCER. Yes, sir.

[Mr. Barber received a classified briefing in response.]

Mr. BARBER. Let me then follow up on what you were saying, actually, a moment ago. Senator Graham recently asked General Welch if the Air Force would keep flying the A–10 if Congress could find the money to sustain the mission over the next 5 years. And I would like to pose the same question to you, sir. If we found the money, would the Air Force keep flying the A–10 if the money was not an issue?

General SPENCER. Well, if money wasn't an issue overall, of course we would. But if you are asking me that if you gave us money back, is the A–10 our first priority, the answer is no.

I mean, as an example, we are having to reduce our AWACS [Airborne Warning and Control System] fleet by seven airplanes just to take the money to upgrade the remaining airplanes. That would be a higher priority than the A–10.

But if you are saying Congress gave us the money and said, "Fund the A–10," of course, we would.

Mr. BARBER. My time is up. But I just want to leave you with one question for the record, sir; and that is could you get us the analysis that led you to the decision that the A–10 should be divested—the monetary analysis and the combat mission analysis?

General SPENCER. Yes, sir. I will get that for you.

[The information referred to can be found in the Appendix on page 113.]

Mr. BARBER. Thank you for your time, sir.

Mr. WITTMAN. Thank you, Mr. Barber.

We will now go to Mrs. Noem.

Mrs. NOEM. Thank you.

General Spencer, I wanted to visit with you a little bit about Ellsworth Air Force Base——

General SPENCER. Sure.

Mrs. NOEM. Which is in South Dakota. It is home to roughly half the B–1 bomber fleet.

And last year at this time, they were grounded due to sequester. So, is it safe to assume that that will not be a situation that could happen in the near future?

General SPENCER. Well, we certainly hope not. I mean, keep in mind, when we had sequester last year, it hit us in the middle of the year.

And so, we were faced with—we already had our budget. We had 6 months to make up a year's worth of cut.

And so, we had no—I mean, we were going to—you know, we couldn't go anti-deficient. And so, we had to just stop—you know, stop hiring, stand down airplanes. So short of something like that, we certainly hope not.

Mrs. NOEM. Okay. So where are we at in the process of getting these squadrons back to the Tier 1 combat readiness status?

General SPENCER. Yes, ma'am. That is a continuous process every day. You know, obviously, some systems are able to bounce back faster than others. But again, keep in mind that what we are talking about here is that we put pilots down and so they start to lose their certification over time. We had maintenance folks who work on these airplanes, same thing.

And so, as we spin them back up, it is not like a pilot can go jump in an airplane and say, okay, I had a couple of months off, now it is time to fly. I mean, you know, they have training in refueling. They have training on ranges on dropping bombs, you know, that sort of across-the-board full-spectrum training to meet any threat from a high-end threat to sort of a coin fight. We expect our pilots and crews to be able to respond across that full spectrum.

So we are in the process of doing that now. That is why we are so worried about sequestration going forward because as we have—we had sort of a temporary break with 2014 and 2015, and we are starting to recover. And oh, by the way, it is not just the pilots and the flying, it is the ranges that they fly on, it is buying the proper emitters that have our pilots fly against the realistic threats that they are going to see. It is red-flag exercises out in Nellis. I mean, it is the whole readiness package, if you will, that we are trying to get back up to speed.

Mrs. NOEM. So can you give me some perspective on where we are in that process or, you know, do we have a timeframe for when we get back to Tier 1?

General SPENCER. Yes, you know, we estimated initially about a year or so. About 50 percent of those are getting pretty close, but about 50 percent of them are not.

Mrs. NOEM. Okay.

General SPENCER. But again we are slowly climbing out of that hole, but which is what scares us so much about 2016, if we go back to sequestration.

Mrs. NOEM. Okay. So I wanted to ask you one more thing about—my understanding of the fiscal year 2015 funds is that it does fund flying hours at capacity. In the case of the B–1s, though, 3 of the 36 combat-coded aircraft are not fully staffed. They don't have the same crew ratio or flying hours programmed against them, as other combat-coded aircraft. And so what is the reason for the difference on those particular aircraft and would you still consider this funded at capacity?

General SPENCER. Yes, ma'am. Thank you for the question because, without going classified, it is one thing to fund the flying hours that we can execute. You know, again, it is not just about flying hours. First of all the depots and the maintenance folks have to have the airplanes ready to go. And so, of those airplanes that we are able to get on the flight line, we have fully funded the hours that they can execute.

But that is only a part of readiness. I mean, when we look at readiness, it involves personnel, as you mentioned, the crew members, having the right training personnel, having the number of personnel. So, no, clearly, our readiness posture is not what we would like to to be right now, again, without getting classified.

Mrs. NOEM. Well, can you speak to, on those three aircraft what the readiness level would be?

General SPENCER. No, those three, ma'am, if I could I would like to get back to you on those, if I could?

Mrs. NOEM. Okay. Let's do that. And with that, I yield back, Mr. Chairman.

[The information referred to can be found in the Appendix on page 113.]

Mr. WITTMAN. Thank you, Mrs. Noem. And now we will go to Mr. Enyart.

Mr. ENYART. Thank you, Mr. Chairman. General Spencer, it is certainly a delight to see a fellow Saluki before me today. And I was glad Mr. Scott asked you to come down to Robins Air Force Base. Since you were stationed in Scott, I would like you to come to Scott Air Force Base.

General SPENCER. Sure. I would be happy to.

Mr. ENYART. And while you are there, we will go down to Carbondale and we will visit a few old haunts that you and I might have crossed paths in back in the late 1970s.

General SPENCER. Yes, definitely.

Mr. ENYART. General Campbell, before I came to this hearing, I had the Army Aviation Caucus breakfast with one of your predecessors, General Jack Keane. And General Keane, I thought, had some very interesting remarks for us.

And General Keane this morning said that, in our Army, aviation is fully integrated into the Army, unlike in other nations. And in other nations, aviation tends to come in from the outside. And it is his opinion that that is one of the reasons that Army Aviation does such a great job and does such a great job with all of its missions, whether it is close air support or a utility lift or intel, or whatever. Would you agree with General Keane's assessment on that?

General CAMPBELL. Sir, absolutely, we have the best aviation in the world today. And as we move forward, we have got to make some very, very tough decisions. The ARI [Aviation Restructuring Initiative], as you know, makes some of those very tough decisions. But I think at the end if we go with ARI, we will continue to have the very best aviation in the world. And it is integrated down to the lowest levels.

I commanded the 101st Airborne Division, the largest aviation, two combat aviation brigades with that division, taking them to combat. So I understand the importance of that integration from the air to the ground. But he is absolutely right.

Mr. ENYART. And I agree with you. I think that is very, very important. And I was glad to hear your remarks about the importance of the Army National Guard and the importance of the Army Reserve, as we move forward in changes in our defense posture. And so I would assume from your remarks that you would agree that the Army National Guard, the Army Reserve essentially serves as the shock absorber, if you will, for when we need to rapidly increase the size of our Army.

General CAMPBELL. Yes, sir. That is one term I have heard used. Bottom line, we have to have a total force. We have to have Active, Guard, and Reserve. If we have to balance that, and as we have to make some very tough decisions based on the budget, we want to continue to have a National Guard as manned, equipped, trained and led, the very best. We don't want to go back to a strategic reserve. To have an operational reserve, there is probably going to be some small proportional cuts in their end strength and force structure, so we can keep readiness so they can continue to be an operation reserve.

Mr. ENYART. And I agree with you, General. I think that is absolutely the right policy as we move forward. And having served when it was the strategic reserve and later having served when it was such an important part of our overall combat force, I agree entirely with you.

And that is why I am so very, very concerned about the Army's proposal with Army Aviation, to strip AH–64 Apaches out of the Army and National Guard. You need to train as you fight. We all

agree to that, and that is why the Army National Guard needs those and they need to be in that shock absorber for the American military.

But I have another question for you. General Keane indicated this morning that—and of course, he has been very active, he has remained as an adviser to General Petraeus, when Petraeus would come in in Afghanistan. And so, he has not just been out of the loop for the last 10 years.

But he indicated that we fought, Iraq and Afghanistan, we fought two wars. We didn't fight them contemporaneously. We fought them sequentially. And he said that we fought them sequentially, and that was when we had an Army of 570,000 Active soldiers. We fought them sequentially because we could not fight two wars at the same time.

And he made a very interesting remark, and I don't want to misquote him, but he said something about we were fighting against guys who were armed with AK–47s and RPGs [rocket-propelled grenades] and we couldn't fight two wars at the same time. We couldn't beat them. Now of course, Iraq was a little different story than Afghanistan, in terms of their armaments.

But we spent trillions of dollars on our defense. We spend hundreds of billion of dollars on our military. And what is it that we are doing wrong that we can't defeat folks with RPGs and AK–47s when we have the finest military in the world that we spend hundreds of billions of dollars on.

So that is a thought I would like you to take back and think about. We need to think a little out of the box. And I think we need to look much more at strategic agility and some other concepts, because we don't seem to be getting the job done, even though we have spent a nation's fortune on it. I yield back.

Mr. WITTMAN. Thank you, Mr. Enyart. We will now to go Mr. Rigell.

Mr. RIGELL. Thank you, Mr. Chairman. And I thank all who are here this morning, generals and admiral.

Admiral Ferguson, my question is directed to you. Part of our essential role of oversight on House Armed Services and specifically within the Readiness Subcommittee, you know, I have reviewed carefully the SRM [Sustainment, Restoration, and Modernization] document, the bullet points that are laid forth on that particular aspect of the budget. And the priorities that are set, I really have a question about that, specifically as it relates to how much the Navy is directing toward energy and really alternative energy and energy goals.

I have gone at this with a good man I respect greatly, Secretary Mabus. We have talked about this extensively. And as I see what is actually here before us, that only 70 percent of the SRM account is being really funded. Yet, over a hundred million dollars or over 7 percent of the budget is being directed toward the energy goals.

And so I would like to hear from you what the rationale is on that and I will give it careful consideration. But I approach this as a skeptic just because of my own experience. And I think the priorities are not in the right order at this time. But I certainly want to afford you the opportunity to walk us through that.

Admiral FERGUSON. Great, thank you, Congressman.

I will start in the broader sense, is that as we started to balance this budget presentation, like the other services, we faced a reduction. In our terms it was about $31 billion across the FYDP.

And so the missions haven't changed the demand for presence, and so as we started to prioritize, we prioritized presence forward, we prioritized keeping the forces—those operational forces ready to be sustained and generate forward force. And we started to take risk in our procurement accounts, in the size of the force structure of the Navy, and in our shore infrastructure.

As you look at the SRM account, we focused at the 70 percent level in our investments for the DOD model. And we look to the year of execution, as funds become available, to either reprogram or to cover them.

We would like to invest more because we realize that is a deferred maintenance backlog that is going to accumulate over time.

We invested in this budget in the key safety and operational factors, in barracks. There is no demolition included in this budget, for example, which we would like to demo some old facilities. But the very key safety issues and operational issues that support the force went into this shore infrastructure.

With respect to energy, the investments that we have in there and those projects, one, they provide a return on investments for energy efficiency for our bases. They show future savings that will accrue to the service. They support issues of Federal compliance that we have to meet. And fundamentally, they improve our infrastructure. We are looking at our naval shipyards. We are looking at other places in the electric grid where we have to do improvements.

So we try to balance in this broader context those projects that would show a return on energy because it is a strategic imperative for us to get more efficient in the future.

Mr. RIGELL. I appreciate your response. From my own experience in commercial buildings and other things, I do know that perhaps as an older building, an older HVAC [heating, ventilation, and air conditioning] system or something is replaced, the efficiency is much greater.

That said, the more that we have dug into this and as we give careful examination to it, I remain holding this view that we have placed a disproportionate amount of emphasis on this over some of the things that I think would help our service members more directly.

And I would ask again that there be a consideration of moving some of those funds over from energy into those aspects of modernization and the SRM account that would have a more direct and immediate impact.

And I thank you for your service and all of those who are serving and are with us today.

And I yield back the remainder of my time.

Mr. WITTMAN. Thank you, Mr. Rigell.

We will now go to Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you. And thank you, gentlemen, for being here.

And I just wanted to state for the record that I think Congress has put all of you in a very, very difficult position and that we simply cannot have it both ways.

We can't expect the military to stay strong and properly fund our programs, especially those in our districts that we know how important and critical they are, and still do these cuts.

So you do have my sympathy and it is a message I think that this committee has tried repeatedly to share with other Members of Congress. So I just wanted to be on the record for that.

Now I read your statements, but my question is, were these written before Crimea? Is this written before we saw the Russians fairly aggressive on borders now?

What does this mean to readiness now? Does this mean any pivot, any change? Do you foresee extra requirements and needs?

I didn't hear anything addressed on that and I know this has been a topic that had me concerned and other members as well concerned about do we have to pivot back a little bit? Should we continue closing down the bases in Europe? Have we moved too quickly?

So if you could look ahead a little bit and tell me what you think we need to do and are you comfortable with where we are and what we are doing right now. And I am going to ask each one of you. Thank you.

General CAMPBELL. Thank you, ma'am.

My statement was written after the Crimea piece. But as you say, a month and a half ago if you thought we were going to talk about Russia in Crimea, we would have been saying, "What?"

And I think what it goes to is what the chairman said up front—is that we live in a very volatile, very complex, and probably more dangerous world than we have ever lived in before. And so we have to take that into consideration. I think all the service chiefs have been up front in voicing this.

And as we do this, we continue to come down and we continue to come down at a time when your Nation is still at war in Afghanistan. So all these factors make that very tough.

What you asked all your services to do is maintain a balance, provide the very best capabilities that we can at the budget that you give us. And I think we take a look at all the different scenarios, we run simulations, we run models, and then we owe our Congress in terms of risk where we are at and what we can and cannot do.

And I think Crimea is just another example of how dangerous our world is, and that if we continue to go down too fast, we will not be able to respond accordingly to different nations in the world here.

So it does concern us. I think there is a whole bunch of policy things that we probably will not get into on that part of it. But we are very cognizant.

Your Army has to be able to go all over the world. And so there is a rebalance to the Pacific. We think we have been able to do that. But we are also maintaining forces in Afghanistan and CENTCOM [U.S. Central Command] and all the combatant commands.

As one of the other Vices said, it is kind of funny here—as we continue to draw down, the demand for your services, I know for the Army, the requirement and demands continue to grow. So it is going in the opposite direction.

Ms. SHEA-PORTER. What about the bases in your——

General CAMPBELL. Ma'am, we are looking—OSD [Office of the Secretary of Defense] is running a European infrastructure consolidation review with all of the services. The Vices are part of that senior review group, as we take a look at that.

I think as you know, we came from four brigade combat teams down to two. The mitigation effort for that is to have a NATO [North Atlantic Treaty Organization] response force. We have a brigade that will rotate and do exercises with our NATO partners. We will continue to look at that very hard.

But again, we are going to have to cut additional brigade combat teams as we go forward. And my fear is that if we say we are going to cut that someplace in CONUS [continental United States] the United States, a Member of Congress will say, "You can't do it in my State." So go to Europe.

Well, if you go to Europe, we have certain NATO obligations and treaties that we must fulfill. And I think we are probably on the cutting edge with right now being where we are bare bones. And I think General Breedlove as EUCOM [U.S. European Command] commander said that, as well.

So we will continue to look at that very hard. We have to make sure we don't have excess and all the services are looking very hard on where we can consolidate in Europe and continue to be more efficient, give us the biggest bang for the buck.

But when I joined the Army, we were probably over 300,000 in Europe. We are down to about 28,000 Army in Europe today.

Ms. SHEA-PORTER. Great concern. Thank you.

Admiral FERGUSON. Congresswoman, my statement was written concurrently or after. And I would say that, from the Navy perspective, we are improving our presence in Europe. I have a keen interest in that, since that is where I am going next.

And so we are bringing online and finishing an Aegis missile site that is going to be based in Romania. We are stationing four of our advanced guided-missile destroyers in Rota, Spain. And providing missile defense coverage for Europe and be available there.

So we are seeing demand for naval forces just like the Army not relenting in Europe. And so, as you think about the readiness piece, the point I would ask you to think about is, is from the naval perspective, we are investing in the forces forward and pushing them forward.

And they are a force multiplier for us because one ship in Rota, Spain, is equivalent to three in the United States that rotate.

So they are there. But that surge force, the non-deployed readiness, is where we have to watch very carefully that we have forces that can surge forward in times of a crisis.

With respect to the basing structure, the Navy downsized its basing structure over the last 10 to 15 years, getting out of London, many of the northern European bases. We feel very confident that the structure we have—Rota, Spain, Sigonella, Naples, Souda Bay, use of Augusta Bay—that the structure there is very supportive,

looking both south toward Africa and those challenges, as well into Europe. So we feel very confident in our base structure. And again, confident that we have sustained the presence and are building it over time in Europe.

Ms. SHEA-PORTER. Thank you.

General PAXTON. Thank you, Congresswoman.

And as I mentioned in—to your first question, statements were written concurrent, so we were aware of what was going on in Crimea and Ukraine and influences the way we do—prepare for the testimony, ma'am.

One of the five pillars that I mentioned by which the Marine Corps measures readiness is our ability to meet combatant commander requirements.

So to anticipate what EUCOM or SACEUR [Supreme Allied Commander Europe] could need over there and how any of the force services I think would respond is always foremost on our list. Because as we are fond of saying, the enemy always gets a vote here.

To Congressman Palazzo's question earlier, though, I mean, our amphibious ship capability and our MEUs [Marine Expeditionary Units], our expeditionary units, we used to have a fairly heel-to-toe and substantive footprint in the Mediterranean that we could move up into the Black Sea if we needed, or as Admiral Ferguson noted, could shift down to the littorals in the North African continent.

But most of that MEU now is part of the theater reserve for the CENTCOM AOR [area of responsibility] and they move through the Red Sea and then are disaggregated and used by that geographic combatant commander.

So, we only get access to that amphibious capability either on the way in or on the way out from the CENTCOM AOR.

So, to have additional shipping, to not be in a 1:2 dwell and to be able to put naval forces—Navy and Marine—in the Mediterranean that could respond would certainly be a benefit, I know, that General Breedlove and the folks over there.

And as with the other Vices here, we watch the European infrastructure—and that is an ongoing requirement that we have at OSD to make sure we get that right; that when we establish what the fiscal limits are on the floor is that we have sufficient basing capability and it is flexible enough that we can expand from there.

So, thank you, ma'am.

Ms. SHEA-PORTER. Thank you.

General SPENCER. Congresswoman, I also prepared my statement concurrently with the recent events.

But, you know, I generally sleep pretty good at night. But the—you touched on something that does keep me up at night, and that is that we are prepared to respond to anything across any spectrum of conflict that may arise.

And none of us have been very good at predicting what is going to happen next. I don't think anyone could have predicted 9/11—that we would be in Afghanistan.

And the type of conflict we have been in over the last decade, you know, is sort of low-end, if you will, in terms of conflict. None of us like any conflict.

And I worry sometimes that we have been lulled into that is—you know, that is the way it is always going to be until things like this happen and so, you know, and if you look at—this is why we are all so afraid of sequestration.

Because if you look at our budgets over the last century—if you look at World War II, you know, we went up in spending; the threat came down, we came down.

Korean War, Vietnam, Cold War—they all had something in common. We built up, the threat went down, we came down.

We are coming down now in funding and the threat is not coming down. And it is more dangerous. And that bothers me. That keeps me up at night.

Ms. SHEA-PORTER. Thank you.

I yield back. Thank you for allowing me to ask that.

Mr. WITTMAN. Sure. Thank you, Ms. Shea-Porter.

Gentlemen, I want to ask an overarching question. I have read all your statements; they do a very good job about expressing where the challenges are looking at what is needed to sustain.

But I think there are three levels of concern here about readiness. Current states of readiness, the resources necessary for that readiness—and they occur at three different levels.

One is where are we in a state of readiness now; where would we be if OCO dollars were to disappear; and where would we be in the face of sequestration?

And I am going to ask you for your assessment—where we are now, where you would be if OCO were to disappear, where you would be if the sequester were to go into place.

And what would the risk entailed in those three scenarios look like? And I would like for you to be very, very specific about what that risk would look like.

And General Campbell, I will begin with you in getting your appraisal about those three elements and then where we would be risk-wise with our Nation's military.

General CAMPBELL. Sir, thanks for the question. As you know, for all of us, this is about prioritization. And if everything is a priority, then nothing is a priority. So, we really look hard at that.

And then our senior leadership always makes decisions in terms of risk—risk to force and risk to mission. And we have to take all that into consideration.

And the uncertainty of the budget has caused us to be all over the map on the risk piece. And so, that is what keeps me up at night—is the uncertainty of not knowing as—along with what Larry said on the world that we live in today; we have to prioritize that.

So, I talked about tiered readiness. I talked about progressive readiness—and progressive readiness is really what we were able to do when we had a predictable budget and we were growing.

And so, in Iraq and Afghanistan, progressive was an Army Force Generation model that had brigade combat teams—all the enablers have what they need at a certain points in time; they continue to get ready, then they deploy.

We don't have that luxury now. So, we have to prioritize.

And on tiered readiness, what we do is we make sure that the deployers—so, everybody going to Afghanistan, you are going to

have what you need. If you are in Korea and forward deployed, you are going to have what you need. If you are in the Global Response Force, you are going to have what you need.

But everybody else, based on that, their readiness is going to continue to drop. And therefore, if we have other contingencies that we have to respond to, ma'am, as you talked about, it is going to take more time and more resources.

If we don't have that time, you are still going to expect us to deploy these soldiers and they are going to go at more risk.

So, today, what I would tell you is that all of our forces going to Afghanistan, we are providing them the right resources; all in the Global Response Force, the right resources; forward deployed like in Korea, the right resources.

We are building up our short-term readiness based on what you have given us for 2014 and 2015. But again, as everybody stated, we went down in a hole in 2013. That is going to take some time.

But I feel much better today than where I was 2 or 3 months ago, because we are building it up.

With the additional monies, we will fund our combat training centers. We will be able to get more brigades through; we will have much higher readiness

But if sequestration comes, that drops back off, and then we will only be able to focus on a smaller number; and again, it will probably be those forward deployed—it will be those in a Global Response Force.

If OCO goes away, what I would tell you—OCO funds everything in Afghanistan for us. But it also funds a lot more that we have been accustomed to. And we are now trying to figure out what we can do if we don't have that OCO.

So, Operation Spartan Shield for CENTCOM—many of those forces, forward deployed Patriots—those type of things; the missile defense—that is all covered in OCO right now. And if we had to bring that back into our base budget, that means we are going to have to cut more things. So, we have to look very hard.

The issue with OCO is we go year to year. And so, there is no predictability. But your Army is working very hard on how we can work through the OCO piece.

As you know, in 2013 with sequestration, because of the issues with OCO, we had to figure out how we could pay the war-fight. And we had to take money out of our base budget to pay for the war-fight because of the issues that we had with OCO.

And people think, as we come down, that our OCO requirement is going to go down. It is the opposite. As you come out and all that equipment we have to bring out, our OCO—and go back and look at Iraq and people go back and look at how much OCO we spent in the last 6 months and the first 6 months after coming out of Iraq; it was much higher.

So, you know, when we look at it—"ah, you don't need OCO"—that is absolutely wrong. We have been very consistent on OCO for reset.

So, in the future, if we don't have OCO to reset the equipment that we need for any of these contingencies, that risk would drive up even higher.

Mr. WITTMAN. Thank you, General Campbell.

Admiral Ferguson.

Admiral FERGUSON. I will echo that all of us are in the difficult prioritization business. So, our current state of readiness today.

We are meeting about 44 percent of the combatant commander demand for naval forces. So, that means that we are funding two carrier strike groups, two amphibious ready groups, about 13 submarines—you know, some number, approximately 10, of missile defense ships.

But it is a supply-based model in a sense that the readiness dollars that we are given—we ensure those forces are fully trained, ready, confident to meet the demands.

And we take risk in the surge and we take risk in what is available in non-deployed forces. We have a backlog in aviation depot maintenance; we have a backlog in ship depot maintenance. With the money you have given us under the BBA, we are working through that to get through it.

As you talk about sequestration, I gave Ranking Member Bordallo a list of the procurement things.

But there are some other force structure things that would happen. We would have to decommission the carrier and the air wing. We could not afford it—it is a $7 billion bill to us across the next 5 years.

We would have to put six additional guided-missile destroyers into phased modernization plan, take them out of service; we would reduce aircraft procurement, as well. And so, you know, we would have to draw down those accounts with greater backlogs and maintenance.

So, the law—the sequestration piece, as I articulated, is a smaller Navy. And we now start to not meet—we won't be able to meet the strategy because of the force demands.

And there is a mismatch between what the combatant commanders are asking for versus what we will be able to provide.

On OCO, as I mentioned, it is about $7–$8 billion a year. It funds the CENTCOM operations that we are having, and AFRICOM [U.S. Africa Command]; it funds all the [Operation] Enduring Freedom for us. As I said, about $2.2 billion is reset—so, that is a maintenance backlog that would just accumulate—and accumulates every year in a growing way and compounds.

And then the last piece is there is some enduring—it is about $2 billion that we would have to migrate over time into the base budget. But we would lose that, as well.

We would have to go into the other accounts to cover that bill at $7–$8 billion a year procurement, research and development.

We start to mortgage our future to trade—to meet the demands of the present and have less surge to answer what the Nation's call is. That is the summary for us.

Mr. WITTMAN. Thank you, Admiral Ferguson.

General Paxton.

General PAXTON. Thank you, Chairman Wittman.

Sir, within the Marine dollar, if you will, we spend roughly 63 cents of that dollar on our manpower accounts to get the right people, to properly train them, to put them in the right units, to make sure they are at the right position, ready to deploy.

The next 27 cents on that dollar is the actual operations and maintenance cost to get them around the world and do what our Nation needs them to do.

Right now, it is that last 10 cents on the dollar that is split between our facilities sustainment, restoration, modernization, and our overall modernization accounts.

So, as both General Campbell and Admiral Ferguson said, we are actually—we are mortgaging our future.

There is a cost to the All-Volunteer Force. We are incredibly proud of it. It is the best Army, best Navy, best Air Force, best Marine Corps our Nation has had in many, many years, and has served us very, very well, our soldiers, sailors, airmen, and marines, in conflict the last 12 years.

But there is a cost to the All-Volunteer Force. So the OCO money is what is actually so important to all the services for the actual execution of the missions and then the reset afterwards.

As General Campbell said, we have the same challenge in the Marine Corps. Fortunately, we have reset about 79 percent of our equipment coming out of Afghanistan. A year ago, when I was before the committee, it was $3.2 billion and almost 3 years to finish the reset. That is down to about $1.3 billion now and only about 21 percent still left over there.

But that is not an insignificant amount of equipment that we need to train on and it is not an insignificant amount of money. So the OCO is very, very important to us.

And the risk in the future, sir, as General Spencer said earlier, with each time that we don't have the equipment we need, it is not properly reset, it is not in the maintenance pipeline, then we still have the squadrons that need to fly and the pilots are ready to fly, but there is less forward aircraft for them to do that.

And we get this death spiral. And they don't get the night-vision ops they need, they don't get the feet dry ops they need on the big deck carrier, and the bounces. And it takes us longer and longer to be ready.

So the risk for our force and to the Nation is actually the risk to the mission in that we would probably be slower to respond to the fight, get in there, do exactly what we need with the first round, but our bench won't be as deep and unfortunately we will probably see more casualties.

Thank you, sir.

Mr. WITTMAN. Thank you, General Paxton.

General Spencer.

General SPENCER. Mr. Chairman, a similar story to my colleagues here. Currently our readiness is not where we need it to be.

You know, the current war that we are in, the combination of sequestration, standing down airplanes last year, has put us in a position we don't want to be in.

And it—some might say, well, you are over flying in a war, you are getting ready. No, some of the challenges that the Congresswoman mentioned, they are—our pilots and our crews are not training for the—have not been training. So we are not where we need to be today.

If OCO disappears, then that risk goes up because—for several reasons. One is, we need to reset once we come out of Afghanistan. So we need to bring airplanes back, get them into depot. We need to bring equipment back, get the equipment repaired.

And we also need to make sure that our folks get back and get trained.

In addition to that, so reset is just a piece of that. The other half of that is we have enduring bases that we have been told are going to remain.

So bases that are over there, that are in the theater right now, that are being paid for by OCO, that are costing us $2 billion a year, we would have to drag that money into the base budget, and it is going to come right out of readiness account because we can't take it from anyplace else.

And then—so you are talking about level of pain all the way down to sequestration. So it is a—again, that is what we all talk about.

As I mentioned to you I think the other day, or maybe it was yesterday, we—this is not—we don't get a Super Bowl and get to lose and come back. I mean, we have to win. And so we want to make sure that when we go, it is not a fair fight, we win and we come back. That is what the American people expect.

That is why we are so worried about this.

Mr. WITTMAN. Very good.

General Spencer, can you give us your assessment of what increased risk would be for the Air Force? And what is the manifestation of that?

General SPENCER. Well, if—as you look at our current—if we go into sequestration as an example, and it has been said, we will not be able to—and I am not sure—folks may not understand the impact of this, the current Defense Strategic Guidance that we have, we cannot do it. So we just won't have the capacity to respond to what we say we can respond to today.

And so, now would we go? Absolutely we would. We would go with everything we had. But you are talking about now a longer conflict. You are talking about more lives lost. You are talking about something the American people don't expect from us.

Mr. WITTMAN. Right.

General SPENCER. So it is serious. It is deadly serious.

Mr. WITTMAN. Very good. Thank you, General Spencer.

I want to go back to General Campbell. You had mentioned a little bit earlier your assessment of what increased risk would look like for the Army under these different scenarios.

Can you give us a little additional elaboration on that?

General CAMPBELL. Sir, again, the Army is all about people. We don't have the big platforms but it is people. So for our money, about 48 percent of that goes to the people. And the risk is as we continue to downsize that piece, we can't bring the people down quick enough to keep in balance and that is what we need to do.

We don't want to have a hollow Army like we had after Vietnam. To do that, you have to balance your modernization, your end strength, your force structure, and your readiness. And we continue to try to do that.

Again, the uncertainty is the greatest piece that inhibits us from having the opportunity to do that. I am also worried about the risk that we have for the All-Volunteer Force that General Paxton talked about. You know, we have the greatest services because we have had this All-Volunteer Army for the last 40-plus years.

But they are watching now what Congress is doing, what we are doing. Are we taking away their pay? Are we taking away compensation? Do we not value their service?

I would disagree with Mr. Enyart where he talked about—he didn't say lose, but I got the impression he said we were losing. If we try to tell our soldiers in the last two wars that we are losing, that is absolutely wrong.

If you go to Iraq, if you have been there, we set the government up for success. Now that has changed since we left. We are doing the same thing in Afghanistan. And so our men and women of all the services, I think, have done incredible for the wars.

But I worry about if we will be able to maintain the best talent, as we go forward. If they know that we are not going to be able to take care of them, if they know that we are not going to have the money to provide them the best training, the moms and dads won't have their children come in the service.

My son enlisted in the Army. He is on his second tour in Afghanistan today. He comes back and says, "Hey, Dad, you generals, you have to get it right. We have to have what we need." He definitely understands what he is doing over there is making a difference in the lives of many Afghan people and that big part of the region.

And my fear is that we will not continue to bring in the best and brightest that our Nation has to offer.

We have less than one-half of one percent serve this country. Several years ago, probably 3 out of 10 young men and women could serve in any of the services, would qualify. That number is probably about 22.5 percent today based on medical issues, criminal issues, obesity, on and on.

So that is something we got to look—we are looking at the 50-meter targets. We better start looking at these 300-meter targets to enable us to keep the best men and women coming into all of our services. That is the risk.

Mr. WITTMAN. Thank you, General Campbell.

Admiral Ferguson, I would like you to elaborate a little bit, too, on what increased risk would be in terms of how the Navy envisions that?

Admiral FERGUSON. Under sequestration?

Mr. WITTMAN. Yes.

Admiral FERGUSON. Okay.

Mr. WITTMAN. Yes.

Admiral FERGUSON. As I mentioned earlier, we would be a smaller Navy. We would have less capability against the high-end adversary. And pacing that high-end adversary in terms of our ability to project power into certain environments around the world.

Second, less capacity. In the sense that as a smaller force, we would have less to surge to a second operation if we are engaged in a first one around the globe.

With a smaller force under sequestration, we would have great pressure from the combatant commanders to deploy for prolonged

periods of time, turn around the forces quicker. You wear out the equipment at a faster pace.

But the concern, to echo General Campbell, is a concern about the people. We are predominantly a career force. And we rely on a very high caliber of young men and women that come into the service with great technical skills and scores and a great commitment to serve.

They are extraordinary. And we rely on them. And you know, we have to be concerned about the retention of that force as a career force in the future.

And to me, that is the institutional risk that if they look around and they see that they don't have the spare parts to do their job, they are not getting trained, they are—I spent some time with a group of aviation commanding officers out at North Island. And I try to visit the force before I testify. And their number-one issue, the young pilots', was the flight time so they can gain the skills and experience to serve.

And they were frustrated that they were lacking parts, that they were lacking airplanes with flight hours, or the flight time in order to develop their own professional skills and serve.

And I think we have to be extraordinarily mindful of the fact that they look to their future to be proficient and great leaders in their field.

And if they don't see the investment of the parts, the training, and in their future, we are at risk of losing them. And to me, that is the institutional risk that we face.

Mr. WITTMAN. Let me ask you to expand a little bit on that. I think it is spot-on about the institutional risk and the retention issues that come from that.

Tell me what does it mean, though, in terms of the lives of our sailors as they go to sea, as they go into aircraft, or if we put them in situations where they don't have as much training or they don't have the full skill set when we put them into those situations in a combat situation.

Give me your perspective on that, if you would?

Admiral FERGUSON. Yes. I would tell you that, and I think I speak for all of us, we consider it a sacred trust that we don't send untrained people into combat. We have to give them the very best.

And so, when we make these trades, we will ensure that the forces we have are ready. But those that are not on that cyclic deployment, that are sitting back at shore station, are the next to go, they will see this degradation under sequestration.

And to me, that is where the elements of retention loss may start to grow.

And so, you know, we will always invest in them, but it will be a smaller force; they will have less behind it. And, you know, as I think ahead about the strategic challenges in the future, the 3 to 5 years, it will be upon balancing this demand and the retention and the risk.

Because when you get into a retention crisis, those of us that lived through it in previous years, it is awful tough to pull out of it, once it starts.

Mr. WITTMAN. If we get into a demand scenario where you have, obviously, that ready force that is ready to go, but the demand sig-

nal surpasses that and then you have to go to those units that don't have that elevated tier of readiness, give me a perspective on what it means there.

I mean, I look at it from this perspective: We either have two choices. We either say we are not going to send them, which in many instances is not a choice, or if we send them, at increased risk to them and few of them coming back from the battlefield under that scenario.

I wanted to get your perspective on that.

Admiral FERGUSON. Well, certainly I think in sequestration, there are two risks. The first risk is that because we haven't made investments in our future capability, there is not enough force structure, that they are at a disadvantage in facing a high-end adversary.

That is—and then, it is very easy to do the modeling, after that, and you have to adjust the war plans or adjust the execution of your mission or you accept higher risk with loss of assets and the accompanying casualties.

You know, we would certainly apply every level of effort to avoid that, but that is—you know, as you project out, under a sustained period of sequestration with a smaller Navy, against a high-end adversary, I think that is a risk that you have to be very careful of.

Mr. WITTMAN. Very good.

Gentlemen, thank you. I appreciate what you have laid out for us with the challenges going forward. I appreciate, too, every one of you saying that in these scenarios increased risk means a lot of different things to the Nation, but at the end of the day, it is about the brave men and women that volunteer to put themselves into harm's way, and that that increased risk does mean for them potentially, if we don't get this right, higher casualties, issues with sustainment of the force.

All those things I think are very, very compelling about why Congress needs to do its job to address this issue and make sure that things are properly resourced.

We understand the challenges with this Nation's budget. We understand the deficit and the debt. Those things are very important, too. But we also understand our constitutional responsibility under Article I, Section 8, and that is something that I think all of us here need to remind ourselves of that, every day.

And we appreciate each of you for your leadership. Please thank your soldiers, your sailors, your marines, and your airmen for their service to our country.

And please pass on to them, too, the thanks of this committee and this Congress to their families, who also sacrifice in keeping this Nation safe.

Gentlemen, thank you again.

If there are any—no other questions?

Ms. BORDALLO. I do.

Mr. WITTMAN. You do? Yes?

Ms. BORDALLO. Thank you, Mr. Chairman. I would just like to make a few personal comments.

After hearing from the vice chiefs this morning from all the services, I think this indeed presents a grim picture.

And I just returned with the chairman from a very interesting trip to Afghanistan and different places in Africa. And I was amazed at the morale of our service men there. In spite of the harsh conditions that they are undergoing, they seem to be pleased with what they are doing and happy to go helping with the training of the soldiers in these different countries.

And it would be a shame, as you said, you know, to continue to cut the budgets and find that they do not have the equipment and so forth. And I think it will bring down recruitment, definitely.

So I just want to say that we were just so astounded with the friendliness and the performance of our men and women in service in all these different areas.

And I just hope that Congress can rectify what has happened with the decrease in the budgets. And that is the—and I praise you for continuing to try to work out things as much as you have to, to cut the funding from every program under your supervision.

And, again, I want to thank you for your testifying this morning. And, as I said, I hope we can rectify some of these problems.

Thank you.

Mr. WITTMAN. Very good. Thank you, Ms. Bordallo.

If there are no other comments, the committee is adjourned.

[Whereupon, at 9:45 a.m., the subcommittee was adjourned.]

A P P E N D I X

APRIL 10, 2014

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 10, 2014

Statement of the Honorable Robert Wittman
Chairman, Readiness Subcommittee
"The Department of Defense's Readiness Posture"
April 10, 2014

I want to welcome all of our members and our distinguished panel to today's hearing focused on "The Department of Defense's Readiness Posture."

This morning we have with us:

- General John Campbell
  Vice Chief of Staff
  United States Army
- Admiral Mark Ferguson
  Vice Chief of Naval Operations
  United States Navy
- General John Paxton
  Assistant Commandant
  United States Marine Corps
- General Larry Spencer
  Vice Chief of Staff
  United States Air Force

This hearing is critically important as we try to understand and evaluate this year's budget request and proposed investments as the Services seek to address gaps created by sequestration. Although we recognize that the Bipartisan Budget Agreement provided some relief, sequestration is not going away, and the problems it creates persist.

The budget we have before us today obviously doesn't include or address the Overseas Contingency Operations (OCO) supplemental requirements which have been so critical to sustaining our force in recent years. So, we will be challenged to understand the full funding picture – but there is no doubt that there are a multitude of enduring high-priority activities funded by that account. It is imperative that we find a way to migrate the billions of dollars in funding for these

essential and enduring activities from the OCO to the base budget as we ramp down operations in Afghanistan.

My top priority is to ensure that no Soldier, Sailor, Airman or Marine ever enters a fair fight. All of us recognize the shortfalls, and it is our duty and responsibility, to ensure our men and women who serve have the necessary tools to dominate in any operational environment.

As I look across the services at respective readiness posture, I want to highlight a few issues that I think are noteworthy:

- The Air Force Flying Hour Program cuts [from last year] have only restored approximately 50% of those pilots back to the appropriate training levels;
- The facilities sustainment accounts represent only 65% of the total requirement;
- The Navy proposes possible future reductions in force structure – to include 'Phased Modernization' of 11 Aegis Cruisers and Amphibious Warships over the next few years, in addition to a out-years request to retire a Carrier;
- The Marine Corps is establishing crisis response task forces in the Middle East and South America, but has not been given the $33.8 million needed to properly resource them;
- The Army has identified approximately $1.73 billion in unfunded training needs;
- And, not to be overlooked – shortfalls and backlogs in the depots persist for all of the services for Fiscal Year 2015

I want to make one thing very clear from my perspective. I have taken the opportunity to travel on numerous occasions to visit with our men and women in uniform, both at home in a training status and overseas while they are deployed in combat zones. I make the same two observations everywhere I visit, whether it is on deck of an aircraft carrier, or at a training range, or on a FOB.

1. We have the best and brightest the nation has to offer. These men and women are trained and ready.

2. They volunteered to do an inherently dangerous job. There is nothing "safe" about serving in the military. But these are well trained professionals, they mitigate risks, and they make it safe.

My fear is that Congress and this nation are taking our men and women's service and their safety for granted. They operate in a dangerous world, doing dangerous and daring things. This danger is mitigated because they are trained, ready, and prepared to do their jobs.

The threat of sequestration is not over. If sequestration persists, if we continue to hack away indiscriminately at our DOD budget our readiness will erode to levels that will takes decades to fix. We will lose our initiative and our edge in power projection, influence, and forward presence around the globe. We will create gaps that will be filled by adversaries, and we will see more men and women die in training accidents and killed in combat because we did not properly resource their mission, and we did not provide them the best training and equipment to do their jobs. That is absolutely reprehensible and irresponsible.

I look forward to hearing greater details about the Fiscal Year 2015 budget request, the status of readiness, and how existing gaps and shortfalls will be satisfied to ensure we have the most ready, capable, and proficient military in the world.

I would now like to turn to our Ranking Member, Madeleine Bordallo, for any remarks she may have.

RECORD VERSION

STATEMENT BY

GENERAL JOHN F. CAMPBELL
VICE CHIEF OF STAFF
UNITED STATES ARMY

BEFORE THE
SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 113TH CONGRESS

ON

CURRENT READINESS

APRIL 10, 2014

NOT FOR PUBLICATION UNTIL RELEASED BY
THE COMMITTEE ON ARMED SERVICES

Introduction

Chairman Wittman, Ranking Member Bordallo, distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the readiness of your United States Army. On behalf of our Secretary - the Honorable John McHugh and our Chief of Staff General Ray Odierno, I would also like to take this opportunity to thank you for your support and demonstrated commitment to our Soldiers, Army Civilians, Families, Wounded Warriors, and Veterans.

We live in a world that is as dangerous and unpredictable as it has ever been—from continued unrest in the Middle East, to proliferation of weapons of mass destruction, to the threat of non-state actors and transnational terrorist organizations. The Army remains engaged in worldwide contingencies with more than 66,000 U.S. Army Soldiers from all three components – Active, Guard, and Reserve -- deployed including nearly 32,000 in Afghanistan. In addition, about 85,000 Soldiers are forward stationed across the globe in nearly 150 countries. The Army remains the best trained, equipped, and led land force in the world, although reduced funding levels are contributing to existing challenges in Army readiness. Together, we must ensure our force is trained and ready to prevent conflict, conduct shaping operations for our geographic Combatant Commanders, and if necessary, win decisively in a major combat operation while denying the objectives of—or imposing unacceptable costs on – an opportunistic aggressor in a second region.

A trained and ready Army must be able to rapidly deploy, fight, sustain itself and win decisively against complex state and non-state threats in austere environments and rugged terrain. Readiness is measured at both the service and unit level. Service readiness incorporates installations and the critical ability of the Army to provide the required capacities (units) with the requisite capabilities (readiness) to execute the missions required by combatant commands. Unit readiness is the combination of personnel, materiel and supplies, equipment and training, that, when properly balanced, enables immediate and effective application of military power.

In 2013, sequestration and unanticipated costs in Afghanistan resulted in declining readiness throughout the Total Army (Active Army, Army National Guard, and US Army Reserve). It will take time to recover from the actions we took in 2013 due to

sequestration, and a return to this method of budgeting would increase the risk to our Soldiers by not adequately preparing them to fight our Nation's wars. We must maintain balance between the three critical areas of end strength, readiness, and modernization to avoid becoming a hollow Army. An example of a hollow Army is a large force that lacks adequate training and modernized equipment, and is therefore not as effective as a smaller, well-trained force with cutting-edge technology. Yet cutting too much manpower risks not having sufficient forces to fulfill our strategic mission and deter our enemies. If we are required to further reduce Total Army end strength to 420,000 in the Active component, 315,000 in the Army National Guard, and 185,000 in the Army Reserve by the end of FY 19, we will be unable to execute the 2012 Defense Strategic Guidance.

We are at a critical juncture for readiness in our Army. In the past few months we have received relief from Sequestration in FY 14 and FY 15, and are implementing a plan that builds readiness into a contingency response force that can partially mitigate current strategic and operational risks to combatant commanders. But with very tight constraints in FY 15, and potential sequestration in FY 16, readiness will quickly erode across the force. We must have predictable, sustained funding to ensure the necessary readiness to execute our operational requirements and the Defense Strategic Guidance.

As we emerge from two wars the force is transitioning from training for the conflicts in Iraq and Afghanistan to a comprehensive and realistic decisive action training environment that features regular, irregular and insurgent enemy forces. Sequestration in 2013 cancelled much of the essential training for this conversion, and while the Bipartisan Budget Act (BBA) gives us some relief and predictability for FY 14 and FY 15, unless Congress comes together to build on that model and provide additional relief in 2016 and beyond, we will face sequestration levels again, undermining this transition.

Equipment modernization is a critical part of Army readiness and the decreasing budget has forced us to reassess many programs. The Army's equipment modernization strategy focuses on effectively using constrained resources for near-term requirements and tailoring our long-term investments to provide the right capabilities for Soldiers in the future. Because of fiscal constraints, investments will focus on Science

and Technology (S&T) and incremental improvements to existing systems, with very few new start programs. If allowed to go into effect in 2016, sequestration-level spending caps would require a significant reduction to Army modernization accounts, with the majority of Army programs being affected. Major weapons programs would be delayed, impacting the industrial base both in the near and long term.

Finally, it remains an Army priority to care for our Soldiers, Civilians, and Family members who have sacrificed over the last 12 years of war, and to build a resilient force ready to respond to a broad range of contingencies. While we will make every effort to protect Soldier and Family programs, they will be unavoidably affected by workforce reductions, cuts to sustainment funding, and challenges maintaining Army infrastructure.

Our Civilian workforce will also undergo a draw down concurrent with reductions to military end strength. Most have remained with us, but the impact of furloughs, pay freezes, and our inability to reward our most productive employees with performance-based bonuses has caused some of our highest quality civilians to seek employment in the private sector. We rely on our civilian teammates and these disruptions negatively affect Army readiness.

The Army's foremost challenge is building rapidly deployable contingency capabilities in support of the combatant commanders while simultaneously reducing its size across all components and fulfilling the existing worldwide demand for forces. We need congressional support with adequate, predictable funding, and support for a Total Force solution during drawdown. Readiness must be maintained at acceptable levels and in balance with modernization and force structure. If it is not, we put Soldiers at risk, and undermine our ability to deter our adversaries.

Support the Current Fight

Our top priority remains the readiness of units deploying to Afghanistan and elsewhere. These units will continue to receive the highest priorities for both Overseas Contingency Operation (OCO) funds and base budget requirements. The Army retains the capability to conduct Mission Readiness Exercises (MREs) at the Combat Training Centers (CTCs) necessary to support forces deploying to Afghanistan or other theaters.

There are six MREs scheduled at the CTCs in FY 14 specifically focused on Security Force Assistance (SFA) missions. It is important that Congress continues to provide sufficient OCO funding for our deploying forces.

Retrograde of equipment from Afghanistan continues on pace and we are responsibly executing our duty to recover this materiel, but need sustained support. We identify the best, most modern equipment to recover and Reset for future contingencies. In February, 2013 we had $28 billion worth of Army equipment in Afghanistan. Currently, approximately $15.5 billion worth of materiel remains in place, of which we plan to retain $10.2 billion. The Army will divest through foreign military sales utilizing Excess Defense Article (EDA) transfers, or demilitarization of approximately $5 billion worth of equipment.

A fully funded Army Reset program is critical to ensuring that equipment worn and damaged by prolonged conflict in harsh environments is recovered and restored for future Army requirements. We estimate the need for just over $6 billion to reset the remaining equipment from both conflicts. We have been consistent in our requests for OCO funds for at least three years after the last equipment is withdrawn from Afghanistan. The Army will need Congressional support to complete this task that we believe is so important to responsibly ensuring future readiness.

Current Readiness:

The Army can currently provide only a limited number of available and ready BCTs trained for decisive action proficiency, which will steadily increase through FY 14 and the beginning of FY 15. While the Army's base budget decreased over the past two fiscal years, the Army's responsibilities under the Defense Strategic Guidance plus commitments to Combatant Commanders have not receded in commensurate amounts. While the restoration of some funding in FY 14 has helped arrest the decline in unit readiness, it has not been sufficient to fill the void in core capabilities created over the past decade of counterinsurgency operations and by sequestration. We will begin to rebuild readiness during FY 14 and FY 15 by continuing to focus resources on critical unit level training at the Combat Training Centers (CTCs). However, this will come at

the expense of home station training, installation support and the reset of equipment for the Total Army.

In order to achieve the most efficient readiness levels within our funding limits, the Army is implementing tiered readiness as a bridging strategy until more resources are made available. Under this strategy, only 20% of the total operational forces will conduct collective training to a level required to meet our strategic mission, with 80 % remaining at lower readiness levels. Unless National Guard and Reserve forces are preparing for deployment, they will largely be funded for readiness at the individual, crew, and squad (ICS) level. Forward stationed units in the Republic of Korea will remain ready, as will those dedicated to the Global Response Force. Forces deploying to Afghanistan will be fully trained for their security assistance mission but not for other contingencies. The Army is also concentrating resources on a contingency force of select Infantry, Armored and Stryker BCTs, an aviation task force and required enabling forces to meet potential unforeseen small scale operational requirements. The BBA improves the Army's ability to increase collective training in FY 14 and FY 15, but readiness will still take time to build.

Training and Professional Military Education (PME)

Training across the Total Army serves two main purposes: preparing units to support combatant commands worldwide and developing leaders who can adapt to the complex security environment. To meet demands across the full range of military operations, the Army will shift the focus of training to rebuilding war fighting core competencies. We are reinvigorating our Combat Training Centers (CTCs) to challenge and certify Army formations in a comprehensive and realistic Decisive Action/Unified Land Operations (DA/ULO) training environment that features regular, irregular and insurgent enemy forces. We will conduct tough, realistic multi-echelon home-station training using a mix of live, virtual and constructed methods to efficiently and effectively build Soldier, leader and unit competencies over time.

From 2004 to 2011, all CTC rotations were focused on building readiness for assigned missions in a counterinsurgency environment. This shift impacted 5,500 company commanders, 2,700 field grade officers and 1,000 battalion commanders.

Recognizing the atrophy in Direct Action/Unified Land Operations training, the Army returned to conducting decisive action CTC rotations in 2011, with a plan to cycle nearly all Active Army BCTs by the end of FY 15 along with the requisite amount of Army National Guard BCTs. However, due to sequestration, the Army canceled seven CTC rotations in 2013 and significantly reduced home station training, negatively impacting the readiness and leader development of more than two divisions' worth of Soldiers. Those lost opportunities only added to the gap created from 2004 to 2011.

Even with increased funding accommodated under the BBA, in FY 14 alone the Army will not be able to train a sufficient number of BCTs to adequately rebalance the force. Seventeen BCTs were originally scheduled to conduct a CTC rotation during FY 14. Current funding enables the addition of another two BCT rotations, for a total of 19 for the fiscal year. However, due to the timing of the additional funding, some BCTs were still unable to conduct a full training progression before executing a CTC rotation. Without the benefit of sufficient home station training, and with the years away from direct action, some BCTs begin the CTC rotation at a low level of proficiency and cannot maximize this training event.

For example, 2nd Armored BCT of the 4th Infantry Division (2-4) returned to the National Training Center in 2013 for a direct action/unified land operations rotation, its first since 2002. In the interim, 2-4 had conducted three Mission Readiness Exercises (MREs) in preparation for deployments. The return to direct action in 2013 revealed that many tank platoon sergeants had never performed as a member of a tank crew, some company commanders had never maneuvered their units as a part of a combined arms team, and Field Grade officers often had no experience in combined arms maneuver. The lack of leader experience in these skills prevented 2-4 from achieving the maximum readiness that a CTC rotation would normally provide.

For BCTs that do not conduct a CTC rotation, we are using available resources to train these formations to the highest possible proficiency level (roughly battalion-level). The Army will continue to prioritize unit training at the CTCs and the FY 15 budget allows for 19 rotations.

Leader development is one of the Army's highest priorities because the increasingly complex and dangerous global security environment requires well trained

leaders. The unpredictable nature of human conflict requires leaders to not only lead in close combat but to understand the operational and strategic environment, to include its socio-economic, cultural and religious underpinnings. Our leaders must demonstrate the competence, proficiency and professional values necessary to achieve operational and strategic mission success. We must continue to educate and develop Soldiers and Civilians to grow the intellectual capacity to understand the complex contemporary security environment to better lead Army, Joint, Interagency and Multinational task forces and teams. Therefore, we will reinvest and transform our institutional educational programs for officers and noncommissioned officers in order to prepare them for the complex future security environment.

We are prioritizing our institutional educational programs for officers and noncommissioned officers. The FY 15 budget will provide for leader development by funding 8,900 officers to attend Intermediate Level Education (ILE); 7,500 Warrant Officers to attend professional development schools; and 6,100 Non-Commissioned Officers (NCO) to attend their required professional military education. Additionally, the FY 15 Budget increases Army Civilian leader development and funds over 150 officers to attend the School of Advanced Military Studies (SAMS). While funding for some joint education has declined, we are prioritizing quality instruction and instructor development.

Regionally Aligned Forces (RAF)

The purpose of regional alignment is to improve the Army responsiveness in support of the Combatant Commands while remaining operationally available to respond to global contingencies. Regional alignment, therefore, provides Combatant Commands with mission-ready, tailored forces and capabilities that are further prepared with cultural, regional and language focused training. This improves the ability of these Army forces to work within the physical, cultural and social environments and thus increases its overall readiness. Additionally, RAF keeps leaders and Soldiers actively engaged internationally and acts as a positive retention tool.

In FY 14 we continue to regionally align our Corps, Divisions and BCTs. I Corps, stationed at Joint Base Lewis-McChord, Washington, and assigned to U.S. Pacific

Command, provides deployable mission command capability for contingencies and enhances an already strong Army presence in the Asia-Pacific region. III Corps, stationed at Fort Hood, Texas, and 1st Armored Division headquarters, stationed at Fort Bliss, Texas, are both aligned with U.S. Central Command. Active Army division Headquarters (HQ) will be habitually aligned to provide at least one Joint Force-capable HQ to each combatant command. This is perhaps the most important capability the Army is providing to geographic combatant commands, as the Division HQs can access a full range of capabilities from planning to specific enablers. An example of this is the 1st Armored Division, who deployed to Jordan as part of the joint exercise Eager Lion, having already coordinated with Central Command to understand the worsening crisis in Syria. From there, a tactical command post remained in Jordan to assist the Jordanians and other partners with a wide range of activities resulting from the mass humanitarian crisis to the north.

For FY13, several units below division-level were assigned or allocated to Combatant Commands. The 48th Infantry BCT, Georgia Army National Guard, is aligned with U.S. Southern Command and has deployed teams to several Central and South American countries. The 2d Armored BCT, 1st Infantry Division (2-1), currently allocated to the United States Army Africa Command, is the first brigade task organized to the RAF mission. Since March 2013, they have conducted 71 missions in 35 countries. For example, 2-1 helped train a Niger infantry battalion which was selected to participate in the African-led International Support Mission to Mali (AFISMA). Elements of 2-1 have also recently deployed to Juba, South Sudan to provide embassy protection.

Maintaining Army readiness in the Pacific is essential to the execution of the National Security Strategy and demonstrates how regional engagement supports a ready force. Land forces remain the most important actors in the region, as the Pacific theater contains 7 of the world's 10 largest armies. The U.S. Army has 80,000 active and reserve troops assigned to or on the periphery of the region; in terms of manpower, the Army is the largest contributor to US Pacific Command (PACOM). Based on persistent threats of escalation with North Korea, the Army forces on the peninsula are currently maintaining a higher readiness posture, which is also an element of the Asia-

Pacific Rebalance Strategy. The Army will maintain 19,500 Soldiers in South Korea—partially including a rotating Combined Arms Battalion and its enablers—as a key part of the U.S. strategy to fulfill our alliance commitments and deter an increasingly unstable North Korea.

Force Structure-End Strength and Total Force Policy

Adequate numbers of personnel and properly organized units are critical to the Army's ability to remain ready and fulfill the Defense Strategic Guidance. The Army is committed to the Total Force Policy: the Active Army gives us responsiveness and flexibility; the Army National Guard and US Army Reserve give us depth and endurance. Our Army is strongest with the contributions off all three components, in the right combination.

Shaping the force requires extensive analysis consisting of cost modeling and war gaming informed by our combat experiences to match specific timelines and readiness-capability levels. Army senior leaders are in constant dialogue with the heads of the National Guard and U.S. Army Reserve to manage reductions to all components. The Army must be able to implement prudent budgetary decisions in a timely manner to address funding cuts while producing the best possible force to meet strategic requirements. Delays in resourcing will require shifting of readiness funds to personnel accounts, further degrading readiness and contributing to the creation of a hollow Army.

Under the FY 15 Budget Request, the Army will decrease end strength through FY 17 to a Total Army of 980,000 Soldiers - the Active Component will be reduced to 450,000 Soldiers, the Army National Guard to 335,000, and the US Army Reserve to 195,000. The Army will be able to execute the 2012 Defense Strategic Guidance at this size and component mix, but it will be at significant risk. This reduction in end strength represents a 21% reduction in the size of the Active Army, a 5% reduction in the Reserve, and 6.4% reduction in the National Guard since 2011, when the Army was at a war-time high on total end strength. These cuts largely impact the Active Component and they will reverse the force mix ratio, going from a 51 % Active Component and 49 %

Reserve Component mix in FY 12, to a 46 % active component and 54 % Reserve Component mix in FY 17.

If sequestration-level cuts are imposed in 2016, the Army will be required to further reduce the Active Component to approximately 420,000 (26%), the Army National Guard to 315,000 (12%), and the US Army Reserves to 185,000 (10%) in order to meet savings goals and avoid hollowness. Under these conditions, the Army will not be able to execute the 2012 Defense Strategic Guidance.

Aviation Restructure

Aviation is a critically important part of the force and represents a large percentage of the Army budget. Instead of the across the board cuts imposed by sequestration in 2013, the Army sought an integrated, Total Army solution to reducing the costs of aviation, while preserving our most modern capabilities. With participation from representatives from all components, the Army developed a plan that will better meet the operational demands of our combatant commanders, sustain operational experience, and reduce costs. In the process, the Army aviation force will become smaller by 800 aircraft.

We will divest three entire fleets of aging and costly aircraft, and realign and remission remaining modern aircraft to derive the most capability and capacity from a smaller force. We will consolidate all AH-64 Apache helicopters in the Active Army, where they will be teamed with unmanned aircraft systems for armed reconnaissance or continue their traditional attack role. The Active Army will transfer 111 additional UH-60L Blackhawk helicopters to the Army National Guard and US Army Reserve. These aircraft will significantly improve capabilities for support of the homeland mission, such as disaster response, while sustaining security and support capabilities to civil authorities in the states and territories. The UH-72 Lakota will replace the TH-67 as the next generation glass cockpit, dual engine training helicopter. We will transfer nearly all Active Army UH-72 Lakota helicopters to our training base at Fort Rucker, Alabama, and will procure an additional 100 UH-72 Lakotas to support the initial entry rotary wing training fleet. At current funding levels, this approach will enable the Army National Guard to retain all of its 212 LUH-72 aircraft for general support requirements as well as

ongoing border security operations. The Active Army's overall helicopter fleet will decline by about 23 %, or nearly 700 airframes, and the Army National Guard's fleet of helicopters will decline by 8 %, or just over 100 airframes. The resulting Army aviation restructured force will retain our most capable and survivable combat power. Finally, this smaller, less expensive force will significantly increase the Army aviation capabilities most in demand by our Governors.

Essential Investments: People and Equipment

Soldiers, Families and Army Civilians

The size and scale of mandatory reductions in end strength may force the Army to separate many quality, experienced Soldiers. Reenlistment quotas are lower, and Officer Separation Boards (OSBs) and Selective Early Retirement Boards (SERBs) are taking place for many officers. These started with Lieutenant Colonels and Colonels, and now we are looking at senior Captains and Majors in year groups that were assessed to support a larger force during the height of the two recent conflicts. This force reduction in the officer corps causes a loss of valuable leadership and combat experience and thus degrades readiness. To ensure we are caring for the needs of those who have served the Nation, the Chief of Staff of the Army created the Soldier for Life Program in 2012 to facilitate the successful reintegration of our Soldiers, Veterans, and their Families into their post-Army careers. Our Veterans are our best ambassadors and critical to sustaining the All-Volunteer Force.

We will make every effort to protect our most important Family programs, but budget cuts are ultimately affecting every facet of the Army. To ensure we maintain our focus on rehabilitating, resetting, and reshaping the force after 12 years of conflict, we continue to develop the Ready and Resilient Campaign (R2C). The purpose of R2C is to establish an enduring cultural change that integrates resilience into how we build, strengthen, maintain, and assess total fitness, individual performance, and unit readiness. The Army's culture must embrace resilience as part of our profession and as a key and critical component to readiness. The campaign leverages and expands existing programs, synchronizing efforts to eliminate or reduce harmful and unhealthy behaviors such as suicide, sexual harassment and assault, bullying and hazing,

substance abuse and domestic violence. Perhaps most importantly, the campaign promotes positive, healthy behaviors while working to eliminate the stigma associated with asking for help. The Army recently published an update to the R2C order directing the incorporation of resilience into our holistic assessment of Soldier and Unit Readiness by establishing a unified system of performance measurement that will drive actions and culture change.

Modernization

The Army's equipment modernization strategy plays a key role in future force readiness. Equipment modernization must address emerging threats in an increasingly sophisticated technological environment. The Army must maintain its ability to contend with such diverse threats as cyber attacks, electronic warfare, unmanned systems, chemical and biological agents, and air and missile threats. Yet significant budgetary constraints have forced the Army to make substantial reductions in modernization investments. Planned research, development and acquisition (RDA) investments in FY 15 have declined 39% since the FY12 budget planning cycle. The Army's Equipment Modernization Strategy calls for a mix of divestiture of selected legacy systems, incremental upgrades to existing platforms, selected investment in new capabilities, and prioritized science and technology investments to mature and develop next-generation technologies. We have also allocated funding toward building the skilled workforce needed for future innovation.

In the short-term, the Army remains focused on several efforts. We are reducing procurement to match force structure reductions. We will continue to apply business efficiencies such as multiyear contracts, planning for should-cost, and studies to facilitate smarter investing. We will tailor capabilities in development to meet requirements under affordability constraints. We will not transition four programs to the acquisition phase, to include the Ground Combat Vehicle and the Armed Aerial Scout. Additionally, we will end 4 programs, restructure 30 programs and delay 50 programs. A notable restructure includes the Warfighter Information Network Tactical (WIN-T) Increment 3.

Lastly, the divestiture of materiel and equipment, where appropriate, will reduce maintenance and sustainment costs and maximize resources. Over the long-term, investing in the right science and technology and applying affordable upgrades to existing systems should allow us to keep pace with technological change and improve capabilities.

Army Organic Industrial Base

The Army industrial base consists of commercial and government-owned organic industrial capability and capacity that must be readily available to manufacture and repair items during both peacetime and national emergencies. The Army must maintain the critical maintenance and manufacturing capacities needed to meet future war-time surge requirements, as well as industrial skills sets that ensure ready, effective and timely materiel repair. During FY 13, the Army lost more than 4,000 employees from the organic industrial base and will continue to lose highly skilled depot and arsenal workers to other industries due to fiscal uncertainty. Hiring and overtime restrictions, in addition to furloughs, affected productivity and increased depot carryover, not to mention the detrimental effect on worker morale. Yet we must continue to size the organic industrial workforce and leverage the commercial industrial base appropriately, while sustaining core depot and arsenal maintenance competencies to support future contingencies.

The Army is assessing key portfolios and the health of the supply chain, and has taken specific steps to mitigate impacts. Mitigation measures include advocacy for Foreign Military Sales (FMS), extended production in certain programs, and investment in key suppliers on a case-by-case basis. The FMS program helps maintain a healthy base by keeping production lines and shipping depots active. For example, we are advocating the Foreign Military Sale of Chinooks, Apaches, Patriot missile systems, Excalibur rounds, Guided MRLS, and Javelin Anti-Tank missiles to our most trusted allies. Additionally, stretching out our production requirements over multiple years and advocating public-private partnerships for dual use items helps maintain workloads and keeps production lines open. For example, we are executing a HMMWV modernization

program for the Army National Guard using a teaming agreement between Red River Army Depot and AM General.

The Army continually assesses the health of key suppliers. For example, the A.T. Kearney study on the combat vehicle industrial base identified two critical areas of the supply base that might require specific mitigation: Abrams tank transmissions and forward looking infrared radar (FLIR). To mitigate these specific production gaps we will procure up to 124 new transmissions and 560 critical sensor components on the FLIR. Similar studies have identified inspectors who test and adjust turrets and a small sub-set of welders as critical skills to combat vehicle manufacturing that must be protected.

Finally, in terms of the organic industrial base, the Army has initiated Joint Acquisition & Sustainment Reviews (JASR) to highlight problems faced by Program Executive Offices and our depots and arsenals. These periodic reviews led by the Army Materiel Command and Army Acquisition Executive help us manage the challenges across the materiel enterprise.

Where We Need Support from Congress

Congress can help the Army by providing adequate financial support for ongoing contingencies including Afghanistan and other named operations, as well as the continued costs after these missions conclude. The costs associated with Operation Enduring Freedom will persist for years to come in the form of redeployment, reset, and rehabilitation. The expense of the transfer of equipment is significant and reset will continue for three years after the last equipment arrives in the U.S. We will, of course, provide the best available care for our wounded warriors, but this also comes at a cost.

Congress should continue recent efforts to provide the Army a more sufficient and predictable budget. The responsibility also lies with the Army to mitigate costs, but functioning under sequestration causes inefficiency and rapidly undermines readiness. Yet, in 2016, without congressional intervention, sequestration-level caps will return. We will do our part to ensure the Army is ready to defend the Nation, but I ask for Congress's help with a sufficient and predictable budget.

Finally, we need Congressional support of a Total Army solution to drawdown. Troop reductions, reforms, and reorganization are necessary after 12 years of war to

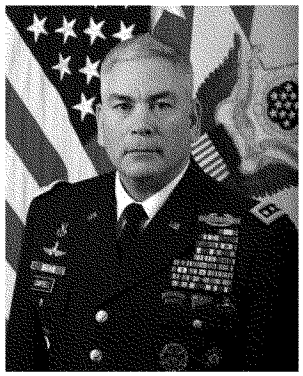
prioritize funding in preparation for future contingencies. Cuts must come from the Total Force – Active, Reserve, and National Guard – to maintain the balance among all components to best execute the Army's strategic mission. Any delay to this process will force further cuts to modernization and readiness and slow the process of rebalancing the force. We need Congressional support to achieve a Total Army solution.

Conclusion

Throughout our history we have rapidly grown our Army for wars, and then downsized at war's end. Our Army will be smaller than it was in 2001 and the smallest it has been since before World War II, with less capacity to deter aggression, reassure allies, defend the homeland, and decisively defeat adversaries. Invariably, there will be a period of hollowness and decreased readiness during the downsizing, but the severity of cuts combined with the unpredictability of the current budget environment and ongoing worldwide commitments has overly complicated our challenge of keeping the force in balance. Yet we must strive to achieve this balance as we cannot predict when our nation will chose to employ the Army again. If history is any indicator, the Army will be needed in the next two decades to fulfill our commitments, secure the Nation's interests, and defeat aggression that threatens American citizens or territory. We have also learned, in the desert passes of North Africa, in the mountains of Korea, and on the streets of Iraq, that the penalty for improperly managing the readiness of our forces ultimately falls on the backs of our fighting Soldiers. It is our solemn duty to ensure our Army is prepared to fight when called upon.

Chairman Wittman, Ranking Member Bordallo, and members of the subcommittee, I thank you again for your steadfast and generous support of the outstanding men and women of the United States Army, our Army Civilians, Families, Wounded Warriors, and Veterans. Army Strong!

GENERAL JOHN F. CAMPBELL
34th Vice Chief of Staff of the Army
UNITED STATES ARMY



Gen. John F. Campbell assumed duties as the 34th Vice Chief of Staff, Army, Headquarters Department of the Army, March 8, 2013.

The son of a U.S Air Force Senior Master Sergeant, General Campbell grew up on military bases around the world before attending the United States Military Academy at West Point. He graduated in 1979 with a commission in the Infantry. During more than 34 years of service, he has commanded units at every echelon from platoon to division, with duty in Germany, Haiti, Iraq, Afghanistan and the United States. After his first assignment with the U.S. Army Europe, Campbell was assigned to Fort Bragg, N.C., where he commanded a Special Forces Operational Detachment Alpha in the 5th Special Forces Group and an Infantry company in the 82nd Airborne Division.

Returning to Fort Bragg, he served as the Aide-de-Camp to the Commanding General, XVIII Airborne Corps, and deployed in support of OPERATION UPHOLD DEMOCRACY. He later commanded 2nd Battalion, 5th Infantry, 25th Infantry Division (Light), and then 1st Brigade, 82nd Airborne Division and led the brigade during OPERATION ENDURING FREEDOM.

He has served as the Commanding General, 101st Airborne Division (Air Assault), Fort Campbell, Ky., and led the division as Combined Joint Task Force 101 during OPERATION ENDURING FREEDOM. Most recently, Campbell was the Deputy Chief of Staff, G-3/5/7, Headquarters, Department of the Army.

Other significant assignments include: Professor of Military Science University of California, Davis; Executive Officer to the 35th Chief of Staff of the Army; Deputy Commanding General (Maneuver), 1st Cavalry Division and Multinational Division Baghdad during OPERATION IRAQI FREEDOM; and Deputy Director for Regional Operations, J-3, The Joint Staff.

Campbell holds a Bachelors of Science degree from West Point and a master's degree in Public Administration from Golden Gate University. He is a graduate of the Command and General Staff College and the Army War College.

Campbell's awards and decorations include the Distinguished Service Medal, the Defense Superior Service Medal, two Legions of Merit, three Bronze Star Medals, two Defense Meritorious Service Medals, six Meritorious Service Medals, the Air Medal, the Joint Commendation Medal, the Army Commendation Medal, the Army Achievement Medal, the Combat Infantryman Badge, the Combat Action Badge, the Master Parachutist Badge, the Pathfinder Badge, the Ranger Tab, and the Special Forces Tab.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

STATEMENT OF

ADMIRAL MARK FERGUSON
VICE CHIEF OF NAVAL OPERATIONS

ON NAVY READINESS

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

READINESS SUBCOMMITTEE

APRIL 10, 2014

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

Chairman Wittman, Ranking Member Bordallo, and distinguished members of the House Armed Services Readiness Subcommittee, I appreciate the opportunity to testify regarding our Fiscal Year 2015 Operations and Maintenance, Navy (O&M,N) budget request.

The operations and maintenance account enables our Navy to operate forward with a well-trained, well-equipped, and ready force. As we conclude over a decade of conflict and bring our ground forces home from extended stability operations, your naval forces remain on watch around the globe. In fact, Combatant Commanders continue to express a sustained high demand for naval forces in all theaters of operations.

With your support, the Fiscal Year 2014 appropriation has improved our forward operations and readiness over the previous year. Through the remainder of this fiscal year, we are restoring fleet training, maintenance, and operations, and will recover a substantial portion of our FY13 maintenance backlog.

Our FY15 Operations and Maintenance, Navy (O&MN) request of $39.3 billion reflects an increase of approximately $3.5 billion over our FY14 enacted baseline.

This budget request will enable us to continue to execute our missions, but with increasing risk in specific missions articulated in the *Defense Strategic Guidance*. In preparing this budget, we set the following priorities:

1. Sea-based strategic deterrence
2. Forward presence
3. Capability and the capacity to win decisively
4. Force readiness
5. Sustain our technological edge in key asymmetric capabilities
6. Sustain a relevant industrial base

Our budget request is a balanced portfolio of capabilities and readiness investments aligned to these priorities. We will continue to maximize our presence using forward-basing and innovative combinations of trained and ready rotational and forward-stationed forces, while making necessary investments to sustain the appropriate readiness of our non-deployed forces.

My testimony will focus on Navy's readiness posture as it relates to the operations and maintenance funding request for FY15.

Our Navy Today

With passage of Bipartisan Budget Act of 2013 (Public Law 113-67) and Consolidated Appropriations Act, 2014, our Navy has received sufficient funding to meet the requirements of the adjudicated FY14 Global Force Management Allocation Plan (GFMAP). We will train those forces required for operational deployments in FY15, while accepting risk in delayed modernization and reduced investments in shore infrastructure. The FY15 Navy budget request, with anticipated Overseas Contingency Operations (OCO) funding, will provide the operations and maintenance funding necessary to maintain, train and operate the proposed operational fleet structure and sustain required levels of readiness.

To remain a balanced and ready force across the Future Years Defense Plan (FYDP), this budget proposes slowing cost growth in compensation and benefits, maintaining the option to refuel or inactivate one nuclear aircraft carrier (CVN) and a carrier air wing (CVW), and inducting eleven guided missile cruisers (CG) and three dock landing ships (LSD) into a phased modernization period. Compared to last year's budget request, we propose canceling procurement of 79 aircraft, 3,500 weapons, and reducing funding for base facilities sustainment, restoration, and modernization.

While Navy has endeavored to "reset-in-stride" across a decade long period of high tempo operations, we require approximately five years beyond the end of combat operations in

Afghanistan to complete the process. This is driven primarily by the backlog of ship maintenance as some of the work on these capital assets requires a dry-dock maintenance availability with intervals that average eight years.

We also accepted additional risk in shore infrastructure investment and operations. Our budget request prioritizes nuclear weapons support, base security, child development programs, and air and port operations. Our budget request funds facilities' sustainment to 70% of the DOD Facilities Sustainment Model, and prioritizes repair of critical operational facilities like piers and runways, renovation of inadequate barracks, and improving the energy efficiency of facilities. Less critical repairs will necessarily be deferred.

We are mindful that this risk will compound over years and must eventually be addressed. Accordingly, we will continue to aggressively pursue opportunities such as reprogramming or realignment of funds in the year of execution to sustain our shore infrastructure.

Our Navy Tomorrow

With continued OCO funding, the budget request will meet the adjudicated requirements of the FY15 GFMAP, including at least two Carrier Strike Groups (CSGs) and two Amphibious Ready Groups (ARGs), operating forward, fully mission-capable and certified for deployment. Our budget request improves our ability to conduct the ten primary missions of the *Defense Strategic Guidance,* but with increased risk in at least two primary mission areas. We will deliver ready forces to conduct the DSG primary mission *Deter and Defeat Aggression*, but with less margin for error or ability to respond to unforeseen or emergent circumstances

Additionally, we will conduct, but with greater risk, the DSG primary mission *Project Power Despite Anti-Access/Area Denial (A2/AD) Challenges* against a technologically advanced adversary. This is principally due to slower delivery of new critical capabilities such as Navy

Integrated Fire Control-Counter Air (NIFC-CA), E2-D *Advanced Hawkeye* aircraft, and Standard Missile-6, and reduced ordnance procurement.

Our budget request proposes a phased modernization for 11 *Ticonderoga*-class cruisers that will add 137 operational "ship years" over the long term with fully modernized and relevant ships. A similar plan is proposed for three *Whidbey Island*-class LSDs requiring modernization. We would prefer to maintain routine deployments with these ships and continue a normal modernization schedule, but without the associated readiness funding this will create an imbalance, negatively impacting readiness across the Fleet.

We continue to expand forward presence and relieve stress on the rest of the force through traditional and innovative approaches, including the use of new platforms like the Joint High Speed Vessel and Mobile Landing Platform.

Improving our operational efficiency also contributes to maximizing our global presence. Our FY15 request includes investments in energy efficiency that provide our forces with increased endurance, range and flexibility while on station, which enhances our Navy's persistent, distributed presence.

The following sections address some of the readiness aspects of our budget request:

Generating the Force

Navy manages force generation using the Fleet Response Plan (FRP). This cyclic process provides time to plan and execute maintenance and modernization of our platforms, and then train the crew in all assigned missions. This enables Navy to deliver the forward presence required in the adjudicated GFMAP and generates contingency operations capacity. To meet the high operational demand over the last ten years, we found ourselves extending deployments to meet operational tasking, to the detriment of maintenance and training. In FY15, our budget proposal supports implementation of an Optimized Fleet Response Plan (O-FRP) to address

these challenges. O-FRP reinforces the tiered cycle of readiness for Navy units, providing time to complete required maintenance and graduated levels of training to sustain Fleet readiness for the long term. In addition, it provides a more predictable schedule for our Sailors and their families.

Ship Operations

Our budget request for FY15 provides for 45 underway OPTEMPO days per quarter deployed and 20 days non-deployed. Our baseline request supports a 2.0 global presence for CSGs and 2.0 for ARGs. Navy's OCO request will provide a level of funding that meets the full adjudicated FY15 GFMAP ship presence requirement, higher operational tempo for deployed forces and sufficient operating funding for unit level maintenance and training.

Air Operations (Flying Hour Program)

The Flying Hour Program (FHP) funds operations, intermediate and unit-level maintenance, and training for ten Navy carrier air wings, three Marine Corps air wings, Fleet Air Support aircraft, training squadrons, Reserve forces and various enabling activities. The FY15 baseline program provides funding to maintain required levels of readiness for deployment or surge operations, enabling the Navy and Marine Corps aviation forces to perform their primary missions by funding the average T-2.5/T-2.0 USN/USMC training readiness requirement in the base budget. OCO funding will be requested for higher deployed operating tempo.

Fleet Training, Training Ranges and Targets

We are sustaining investments in key training capabilities, including Fleet Synthetic Training, Threat Simulation Systems, and the Tactical Combat Training System as well as improving training capabilities for our surface force Sailors. Our request continues procurement of high speed, maneuverable surface targets to emulate the anti-access fast assault craft threat, and continues development of the next generation of aerial targets.

Physical and electronic encroachment on our Navy ranges, operating areas, and special-use airspace continue to impact our ability to conduct training, testing, and evaluation activities. Our FY15 budget request continues to mitigate challenges presented by traditional and emergent encroachment, such as urban expansion, electromagnetic spectrum and frequency loss, ocean observing systems deployment, and foreign investment proximate to our installations and ranges.

Readiness Investments Required to Sustain the Force - Ship and Aircraft Maintenance

The Navy maintenance budget requests are built upon our proven sustainment models, continue our ongoing investment in improved material readiness of our surface combatants, and move forward the integration of new capabilities into naval aviation.

The FY15 budget request funds approximately 80% of the ship maintenance across the force, supporting both depot and intermediate level maintenance for carriers, submarines and surface ships. OCO funding will be necessary to execute the full requirement, including continued reduction of the backlog of maintenance in our surface ships. We have improved our understanding of the material condition of our ships and updated Class Maintenance Plans to add rigor to the ship maintenance planning and execution process. These actions, with the anticipated level of funding, will ensure that our ships achieve their expected service life. The request also funds 80% of our aviation depot maintenance requirement in baseline, and supports the transition to new electronic attack, helicopter, and maritime patrol aircraft.

Spare parts investments correlate directly to readiness and are indispensable to successful introduction of new capabilities and sustainment of existing programs. Budget requests for spares are based on models that maximize cost benefits while attaining specific maintenance requirements and operational availability goals. Rigorous processes are in place to ensure available funds are fully executable and applied according to Fleet readiness priorities.

Navy Expeditionary Combat Forces

Navy expeditionary combat forces support ongoing combat operations and enduring Combatant Commander requirements by deploying maritime security, construction, explosive ordnance disposal, logistics and intelligence units to execute missions across the full spectrum of naval, joint and combined operations. Our baseline funding request in FY15 represents 42% of the enduring requirement, necessitating OCO funding to meet the full requirement. As U.S. force levels in Afghanistan decrease, Navy expeditionary forces remain instrumental to the retrograde and reset of equipment and personnel, providing engineering and maneuver support to the joint ground combat elements. Continued OCO funding for the reset of deployed equipment will be critical to the long-term readiness of the force.

Readiness Investments Required to Sustain the Force – Shore Infrastructure

The Navy's shore infrastructure – both in the United States and overseas – provides essential support to our Fleet. In addition to supporting operational and combat readiness, it is also a critical element in the quality of life and quality of work for our Sailors, Navy civilians, and their families. As we have done for several years, we continue to take risk in the long-term viability of our shore infrastructure to sustain Fleet readiness under the current top line. The FY15 budget request includes funding for a capital investment of approximately 3.5% across all shipyards and depots, and funds the most critical deficiencies related to productivity and safety at our depots.

Our Navy into the Future

A return to sequestration spending levels in FY16 and beyond will lead us to a Navy that would be insufficient in size and capability to conduct the missions of the 2012 *Defense Strategic Guidance*. Under that scenario, additional force structure adjustments, to include the inactivation of one nuclear aircraft carrier and one carrier air wing, would be required to fund

adequate readiness of the remaining force. This would result in a smaller and less capable Navy with insufficient capability and capacity to execute at least four of the ten primary DSG mission areas. Continuing to address this challenge on an annual basis without a realistic FYDP planning horizon sub-optimizes decision-making, impacts future readiness and safety, delays the introduction of new capabilities and upgrades, risks long-term gaps in the professional development of our personnel, and ultimately increases cost.

Despite these challenges, we are fortunate to continue to enjoy the highest quality force in our history. These outstanding men and women who serve our nation at sea make us the finest Navy in the world. On behalf of all of our active, reserve, and civilian Sailors, I wish to express my appreciation for your efforts and continued support of them and their families.

Vice Chief of Naval Operations

8/22/2011 - Present

Admiral Mark Ferguson



Following graduation from the U.S. Naval Academy with the Class of 1978, Adm. Ferguson completed nuclear power training prior to entering the fleet as a surface warfare officer.

His afloat assignments include service on board USS *South Carolina* (CGN 37), USS *Fife* (DD 991) and USS *Dwight D. Eisenhower* (CVN 69). He commanded the USS *Benfold* (DDG 65) and Destroyer Squadron 18.

In addition to various staff assignments, he served as a Special Assistant to the Supreme Allied Commander, Europe, in Mons, Belgium. He has also served as the assistant commander, Navy Personnel Command, chief of legislative affairs, and chief of naval personnel.

Ferguson holds a master's degree in computer science from the Naval Postgraduate School and completed a National Security Fellowship at the Harvard Kennedy School. His awards include the Navy Distinguished Service Medal, the Defense Superior Service Medal, and various unit and campaign awards.

Updated: 19 April 2012

Not Public until released by the
House Armed Services Committee

STATEMENT OF

GENERAL JOHN M. PAXTON, JR.

ASSISTANT COMMANDANT OF THE MARINE CORPS

BEFORE THE

READINESS SUBCOMMITTEE

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

READINESS

10 APRIL 2014

Not Public until released by the
House Armed Services Committee

Chairman Wittman, Ranking Member Bordallo, and distinguished members of the House Armed Services Subcommittee on Readiness, I appreciate the opportunity to testify on the current state of Marine Corps readiness and our Fiscal Year 2015 budget request for operations and maintenance. We appreciate Congressional support for the readiness of our force.

Today, the Marine Corps, as it has since 1775, remains the Nation's crisis response force. Continuing to fulfill this role is our top priority. We have earned a reputation as the Nation's most forward deployed, ready, and flexible force. The performance of Marines over the past year, underscores the fact that responsiveness and versatility is in demand as much today as it will be in the future. Marines formed the leading edge of the U.S. humanitarian response to the disaster in the Philippines and assisted in the evacuation of U.S. embassy personnel in Juba, South Sudan, all while engaging in combat operations in Afghanistan and providing forward presence around the globe.

Currently, there are more than 6,300 active and reserve Marines forward deployed in support of Operation ENDURING FREEDOM (OEF) in Afghanistan, a reduction of over 2,000 Marines over the past year. The transition to advisory and mentoring roles has led to successes for the Afghan National Security Forces.

Additionally in 2013, the Marine Corps supported all six Geographic Combatant Commands (GCC) with task-organized units that conducted over 200 Theater Security Cooperation (TSC) engagements including TSC exercises, bilateral exercises, and military-to-military engagements with the armed forces of more than 50 partner nations to build partner capacity (BPC). In short, Marines stand ready and able to respond to future incidents that threaten our Nation's interests regardless of the location or the nature of the occurrence.

Current Readiness

The Marine Corps is committed to remaining the Nation's Force-in Readiness, a force truly capable of responding to a crisis anywhere around the globe at a moment's notice. Readiness is the critical measure of the Marine Corps' ability to be responsive and capable.

Marines are forward stationed and forward-deployed, protecting the Nation's security by conducting operations that defeat and deter adversaries, support partners, and create decision space for our national-level leaders.

We fully appreciate that our readiness today and the ability to maintain it in the future are directly related to the fiscal realities of the Department of Defense's budget. As our nation continues to face fiscal uncertainty, we are making hard but necessary choices to protect near term readiness and place the Marine Corps on the best trajectory to meet future defense requirements. We are protecting readiness with the realization that our infrastructure sustainment and modernization investments will be negatively impacted over the long term as we prioritize limited resources to ensure a ready force now. Such tradeoffs portend future increased costs and risks to the long-term readiness of the Marine Corps.

As America's crisis response force, however, your Corps does not perceive a choice. We are required to maintain an institutional posture and mindset that facilitates our ability to deploy ready forces tonight. Programing for acceptable less-ready unit status is not an option for the Marine Corps. However, as we continue to face the possibility of full implementation of the Budget Control Act from FY 2016 to FY 2021, we may well be forced into adopting some short term or limited scope variations with selected less-ready units over the next few years.

Taking these realties into account, the Marine Corps' principal concerns going forward are the readiness of our non-deployed units and the reconstitution of the whole-of-force after over a decade of unprecedented sustained conflict. The Marine Corps can sustain its current operational requirements on an enduring basis; however, to maintain the high readiness of our forward deployed units, we globally source equipment and personnel from our non-deployed units, or bench. Ultimately, readiness comes at a cost and the high readiness of deployed forces comes at the expense of our non-deployed units.

Our non-deployed forces' principal unit readiness detractor is the availability of key items of equipment at the unit level with which to outfit and train units. Based on steady state operations and emerging requirements, the Marine Corps has accepted risk to both personnel and

equipment readiness of our non-deployed units in order to fully support forces forward deployed. Currently, slightly more than 50 percent of our non-deployed units are experiencing degraded readiness in their ability to execute core missions. Approximately 62 percent of non-deployed units have equipment shortfalls and 33 percent are experiencing personnel shortfalls necessitated by the effort to ensure that forward deployed units are 100 percent manned and equipped. Such realities portray the imbalance of readiness across the Marine Corps. This however cannot be our long-term solution to the whole-of-force readiness, since our non-deployed operating forces serve as an insurance policy, providing a timely response to unexpected crises or large-scale contingencies. If those units are not ready, it could mean a delayed response to resolve a contingency or to execute an operations plan.

In regards to reconstitution, the Marine Corps is not conducting an "operational pause", whereby we will have the luxury of focusing exclusively on resetting war-torn equipment and reconstituting the force. The Marine Corps' focus is being ready to respond to unforeseen crises, source rotational units, and meet the ever-increasing demand for theater security cooperation, under the "New Normal." It should be noted that our reconstitution efforts remain almost exclusively reliant on Overseas Contingency Operations (OCO) funding. Overly steep reductions, or the outright loss of OCO funding, will significantly impact the ability to reset equipment thus causing depot backlogs and subsequently placing readiness at risk.

The risk to the nation is too great to allow the readiness of the Marine Corps to be degraded. FY15 funding levels protect current readiness; however, they do so at the expense of the infrastructure sustainment and equipment modernization, which are keys to protecting future readiness. This is a logical choice given the current fiscal situation, but it is not sustainable over time. Ignoring the impact of this required trade-off for any sustained period will adversely affect the force in the long term, and create unacceptable risk for our national defense.

Resetting the Force

Reset is a subset of reconstitution and comprises the actions taken to restore units to a desired level of combat capability commensurate with the unit's anticipated future missions.

After more than a decade of combat, this requires an unprecedented level of effort. The Marine Corps is resetting its forces "in stride," while fighting the war in Afghanistan and transitioning to meet Defense Strategic Guidance and "New Normal" requirements.

The Marine Corps' Operation Enduring Freedom Ground Equipment Reset Strategy, released in January 2012, guides the execution of our reset and divestiture strategy. The reset strategy prioritizes investment and modernization decisions to develop our force. Last year our reset liability was estimated at less than $3.2B. We continue to make significant progress on resetting our equipment with the help of joint partners such as U.S. Transportation Command and the Defense Logistics Agency. Today, we estimate that our remaining ground equipment reset liability, from FY15 through the end of the reset mission, is approximately $1B. We anticipate further refinements as we drawdown further and gain a more refined perspective on both the totality of the costs associated with returning our equipment from Afghanistan and the detailed costs associated with resetting that gear after more than 12 years of combat. We will continue to ask for only the OCO funds we know we need to reset our force from OEF, and I note that DOD's final FY15 OCO request will depend on policy decisions about our enduring presence in Afghanistan that have not yet been made.

The Marine Corps is on track to complete redeployment of people, equipment and sustainment per the established timeline of the Commander, International Security Assistance Force (ISAF). The Retrograde and Redeployment in support of Reset and Reconstitution Operational Group (R4OG) is a vital element to the Marine Corps' responsible drawdown from Afghanistan and the successful execution of the Ground Equipment Reset Strategy. The R4OG was formed in May 2012 and represents the largest portion of the Marine Corps' contribution to the U.S. Central Command Materiel Recovery Element (CMRE) and is tasked with preserving the operational capacity of combat units by shouldering the load of clearing the battle space of equipment, supplies and sustainment stocks. The R4OG is focused on accountability and efficiency within the redeployment and retrograde process. To date, the R4OG has retrograded 25,800 Marine Corps equipment items valued at more than $576M, repaired more than 2,500 shipping containers, processed more than $230M of excess/serviceable ammunition, and has facilitated the retrograde of more than 5 million square feet of aviation matting (AM2). Overall,

since the start of OEF retrograde operations in 2012, the Marine Corps has retrograded 77% of its equipment items; over 75% of the supplies, repair parts, and ammunition; and more than 98% of its AM2 matting at the high point of operations in Afghanistan.

Depot Capacity

The bulk of ground equipment reset execution is occurring at our depot. The continued availability of depot capacity at our Marine Depot Maintenance Command, consisting of depots at Albany, Georgia and Barstow, California is critical to our ground equipment reset strategy, and our ability to reconstitute the force by 2017. The Marine Corps' total OEF ground equipment reset requirement includes approximately 71,000 principal end items. About 77% of those items have begun the reset process, and just over 40% of our total requirements are reset complete. With support of the FY15 baseline and our anticipated OCO request, we continue on the path to being able to complete the reset of ground equipment on time, avert backlogs, and return equipment to our Operational Forces as rapidly as possible.

With regards to Marine aviation, the Bipartisan Budget Act (BBA) provides the Department of the Navy with funding relief to buy down the previous backlog of airframes and engines; however a depot backlog still remains. The Marines Corps' F/A-18A-D depot backlog continues primarily due to increased turnaround time and reduced throughput for aircraft undergoing depot maintenance. The Marine Corps currently has 264 F/A-18's in its inventory, 132 of which are currently Out of Reporting (OOR). Having 132 F/A-18's OOR increases operational risk and creates significant challenges in managing the inventory. Each F/A-18 squadron requires 12 aircraft per squadron to maintain minimum deployable combat readiness (C2). Of our 12 squadrons, 5 are deployed at any given time. The reductions to depot throughput have resulted in non-deployed squadrons having only 6 aircraft available for training and operational support. The long term effect on non-deployed Marines F/A-18 squadrons is the inability of the unit to achieve and maintain minimum deployable combat readiness required for follow-on deployments or contingency response. Continued support for aviation depots, and F/A-18A-D sustainment and upgrade initiatives are vital for achieving aircraft flight line

requirements, and ensuring the platform remains lethal, survivable, and relevant through the transition to the F-35 Joint Strike Fighter (JSF).

The Marine Corps requires continued funding to complete the reset of equipment still being utilized overseas, to reconstitute home station equipment, and to modernize the force. Any reduction in the FY 15 baseline request, as well as to the anticipated OCO request, will defer maintenance requirements to out-years, thus increasing the backlog of equipment requiring service. Sustained funding reductions such as sequestration cause a ripple effect eventually leading to a backlog that will adversely affect near and long term readiness. Simply put, training a unit with only half of their complement of equipment is not possible. When these units are called on to prepare for deployment, they will begin with a training deficit that may be insurmountable.

Postured for Steady State and Crisis Response

The Marine Corps has a strategic trajectory to reconstitute to a ready force to meet the Defense Strategic Guidance for both steady state requirements and crisis response contingencies. The FY15 budget contains funding for the Special Purpose Marine Air Ground Task Force – Crisis Response (SPMAGTF-CR) and Marine Corps Embassy Security Group (MCESG) expansion that were added in the FY14 Omnibus Appropriations Bill. These initiatives will leverage the Corps' crisis response capability through lighter, more agile, forward-deployed forces to meet combatant commander and Department of State demands across the globe. Additionally the rebalance to the Pacific remains a top priority as reflected by continued resourcing of the Unit Deployment Program (UDP) and operational units based in the Pacific region.

As we drawdown the Marine Corps' active component end-strength from a wartime high of 202,000 Marines, we took the appropriate steps to redesign a ready force by FY17. Our reconstitution efforts will restore and upgrade our combat capability and seek to ensure our units are ready for operations across the range of military operations. Over the past three years, we undertook a series of steps to build our current force plan. In 2010, our Force Structure Review

Group utilized the Defense Strategic Guidance and operational plans to determine that the optimum size of the active component Marine Corps should be a force of 186,800. However under the FY 2012 Defense Strategic guidance and constraints of the 2011 Budget Control Act, we estimated that a force of 182,100 active component Marines could still be afforded, with the realization that reductions in modernization and infrastructure support would be difficult but necessary to sustain optimal readiness levels.

Prior to the Quadrennial Defense Review (QDR), we came to the difficult understanding that, under the threat of continued sequestration or some variant, an active duty force of 175,000 Marines (175K) is what our nation can afford, when coupled with very steep cuts to USMC modernization and infrastructure accounts. This significantly reduced force is a "redesigned" Marine Corps capable of meeting steady state requirements. We will still be able to deter or defeat aggression in one region, however with significant strain on the force and increased risk to mission accomplishment everywhere else.

The redesigned force is built to operate utilizing the familiar Marine Air-Ground Task Force construct, but it places a greater emphasis on the "middleweight" Marine Expeditionary Brigades and their highly versatile and scalable MEB Command Element or headquarters. These MEB headquarters will be prepared to serve as a ready crisis response flag-level, JTF capable command element for the joint force. The redesigned force will also persistently deploy SPMAGTFs and Marine Expeditionary Units (MEU) to provide combatant commanders ready forces for a broad range of missions.

Essential for augmenting and reinforcing our active duty force is our Marine Corps Reserve. As an integral part of our Total Force, our Reserve Marines have, for the past 13 years, been engaged in combat operations in Iraq and Afghanistan, as well as in regional security cooperation and crisis prevention activities in support of geographic combatant commander's requirements. This operational tempo built a momentum among our reserve war fighters and a depth of experience throughout the ranks that is unprecedented in our current reserve force.

Just as we are reshaping our active force, so too are we reducing the end strength of our reserve force. Within the FY15 budget we plan to achieve a Selected Reserve end strength of 38,500 Marines by the end of FY17, down from a current end strength of 39,600. Despite this reduction in end strength, our reserves remain well postured to provide operational capability and capacity to the active force during both peacetime steady-state operations and crisis response contingencies.

Maintaining a high state of readiness within the current and near-term fiscal climate will be challenging for Marines and their equipment. For example, the desired 186.8K force supported a 1:3 deployment-to-dwell ratio to meet emerging steady state demands. The redesigned 175K force reduces our availability to a 1:2 dwell ratio for our operational units. This 1:2 ratio is the same operational tempo we operated under during much of the past decade, while engaged in combat and stability operations in Iraq and Afghanistan. It is supportable in the short term and midterm, but long term sustainability may need to be revisited.

The redesigned force will retain the ability to generate seven rotational Marine Expeditionary Units, with one deployer from the East Coast, one deployer from the West Coast, and one deployer from Okinawa. Special Purpose MAGTFs will respond to the greater demand for multi-role crisis response forces, as seen in Libya and South Sudan. The Marine Corps also remains fully committed to expanding embassy security by adding approximately 1,000 Marine Corps Embassy Security Guards (MCESG) as requested by Congress.

Lastly, to support the rebalance to the Pacific, we prioritized our Pacific theater forces activities in the new force structure. Despite end strength reductions, III Marine Expeditionary Force – our primary MAGTF in the Pacific – remains virtually unaltered. We also restored Pacific efforts that were gapped during Operation Enduring Freedom, including multiple exercises and large elements of the Unit Deployment Program. A rotational presence in Darwin, Australia also expands engagement opportunities and regional influence. By 2017 we will have approximately 22,000 Marines operating and forward postured within the Pacific theater.

Five Readiness Pillars

To achieve institutional readiness, sustain operational requirements, and be prepared for crisis and contingency response, we must restore and maintain a balance for our Marine Corps across five pillars as outlined in previous posture statements and congressional testimony, these remain:

- High Quality People
- Unit Readiness
- Capacity and Capability to Meet Requirements
- Infrastructure Sustainment
- Equipment Modernization

High Quality People

The recruiting and retention of high quality people are essential to maintaining a highly ready and professional force. We require the right quantities and occupational specialties to fulfill our role as an expeditionary force in readiness. Critical enablers of recruiting and retaining a high quality force are appropriate levels of compensation and benefits; we thank the Congress for its focus on this very important issue. We rely on Congress' continued support for pay and benefits, incentive pays, and selective reenlistment bonuses to meet future challenges and shape the all-volunteer force to meet emerging defense strategies.

The Marine Corps is committed to attracting, mentoring and retaining the most talented men and women, who bring diverse backgrounds, cultures and skills in service to our Nation. The Nation's changing demographics continue to push diversity to the forefront as a strategic issue. The Marine Corps is working toward completion of the first phase of a landmark diversity initiative centered around four diversity task forces: 1.) Leadership, Mentoring and Accountability; 2.) Culture and Leading Change; 3.) Race and Ethnicity; and 4.) Women in the Marine Corps. Recommendations from these task forces will form the basis of a comprehensive

strategy to manage talent and enable the Marine Corps to improve diversity and inclusion across the Corps.

Our Civilian Marines support the mission and daily functions of the Marine Corps and are an integral part of our total force. They serve alongside our Marines in uniform all around the world. This workforce is the leanest of all services, with a ratio of one appropriated-funded civilian to every ten active duty Marines (1:10). Additionally, our civilian labor represents less than five percent of the Marine Corps' total Operations and Maintenance (O&M) budget. More than 95 percent of our civilians are located outside the Pentagon at our bases, stations, depots and installations. Civilian Marines provide stability in our training and programs when our Marines rotate between units, demonstrating that our "best value" for the defense dollar applies to the total force. As we move forward we will continue to keep faith with our all-volunteer force of federal civilians.

The Marine Corps' Wounded Warrior Regiment (WWR) functions as a central pillar of our pledge to "keep faith" with those who have served. Whether a Marine is wounded in combat, suffering from a chronic unresolved illness, or injured in a training accident, the WWR remains committed to providing comprehensive recovery care. For the Marine Corps, recovery care is not a process. Instead it is the holistic approach to the well-being entirety of our Marines and their families. Ultimately Marines and their families, the Congress, and the public at large can be reassured that the Marine Corps, through the WWR, will continue recovery care in times of war and relative peace.

Unit Readiness

This pillar upholds the importance of maintaining and shaping the readiness of the operating forces, to include the necessary O&M funding to train to core missions and maintain equipment. Our focus is on training to our core expeditionary and amphibious mission capabilities, while further restructuring unit and institutional training for emerging security demands. Marine Expeditionary Force and Marine Expeditionary Brigade readiness continues to improve with larger scale exercises focusing on honing maneuver and amphibious capabilities

not often utilized over the past decade. We anticipate incremental increases in the core training readiness of units as Marines and equipment flows back from Afghanistan. The availability and readiness of amphibious and Maritime Prepositioning Ships and equipment are critical components in building and maintaining readiness for expeditionary, amphibious operations. We thank Congress for the continued support to funding the needed amphibious and maritime prepositioning ships essential to protecting our Nation's defense and economy.

The FY15 budget continues to support the Marine Corps' Service-level training program by fully funding an Integrated Training Exercise (ITX) program designed to recover full spectrum readiness. The ITX provides training for up to 10 infantry battalions, 5 artillery battalions, 5 logistics battalions, 25 flying squadrons, and additional aviation support elements. Additionally, high altitude and mountainous terrain exercises at our training center in Bridgeport, CA, will train up to 2 infantry battalions with limited flying squadrons and logistics units, and typically will include joint, coalition and special operations forces. Continued funding for service level training is imperative as we drawdown from Afghanistan and prepares the whole-of-force for all manner of crisis and contingencies around the globe.

Capability and Capacity to Meet Requirements

Force-sizing to meet requirements, with the right mix of capacity and capability, is the essence of this readiness pillar. The confluence of the "New Normal" and possible sequestration-level funding, challenged the Marine Corps to adopt its future force posture and generate capabilities adaptable to a variety of operational requirements. The USMC Future Force Posture Plan improves the forward deployed Marine force posture and provides more flexibility in employing the ARG/MEU for Geographic Combatant Commanders. Forward presence of Marines ashore and afloat reduces response times and enables the Marine Corps to better shape the security environment for appropriate crisis response or follow-on joint force operations. Furthermore, the Future Force Posture Plan will provide reach-back capability for additional USMC CONUS-based Crisis Response forces, providing the national leaders with a myriad of crisis response options, while gaining efficiencies in meeting requirements. These

future force posture additive capabilities to meet "New Normal" missions will in time improve the readiness and responsiveness of the Marine Corps.

The Marine Corps provides combatant commanders with regionally focused and trained forces to meet their growing demand for theater security cooperation engagements. However, this demand continues to increase beyond the capacity of any single service. The Navy is uniquely capable of using the sea and waterways as maneuver space as well as providing combatant commanders with persistent, self-sustaining, sea-based forces to meet the full spectrum of security cooperation (SC) requirements. The Navy and Marine Corps are executing a coordinated and integrated approach as described in the recently signed Maritime Security Cooperation Policy (MSCP). The MSCP will provide combatant commanders with maritime-specific solutions to their TSC objectives.

We have developed a cadre of Officers and Staff NCOs with a sophisticated understanding of international security environments in order to facilitate engagements with partner nations and assist the Marine Corps on the asymmetric battlefields of the future. These Marines support military operations with an expanding number of coalition partners in a diverse set of geopolitical conditions around the world. Our Foreign Area Officers and Staff NCOs develop professional Language, Regional Expertise, and Cultural (LREC) knowledge capabilities and insights to help MAGTF, Joint, and Coalition commanders understand the complex human environment where Marines deploy. Today's operating environment demands a degree of LREC capability that requires years, not weeks, of training and education, as well as a greater understanding of the factors that drive social change.

Our Corps' future forces will be guided by the principles outlined in our Capstone Operating Concept: *Expeditionary Force 21*. This document is our vision for designing and developing the force that will continue to fulfill these responsibilities. It is however more than a vision – it is also an actionable plan and a disciplined process to shape and guide our capability and capacity decisions while respecting our country's very real need to regain budgetary discipline. True to our expeditionary ethos, we will work with a clear-eyed view of what will be asked of us and seek only what we believe is necessary. Nimble by organizational design and

adaptive by culture, we will rely on open-mindedness and creativity and make the best of what we have. Through *Expeditionary Force 21* we will chart a course over the next 10 years to field a Marine Corps that will be: the right force in the right place at the right time.

Infrastructure Sustainment

Readiness also depends on the availability and condition of real property and infrastructure. Adequately resourcing the sustainment of Marine Corps bases and stations is essential to safeguarding unit readiness as they provide the means by which units conduct training to deploy. The need to be better stewards of our installations and facilities grows as resources become more constrained. The Marine Corps is depending on the FY15 budget to preserve today's facilities at a condition necessary to support those preparing for upcoming missions and deployments as well as support their families.

The Marine Corps continues to accept risk in this pillar, reducing funding for several programs that will affect long-term installation readiness including MILCON and restoration and modernization projects. During FY08 through FY14, Congress generously provided the Marine Corps $11.4B in military construction for new facilities to maintain state-of-the-art aircraft, improved live-fire training ranges, armories, new applied and academic instruction facilities, physical fitness facilities, child care centers, barracks and command and control buildings. We request Congress' continued support in the protection of these investments and those of facilities sustainment and demolition, family housing, environmental management, energy conservation and essential MILCON funding to support critical programs, units and institutions such as infantry regiments, the Joint Strike Fighter, MV-22 and Marine Corps Security Forces Consolidation. The FY15 budget baseline request supports the Marine Corps investment to sustain facilities and allows us to budget to 75% of the OSD facility sustainment model, returning to 90% in FY16 through FY19.

Equipment Modernization

To bolster investments in personnel and unit readiness, the Marine Corps has accepted the greatest amount of risk in its equipment modernization budget. The Marine Corps' ground and aviation equipment must meet the needs of current and emerging security environments. As the Marine Corps explores options to adjust to changing fiscal realities, there is a clear imperative to upgrade and modernize legacy equipment used in OEF and OIF. Aging ground platforms, such as the nearly 40-year-old Amphibious Assault Vehicle (AAV), underscore the need for investment in modernization and service-life extensions to guarantee dominance over future threats. Aging platforms are becoming simultaneously more expensive to operate and harder to maintain.

Our modern expeditionary force will require fixed wing aircraft capable of flexible basing ashore or at sea in support of our Marine units. The Joint Strike Fighter is the best aircraft to provide that support today and well into the future. Likewise, a core capability of our expeditionary forces is the ability to project forces ashore from amphibious platforms and to maneuver once ashore.

The Expeditionary Fighting Vehicle (EFV) was envisioned as a "leap ahead" replacement for our current Amphibious Assault Vehicle (AAV) that would provide high speed, long-range maneuver capability in both the seaward and landward portions of the littoral. Three years ago, we cancelled the EFV program to explore more affordable alternatives for an amphibious combat vehicle (ACV). We established an Amphibious Capabilities Working Group that examined current and emerging intelligence, surveillance, and reconnaissance (ISR) capabilities, strike capabilities, and their integration into potential adversaries' approaches to anti-access, area denial. We noted, with particular concern, the impact of future loitering top-attack munitions and the proliferation of guided rockets, artillery, missiles, and mortars.

From this threat assessment, we concluded that we would either need to expand the scope and duration of our shaping operations, launch our forces from greater range than the 10-25 nautical miles offshore previously postulated, or apply some combination of these actions. Next,

as part of the Marine Personnel Carrier (MPC) program we examined commercial off-the-shelf/non-developmental wheeled combat vehicles and discovered several important points. First, modern wheeled vehicles have substantially closed the maneuver performance gap that previously existed between tracked and wheeled vehicles. These new eight wheeled vehicles have exceptional cross country performance and some limited swimming capability.

We concluded that our concepts for operational maneuver from the sea and ship-to-objective maneuver remain valid, but that we will execute them by evolving a somewhat different "toolkit" than originally envisioned. The current ACV program has been re-crafted to reflect a family of systems approach to the military problem – the necessity to conduct amphibious operations from further offshore while enhancing protected mobility for the mission on land. It leverages experience gained in the EFV program, the MPC program, threat analysis, and combat experience. The ACV program will immediately pursue a medium weight wheeled armored personnel carrier with acceptable swimming capability close to shore. Concurrently, risk over the midterm will be mitigated through a survivability upgrade to a number of our current self-deploying AAVs to extend their service life through at least 2030. In concert with the Navy, we will continue to explore capabilities that better enable us to conduct extended range littoral maneuver from ship to objective via high speed surface connectors.

Informed by our planning for potential and resultant POM15 budget decisions, we have the foundation to conservatively adjust our ground combat and tactical vehicle strategy and yet enhance this core competency across a wide array of capabilities. We will develop and procure the Joint Light Tactical Vehicle (JLTV), while maintaining critical modification programs for our tank, LAV, and HMMWV fleets, in conjunction with our assault amphibian modernization efforts. We will continue to assess our ground vehicle portfolio in order to inform forthcoming budgetary decisions.

Partnered With the Navy

We share a rich heritage and maintain a strong partnership with the United States Navy. Sea-based and forward deployed naval forces provide day-to-day engagement, crisis response,

and assured access for the joint force in a contingency. The availability of amphibious shipping is paramount to our readiness. The Marine Corps' requirement for amphibious warships continues to be at 38 platforms. However, due to fiscal realities the Marine Corps and Navy agreed to a fiscally constrained minimum of 33 total amphibious warships to support two Marine Expeditionary Brigade (MEB) assault echelons. The Navy's inventory to date is 30 total warships. When accounting for steady-state demand and maintenance requirements we are realizing that far less platforms are readily available for employment. In the near term, the Navy and Marine Corps are looking at alternative platforms that can complement the current amphibious inventory.

Partnered with the Navy, we will continue to pursue innovative concepts for maritime expeditionary operations with platforms such as the Joint High Speed Vessel (JHSV), the Mobile Landing Platform (MLP) and the Afloat Forward Staging Base (AFSB). As new maritime prepositioning force ships are integrated into the Maritime Prepositioning Ships Squadrons (MPSRONs), they will provide additional operational benefits to the Combatant Commanders, such as an over-the-horizon surface connector capability and better selective access to equipment and supplies.

A critical component in building, training, and maintaining an expeditionary forward presence is the availability and readiness of amphibious ships. The combat readiness of our amphibious ships is a foundational requirement for expeditionary force presence, and when required, amphibious force projection. The Navy has acknowledged that low amphibious ship availability and readiness can present a significant challenge to the training readiness of our Naval Expeditionary Forces and is addressing maintenance readiness shortfalls. Since 2010, the average deployment length for a West Coast and East Coast Amphibious Ready Group/Marine Expeditionary Unit has been 223 days and 274 days respectively. This high duration of deployment lengths combined with a high operational tempo, reduced ship inventory, and deferred/compressed maintenance periods demonstrate the imperative to maintain planned/scheduled maintenance cycles and to build adequate inventory. These have a direct impact on the readiness of the amphibious fleet and on ensuring the ships reach their service life.

An example of the importance of ship maintenance and availability occurred during disaster relief efforts in the Philippines in the wake of Typhoon Haiyan. Although two forward deployed amphibious ships were able to provide some assistance to Operation DAMAYN, the larger and more capable amphibious ships could not leave port due to maintenance; restricting the amount of supplies and relief that the MEU could provide.

Continued Congressional support for the Navy's shipbuilding and surface ship-to-shore connector plans is vital to the Nation's ability to retain and maintain an adequate fleet of modern combat-ready amphibious ships, which can provide continuous naval expeditionary presence and project power across the globe whenever and wherever needed. In September 2013, the Commandant of the Marine Corps, Chief of Naval Operations, and Commandant of the Coast Guard signed the Maritime Security Cooperation Policy (MSCP). This tri-service policy prescribes a planning framework for Marine Corps, Navy, and Coast Guard headquarters, regional components, and force providers with the goal of providing Combatant Commanders an integrated maritime approach to security cooperation in support of national security objectives.

Throughout more than a decade of sustained operations ashore in Iraq, Afghanistan, and elsewhere, we continued to deploy thousands of Marines aboard amphibious warships around the globe. The Navy and Marine Corps remains postured to provide persistent presence and engagement, maintaining a constant watch for conflict and regional unrest. The Navy-Marine Corps relationship has never been better; we will continue to advance our shared vision as our nation transitions from protracted wars ashore and returns its focus to the maritime domain.

Conclusion

On behalf of the Marine Corps and Sailors who provide this Nation with its versatile, reliable, middleweight force in readiness, I thank Congress for your constant interest in and recognition of our challenges. We are proud of our reputation for frugality and remain one of the best values for the defense dollar. In these times of budget austerity, the nation continues to hold high expectations of its Marine Corps, and our stewardship of taxpayer dollars. The Marine

Corps will continue to meet the needs of the Combatant Commanders as a strategically mobile force optimized for forward-presence, and crisis response. Your continued support is requested to provide a balance across the five readiness pillars, so we can maintain our institutional readiness and, as you charged more than 60 years ago, "be most ready when our nation is least ready."



General John M. Paxton, Jr.
Assistant Commandant of the Marine Corps

General Paxton was promoted to General and assumed the duties of Assistant Commandant of the Marine Corps on December 15, 2012. A native of Pennsylvania, he graduated from Cornell University with a Bachelor and Master of Science in Civil Engineering and was commissioned through Officer Candidate School in 1974.

General Paxton's assignments in the operating forces include Rifle and Weapons Platoon Commander and Company Executive Officer, Co. B, 1st Battalion, 3d Marines; Training Officer, 4th Marine Regiment; Executive Officer, Co. G, 2d Battalion, 4th Marines; Company Commander, Co. L and Operations Officer, 3d Battalion, 5th Marines; GCE Operations Officer, II MEF, and Assistant Chief of Staff, G-3, 1st Marine Division. He commanded the 1st Battalion, 8th Marines in support of operations in Bosnia and Somalia and later the 1st Marine Regiment.

Other assignments include Company Commander, Co. B, Marine Barracks Washington and Commanding Officer of Marine Corps Recruiting Station New York. He served as a Plans Division Officer, Plans, Policies and Operations, HQMC; the Executive Assistant to the Undersecretary of the Navy; and Amphibious Operations Officer/Crisis Action Team Executive Officer, Combined Forces Command, Republic of Korea.

As a general officer, he has served as the Director, Programs Division, Programs and Resources, HQMC; the Commanding General of Marine Corps Recruit Depot San Diego/Western Recruiting Region; Commanding General, 1st Marine Division; Chief of Staff, Multi-National Forces – Iraq; Director for Operations, J-3, The Joint Staff; and Commanding General, II Marine Expeditionary Force and Commander Marine Forces Africa. Most recently he served as the Commander, Marine Corps Forces Command; Commanding General, Fleet Marine Force Atlantic; and Commander, Marine Forces Europe.

General Paxton is a graduate of the U.S. Army Infantry Officer Advanced Course and Marine Corps Command and Staff College. He has also served as a Commandant's Fellow at the Brookings Institute as well as at the Council on Foreign Relations.

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE SUBCOMMITTEE
ON
READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: CURRENT READINESS OF THE U.S. AIR FORCE

STATEMENT OF: GENERAL LARRY O. SPENCER
VICE CHIEF OF STAFF OF THE AIR FORCE

APRIL 10, 2014

NOT FOR PUBLICATION UNTIL RELEASED
BY THE SUBCOMMITTEE ON READINESS
UNITED STATES HOUSE OF REPRSENTATIVES

INTRODUCTION

America's Airmen and Air Force capabilities play a foundational role in how our military fights and wins wars. The Air Force's agile response to national missions gives our Nation an indispensable advantage that we must retain as we plan for an uncertain future. Whether responding to a national security threat or humanitarian crisis, your Air Force provides the responsive global capabilities necessary for the joint force to operate successfully. As our world becomes more interconnected and networked, Air Force capabilities that allow Americans to see, reach, and affect a situation anywhere on the globe within a matter of hours will become even more critical. However, the current fiscal environment requires the Air Force to make choices that place readiness into direct competition with modernization. To best support the national defense requirements, we chose to preserve the minimum capabilities necessary to sustain current warfighting efforts while investing in capabilities needed to ensure we stay viable in a contested battlespace. Moving forward, we aim to maintain a force ready for the full range of military operations while building an Air Force capable of executing our five core missions of (1) air and space superiority, (2) intelligence, surveillance, and reconnaissance (ISR), (3) rapid global mobility, (4) global strike, and (5) command and control against a high-end threat in 2023 and beyond.

To prepare for the high-end fight, we need to maintain a ready force by focusing on the training required to win against a well-trained, technologically-advanced adversary. In the past, we have revolutionized warfighting by focusing on technology that produces game-changing capabilities for the joint force, such as stealth, Global Positioning System (GPS), and remotely piloted aircraft (RPA). These technologies, along with research, development, and test, ensured the Nation's strategic and asymmetric advantage. The Air Force has always had to balance

between what we can do (capability), how much we have to do it with (capacity), and how well trained and responsive we need to be (readiness). To do this, we must be ready across the Total Force. We will continue to be committed to a Total Force that fully leverages the strengths of each component. Ultimately, this means we need to have the right number of Airmen, with the right equipment, trained to the right level, and with the right amount of support and resources to accomplish what the President tasks us to do and survive.

Over the past ten years, our Airmen have performed exceptionally well during major combat operations in Iraq, Afghanistan, and in other conflicts across the globe. However, these operations tend to focus on missions conducted in a permissive air environment, which left insufficient time and resources to train our Airmen across the full range of Air Force missions, especially missions conducted in highly contested, non-permissive environments. While the decline in full-spectrum readiness started before sequestration, it has been exacerbated since the law took effect because of the loss of large force exercises (e.g., RED FLAG, GREEN FLAG, etc.) and the cancellation of advanced mission training opportunities, especially on our military ranges. To ensure success in the future, we must get back to full-spectrum readiness by funding critical readiness programs such as flying hours and weapons system sustainment, while also balancing deployment tempo and home-station training. This is not going to be a quick fix and it will take us years to recover. If we are not able to train for scenarios across the full range of military operations, we may not get there in time and it may take the joint team longer to win.

READINESS

The Air Force delivers *Global Vigilance, Global Reach,* and *Global Power* for America through our five core missions. By integrating capabilities across these core missions, we bring

a unique set of options to deter war, deliver rapid, life-saving responses to threatened areas anywhere on the planet, and strike precisely wherever and whenever the national interest demands. The cornerstone of our ability to provide airpower to the Nation and contribute our core missions to the joint team lies in our readiness. Readiness ensures our military can provide the President with a range of options to deter or defeat aggression against our Nation, allies, and our collective interests. To support the 2012 Defense Strategic Guidance, as updated during deliberations on the 2014 Quadrennial Defense Review, the Air Force must always be prepared to respond anywhere in the world. The Air Force defines readiness as the ability at the unit level to provide distinct operational capabilities within a specified timeframe. It encompasses personnel requirements, training, flying hours, weapons system sustainment, facilities, and installation support. A responsive readiness posture depends on high levels of health in all these areas. Because protecting future readiness includes modernizing weapons system and their associated equipment, creating combat readiness in the near-term is a complex task involving the intersection of personnel, materiel, and training. This also includes balancing time between operational and training commitments, executing funding from multiple sources, informed level of risk, and effectively managing resources to achieve the desired state of readiness.

Due to end strength and force structure changes, we had to mitigate the risk associated with a smaller military which requires a more ready combat force. If we want to sustain current force levels while personnel and operational costs continue to rise, there will be fewer resources available to support our installations, maintain current aircraft fleets, and invest in future capabilities. Combatant commanders require Air Force support on a 24/7 basis. Many of our mission sets are high priority missions that cannot be accomplished adequately or safely at low readiness levels as suggested by a tiered readiness construct. In support of our national defense

strategy, Airmen must be able to quickly respond across the full-spectrum of operations and shift between theaters of operation. Slipping to a lower state of readiness that requires a long build up to full combat effectiveness negates the essential strategic advantages of airpower and puts joint forces at increased risk.

The President's Budget (PB) reflects our effort to develop and retain the capabilities our Nation expects of its Air Force within the constraints placed upon us. Maintaining the fiscal year 2015 (FY15) PB top line level of funding will provide us with the flexibility to make strategic resourcing choices to maximize combat capability from each taxpayer dollar. If we maintain funding at this level, we can continue a gradual path of readiness recovery while preserving our future readiness, including munitions inventories, protecting our top three acquisitions programs, and protecting investments, such as the new training aircraft system and the next generation of space systems. The FY15 PB includes an Opportunity, Growth, and Security initiative that will help us reduce risk in high-priority areas, including our readiness posture by accelerating the modernization of our aging fleets and improving our installations around the country. Guiding our strategy and budget process were the requirements that we must remain ready for the full range of operations and to focus on the unique capabilities the Air Force provides the joint force against a full-spectrum, high-end threat now and in the future.

Weapons System Sustainment

Weapons system sustainment (WSS) is a key component of full-spectrum readiness. Years of combat demands have taken a toll across many weapons systems, and we continue to see an increase in the costs of WSS requirements, which are driven by sustainment strategy, complexity of new systems, operations tempo, force structure changes, and growth in depot work

packages for legacy aircraft. With recent force structure reductions, we must carefully manage how we allocate WSS in order to avoid availability shortfalls. Per the Office of the Secretary of Defense's directive, we plan to fund WSS to 80 percent of the requirement in FY15. This facilitates recovery of $260 million of unaccomplished depot maintenance in FY13. If sequestration continues, it will further hamper our efforts to improve WSS. Depot delays will result in the grounding of some affected aircraft. The deferments mean idle production shops, a degradation of workforce proficiency and productivity, and corresponding future volatility and operational costs. Analysis shows it can take up to three years to recover full restoration of depot workforce productivity and proficiency. Historically, WSS funding requirements for combat-ready forces increase at a rate double that of inflation planning factors. Although service-life extension programs and periodic modification have allowed our inventory to support 22 years of enabled operations, the cost of maintenance and sustainment continues to rise. WSS costs still outpace inflationary growth, and in the current fiscal environment, our efforts to restore weapons systems to required levels will be a major challenge. To illustrate the challenges we have with our legacy aircraft, we can compare our older aircraft to an older car. When you first buy a new car, maintenance costs are relatively low, especially if the car is covered with a warranty. However, as the car ages, maintenance costs rise as more and more components begin to break or you need to do more preventive maintenance. The same holds true for our aircraft. The longer we fly our legacy aircraft, the more they will break and require increased preventative maintenance just like an old car. We are now nearing a point where it costs more to sustain our aircraft than it does to replace them. We have tankers that are on average 52 years old, bombers that are upwards of 30 years old, and fourth generation fighters that are an average of 25 years old. If we are not able to perform weapons system sustainment on our aircraft or modernize

them so we can improve upon their speed, range, and survivability, we risk our technological edge and superiority.

Flying Hour Program and Training Resources

The emphasis on readiness in the Defense Strategic Guidance reinforced the Air Force focus on the importance of maintaining our flying hour program as part of our full-spectrum readiness. Just as with WSS, if sequestration funding levels continue, it will affect our ability to improve flying and training readiness. The flying hour program will continue to rely on overseas contingency operations funding to support Operation ENDURING FREEDOM, aircraft in the CENTCOM area of responsibility, and the redeployment of forces from Afghanistan. In addition to funding, readiness is influenced by ongoing operations as time and resources used in supporting current operations limit our opportunities to train across the full-spectrum of potential mission sets. For example, the operational and combat demands over the last decade have eroded our ability to train for missions involving anti-access/area denial scenarios. To meet combatant commander requirements, we have had to increase our deployment lengths, which in turn challenges our reconstitution and training cycles when our Airmen return from a deployment. Because there will continue to be a high demand for Air Force capabilities in future operations, balancing these rotational and expeditionary requirements with the full-spectrum training required to meet the Defense Strategic Guidance will be a critical element of our strategy in the future.

The FY15 PB increases flying hours in the operation and maintenance accounts which will allow the Air Force to fly at levels needed to begin improving readiness. The additional funding will help us recover flying hour-related readiness due to the FY13 sequester and reduced

flying in the first three months of FY14 in order to produce a small readiness increase in FY14 and FY15. The FY15 PB request supports adding additional hours to the flying hour program in FY16 – FY19 to return the program back to the full requirement as much as possible to meet the minimum training requirements.

To complement full-spectrum training, the Air Force remains committed to the long-term effort to increase our live, virtual, and constructive operational training capability and capacity by funding improvements in these types of training devices and networks. Adjustments to the flying hour program will continue to evolve as the fidelity of our devices and simulators improve. Increasing our virtual capabilities will minimize fuel consumption and aircraft maintenance costs while ensuring high quality training for our aircrews.

Full-spectrum training also includes the availability and sustainability of air-to-air and air-to-ground training ranges. Many of our ranges are venues for large-scale joint and coalition training events and are critical enablers for concepts like Air-Sea Battle. We intend to sustain these critical national assets to elevate flying training effectiveness for the joint team which will in turn improve individual and unit readiness. The same holds true for our munitions. The FY15 PB includes funding that addresses the shortfalls in our critical munitions programs and realigns funds in order to accelerate production and reduce unit cost. These investments also support and maintain our industrial base so we are able to train the way we intend to fight.

CONCLUSION

The Air Force will continue to serve America's long-term security interests by giving our Nation unmatched options against the challenges of an unpredictable future. Your American Airmen are proud of the critical role they play in our Nation's defense. We hire the best people

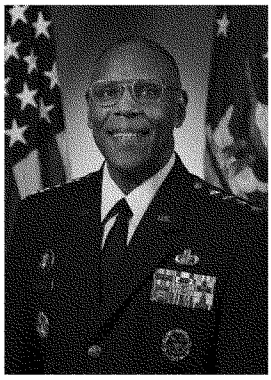
we can find and we train them better than any other airmen in the world. My job is to ensure that whenever America calls, our Airmen are ready and capable of fighting and winning our Nation's wars. Through detailed planning, we aim to improve our near-term readiness while continuing to build the force so it is ready for the full range of combat operations against a high-end threat in 2023 and beyond.

The Air Force is a vital element of the best military in the world. When we are called, we answer, and we win. That is what we do. In the last several decades, Air Force airpower has been an indispensable element of deterrence, controlled escalation, and when tasked by the Nation's senior leadership, destruction of an adversary's military capability—all accomplished with minimal casualties to U.S. service members. However, investments in Air Force capabilities and readiness remain essential to ensuring that the Nation will maintain an agile, flexible, and ready force. This force must be deliberately planned and consistently funded in order to be successful. Today's Air Force provides America an indispensable hedge against the challenges of a dangerous and uncertain future, providing viable foreign policy options without requiring a large military commitment on foreign soil. Regardless of the future security environment, the Air Force must retain and maintain its unique ability to provide America with *Global Vigilance, Global Reach,* and *Global Power.*

BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL LARRY O. SPENCER



Gen. Larry O. Spencer is Vice Chief of Staff of the U.S. Air Force, Washington, D.C. As Vice Chief, he presides over the Air Staff and serves as a member of the Joint Chiefs of Staff Requirements Oversight Council and Deputy Advisory Working Group. He assists the Chief of Staff with organizing, training, and equipping of 690,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas.

General Spencer was born in Washington, D.C. He received his Bachelor of Science degree in industrial engineering technology from Southern Illinois University, Carbondale, and was commissioned through Officer Training School in 1980 as a distinguished graduate. General Spencer has commanded a squadron, group and wing, and he was Vice Commander of the Oklahoma City Air Logistics Center. He was also the first Air Force officer to serve as Assistant Chief of Staff in the White House Military Office. He served as the Comptroller and then Director of Mission Support (A7) at a major command; and held positions within the Air Staff and Secretary of the Air Force. Prior to his current assignment, the general was Director, Force Structure, Resources and Assessment, Joint Staff, the Pentagon, Washington, D.C.

EDUCATION

1979 Bachelor of Science degree in industrial engineering technology, Southern Illinois University, Carbondale
1980 Distinguished graduate, Officer Training School, Lackland AFB, Texas
1983 Distinguished graduate, Squadron Officer School, Maxwell AFB, Ala.
1987 Master of Science degree in business management, Webster College, St. Louis, Mo.
1990 Marine Corps Command and Staff College, Quantico, Va.
1994 Distinguished graduate, Master of Science degree in resource strategy, Industrial College of the Armed Forces, National Defense University, Fort Lesley J. McNair, Washington, D.C.
2005 Logistics Executive Development Seminar, Wright-Patterson AFB, Ohio
2005 AFMC Senior Leader's Maintenance Course, Wright-Patterson AFB, Ohio
2005 Logistics Technology, University of North Carolina, Chapel Hill
2005 Black Sea Region Seminar, John F. Kennedy School of Business, Harvard University, Cambridge, Mass.
2006 Lean Six Sigma Green Belt Training Program, University of Oklahoma

2007 Systems Acquisition Management Course, Defense Acquisition University, Fort Belvoir, Va.
2011 Pinnacle, Joint, Coalition and Interagency Studies, National Defense University, Fort Lesley J. McNair, Washington, D.C.

ASSIGNMENTS
1. February 1980 - July 1982, Chief, Cost Analysis Branch, Headquarters Air Force Reserve, Robins AFB, Ga.
2. July 1982 - August 1986, cost and budget officer, Headquarters U.S. Air Force, Washington, D.C.
3. August 1986 - July 1989, budget officer and executive officer, Headquarters Military Airlift Command, Scott AFB, Ill.
4. July 1989 - June 1990, student, Marine Corps Command and Staff College, Quantico, Va.
5. June 1990 - August 1993, Commander, 4th Comptroller Squadron, Seymour Johnson AFB, N.C.
6. August 1993 - June 1994, student and research fellow, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C.
7. June 1994 - August 1996, Assistant Chief of Staff, White House Military Office, Washington, D.C.
8. August 1996 - January 1998, Commander, 72nd Support Group, Tinker AFB, Okla.
9. February 1998 - July 1999, Commander, 75th Air Base Wing, Hill AFB, Utah
10. September 1999 - June 2003, Command Comptroller, Headquarters Air Combat Command, Langley AFB, Va.
11. June 2003 - August 2005, Director of Mission Support, Headquarters AFMC, Wright-Patterson AFB, Ohio
12. August 2005 - August 2006, Vice Director, Oklahoma City Air Logistics Center, Tinker AFB, Okla.
13. August 2006 - October 2007, Director, Budget Operations and Personnel, Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller, the Pentagon, Washington, D.C.
14. October 2007 - March 2010, Deputy Assistant Secretary for Budget, Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller, Headquarters U.S. Air Force, Washington, D.C.
15. April 2010 - July 2012, Director, Force Structure, Resources and Assessments, Joint Staff, the Pentagon, Washington, D.C.
16. July 2012 - present, Vice Chief of Staff of the U.S. Air Force, Washington, D.C.

SUMMARY OF JOINT ASSIGNMENTS
1. June 1994 - August 1996, Assistant Chief of Staff, White House Military Office, Washington, D.C., as a lieutenant colonel
2. April 2010 - July 2012, Director, Force Structure, Resources and Assessments, Joint Staff, the Pentagon, Washington, D.C.

MAJOR AWARDS AND DECORATIONS
Defense Distinguished Service Medal
Distinguished Service Medal
Defense Superior Service Medal
Legion of Merit with two oak leaf clusters
Meritorious Service Medal with four oak leaf clusters
Air Force Commendation Medal
Air Force Achievement Medal
Air Force Recognition Ribbon with oak leaf cluster

OTHER ACHIEVEMENTS
1982 Air Force Cost Analysis Officer of the Year
1987 Outstanding Young Man of America
1988 Budget Officer of the Year, Headquarters Military Airlift Command

1991 Air Force Comptroller of the Year
1991 Department of Defense Financial Initiatives Award
1992 Wing Comptroller of the Year, American Society of Military Comptrollers
2000 Author of the Year, Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller
2002 Best Major Command Comptroller in the DOD, ASMC
2007 Eugene M. Zuckert Management Award

PUBLICATIONS
"*Stress and the Workplace*," Air Force Comptroller Magazine, July 1990
"*Comptroller Wartime Role in Action*," Air Force Comptroller Magazine, October 1991
"*Managing Base Operating Support Like a Business*," Air Force Comptroller Magazine, April 1999
"*Take a Walk on the Wild Side: The Thrill of Group and Wing Command*," Air Force Comptroller Magazine, October 2000
"*The Green Eyeshades of War*," Air Force Comptroller Magazine, January 2001

EFFECTIVE DATES OF PROMOTION
Second Lieutenant Feb. 14, 1980
First Lieutenant Feb. 14, 1982
Captain Feb. 14, 1984
Major Dec. 1, 1988
Lieutenant Colonel April 1, 1992
Colonel Jan. 1, 1998
Brigadier General July 1, 2004
Major General Aug. 29, 2007
Lieutenant General April 3, 2010
General July 27, 2012

(Current as of August 2012)

DOCUMENTS SUBMITTED FOR THE RECORD

APRIL 10, 2014

STATEMENT OF
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON
READINESS POSTURE

APRIL 10, 2014

Since its founding, The American Legion has been at the forefront in advocating for a strong national defense. Recent cuts to the defense budget, including sequester cuts under the *Budget Control Act of 2011*, are having, and will have, grave consequences concerning the overall combat readiness of the United States Armed Forces. Combat readiness has been defined as the ability of US military forces to fight and meet the demands of the national military strategy. The American Legion is concerned today about the nation's most precious resource---our warfighters---and their need to be properly funded with the manpower, training, and equipment to succeed in any mission our nation gives them.

Drastic cuts to the defense budget threaten to severely damage the combat readiness of our armed services. And the services have already reported dangerous deficiencies in training, maintenance, and operations to Congress. The American Legion understands the fiscal problems we face as a nation. However, The American Legion also understands the needs of our warfighters and that the resources they require may not have the political "constituency" that pushes Congress to both protect our national interests and provide for the needs of our men and women in uniform.

Our apprehension is that if sequestration is not repealed, those harsh cuts will continue to degrade our national security over time and to the detriment of our service members in particular. That apprehension parallels concerns expressed by military leaders in the Department of Defense (DoD). Indeed, one military official expressed it right to the point this way: "Cuts implemented under the Budget Control Act and sequestration instantly impaired our readiness."

Senior military leaders recently voiced their concerns over sequestration cuts to Congress by saying that sequestration will degrade military readiness. In written testimony at a March 26 hearing before the Senate Armed Services Committee's Subcommittee on Readiness and Management Support senior military staff said, with regard to Army funding, that while "restoration of some funding for fiscal 2014 helps the Army restore readiness, it is not sufficient to fully eliminate the shortfall in core capabilities created from the past decade of counterinsurgency operations, and made greater by sequestration." Testimony went on to say that the current level of Fiscal Year (FY) 2015 funding will allow the Army to sustain the readiness levels achieved in FY 2014, but will only generate the "minimum readiness" required to meet defense strategic guidance. Lastly, the testimony ended by saying sequestration reductions in FY

2016 and beyond will severely degrade manning, readiness, and modernization efforts and would not allow DoD to execute the defense strategic guidance.

Presently, the Army is in a drawdown to 490,000 active-duty soldiers, 350,000 Army National Guardsmen, and 202,000 reservists by the end of FY 2015. By the end of FY 2017, the Army will decrease end strength to 450,000 active-duty, 335,000 Army National Guardsmen, and 195,000 reservists; resulting with an Army that has 80,000 more soldiers in the reserve components compared to the active component. Once cut, these forces cannot be quickly reconstituted in the event they are needed.

Sequestration has also affected the Army in other ways due to fiscal realities. It has implemented tiered readiness as a "bridging strategy" and is maintaining different parts of the Army at varying levels of preparation. The implications of tiered readiness means that those soldiers in lower readiness-tiered units may not be getting the appropriate training and equipment they need to go to war should they be called and, if they deploy, those soldiers will be at greater combat risk due to their lack of training and equipment.

Readiness concerns do not just apply to combat missions, but to other missions as well. For example, the Marine Corps has been called upon for humanitarian missions in the Philippines and the rescue of American citizens in South Sudan. Those missions show the necessity for a ready force that is capable of handling a crisis today and, thus, it is essential the nation maintain our national security at a high level of combat readiness to meet unknown, but immediate, contingencies and future defense requirements.

The other services are affected as well. Air Force officials have stated that years of sustained combat operations have stressed its ranks and decreased its readiness to unacceptable levels. The Navy said it accepted "increased risk" into the mission areas of defense strategic guidance because of slowed modernization and restricted ordnance procurement, and the risk continues into the long-term viability of shore infrastructure. The Navy has said that if sequestration levels return in FY 2016, it will become smaller and less capable.

Current and projected defense cuts over the next few years will dangerously weaken America's strategic position in the world and undermine our leadership with our allies and other nations. With the war in Iraq over and the war in Afghanistan nearly at an end, America still faces many challenges to its national security.

Those challenges include: our pivot to the Asia-Pacific region to face China; Russia extending its sphere of influence to its neighbors; Iran continues to threaten the world with its nuclear program, support for terrorist organizations, and its ability to threaten the Strait of Hormuz; North Korea remains a volatile nation with nuclear power and internal economic problems; there are terrorist groups around the world who wish to do the United States and its citizens harm; and our energy security remains threatened by an unstable Middle East. In addition to those strategic problems, The American Legion also wants to remind the committee that we must preserve our defense-industrial base, thus ensuring that our weapons and equipment are not dependent on production in a foreign land. And lastly, The American Legion insists that the nation not forget

its veterans, and that we keep our promises to those who have already honorably served this nation and have earned their benefits.

Conclusion

The American Legion understands combat readiness is a very complicated subject to discuss. But our Armed Forces must be provided the manpower and the resources needed to equip and train those warriors with the ability to operate in harm's way. The American Legion asks today that those who have stepped forward to serve the nation not be made to suffer additional harm by taking away the budgetary funding they need to successfully complete their missions and return home safely.

As the largest Veteran Service Organization in the United States, The American Legion thanks this committee for holding this hearing, and for allowing The American Legion to share its views. Our August 2013 national convention in Houston, Texas, passed a resolution that specifically urges Congress to cease all efforts to further reduce the defense budget from its current level, and to fully fund the Department of Defense in order that our military is unquestionably capable of carrying out its essential missions.

SECRET//NOFORN

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

APR 16 2013

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The RAND National Defense Research Institute's independent assessment on the overseas basing presence of United States forces is enclosed, to include a classified annex. The Department of Defense commissioned the assessment pursuant to section 347 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81). I am also providing my comments on the report. Overseas bases are a critical tool for the Department to meet important U.S. defense objectives, including defending the homeland, responding to crises, deterring adversaries, assuring Allies and partners, and conducting security cooperation activities.

Although RAND's independent assessment does not represent the Department's official position on any issue and does not provide explicit policy recommendations, it does advance a shared understanding of the tensions and tradeoffs associated with potential overseas force adjustments.

Identical letters have been sent to the other congressional defense committees.

Ashton B. Carter

Enclosures:
As stated

cc:
The Honorable Adam Smith
Ranking Member

Derived From: Multiple Sources
Declassify On: July 26, 2037

UNCLASSIFIED upon removal of the classified annex
SECRET//NOFORN

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

APRIL 10, 2014

RESPONSE TO QUESTION SUBMITTED BY MR. PALAZZO

General SPENCER. Due to the experience and training of the flight crews and maintainers at Little Rock Air Force Base, we expect they could be at full operational capability much sooner than the usual 12 to 24 months needed for other units that do not have Little Rock's level of experience. This move will not affect readiness. The Fiscal Year 2015 President's Budget (FY15 PB) request reduces the C–130 fleet from 358 (FY14) to 318 aircraft (FY15), then increasing to 328 (FY19) with C–130J procurement. This number is still above the tactical airlift operational requirement. [See page 15.]

RESPONSE TO QUESTION SUBMITTED BY MR. BARBER

General SPENCER. The Air Force provided the operational analysis briefing, with focus on the A–10 divestment decision, to Congressman Barber on May 9, 2014. [See page 21.]

RESPONSE TO QUESTION SUBMITTED BY MRS. NOEM

General SPENCER. In the Fiscal Year 2012 President's Budget, the Air Force requested authority to retire three combat coded B–1 aircraft, but this was reversed in the National Defense Authorization Act for Fiscal Year 2012 (FY12 NDAA). The FY12 NDAA actions did not provide funding for these aircraft and the Air Force topline did not permit funding. The Air Force maintains the aircraft as combat coded, but in backup aircraft inventory (BAI) status, which earns no manpower or flying hours. We maintain their ability to meet Defense Planning Guidance, meaning we are funding sustainment and modification to keep the airframes relevant. In order to operate these B–1s daily as a primary aircraft, it would require $58 million per year—$26 million for active duty officers and enlisted personnel and $32 million for flying hours. [See page 22.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

APRIL 10, 2014

QUESTIONS SUBMITTED BY MR. WITTMAN

Mr. WITTMAN. What level of unit readiness does the President's Budget Request assume? If funded at the budget request level, how long until we regain sufficient full spectrum readiness?

General CAMPBELL. The President's Budget (PB) balances risk from low core readiness (due to the Army's commitment to counterinsurgency operations since 2001) with re-structuring and end-strength drawdown in order to build decisive action readiness across the full spectrum of conflict.

Additionally, the combined effects from the Budget Control Act (BCA), previous shortfalls to Overseas Contingency Operations funding (OCO), and the impacts from emergent and undocumented demand for Army forces by combatant commanders has impacted and delayed this transition. For example, the BCA forced the cancellation of seven combat training center rotations in FY13, while all but select Army units were forced to reduce training to the squad and platoon levels.

Given these other variables and funding at the PB levels, the Army will not regain the appropriate balance across modernization, procurement, readiness, and manpower accounts until FY 2019 and will regain sufficient full spectrum readiness across the total force by FY 2023.

Mr. WITTMAN. Much of the $26 billion Opportunity, Growth, and Security Initiative (OGSI) Fund is aimed at mitigating short-term readiness shortfalls. If funded at the budget request levels, what additional readiness shortfalls are present within the Army? Can we expect the OGSI to mitigate all or most of these? What is the impact or risk if OGSI is not funded?

General CAMPBELL. The combined effects of sustained operational demand for Army forces and budget reductions have resulted in a decline in unit readiness across the Total Army. In order to build decisive action capabilities in Fiscal Year (FY) 2015, the Army has prioritized funds to train forces in the Army Contingency Force (ACF); however, due to top line funding decreases, the Army has accepted risk in the readiness of multifunctional and theater support brigades as well as in home station training, facilities, and equipment sustainment and modernization programs.

The Army's 7.5 billion dollar share of the Opportunity, Growth, and Security Initiative (OGSI) is currently programmed in our base budget submission to accelerate training readiness (2.0 billion dollars), enhance installation readiness (2.4 billion dollars) and continue equipment modernization (3.1 billion dollars). While this infusion would not eliminate all risk, the OGSI provides the necessary resources to mitigate several areas of concern left uncovered at the budget request level to include: expansion of progressive operational training beyond the ACF to meet Combatant Commander demands and improve Army National Guard and US Army Reserve readiness levels; increasing installation sustainment and base operation support levels to 90% of requirements across the Total Army; and accelerating equipment modernization to ensure we maintain the technological advantage over any potential adversary.

The current level of funding programmed for FY15 only generates the bare minimum level of readiness required to meet the Defense Strategy. The budget caps in FY16 and beyond further hinder our ability to shape the Army for the future while simultaneously and severely degrading Army readiness and modernization efforts. Our objective is to preclude hollowness in our force as we continue to draw down and restructure the Army by achieving balance between readiness, end strength and modernization. The OGSI is an essential tool in this process.

Mr. WITTMAN. The Army in particular has faced cuts in force structure (depth/capacity) and deferred much needed modernization (capability). How would this dual degradation in depth and capability impact the ability to respond to a major contingency? How would you characterize the risk associated with the Army's current state? Is today's Army today sufficient to meet OPLAN and CONPLAN requirements?

General CAMPBELL. If allowed to continue, the Budget Control Act spending caps can result in an Army end-strength of 920,000 in FY19. At this force level, the Army would not have the appropriate depth/capacity or capability to successfully conduct all components of the Defense Strategic Guidance (DSG), under terms acceptable to

the United States. With a total Army end-strength of 920,000, it is likely that U.S. forces would be unable to sustain conflict long enough to mobilize, train, and deploy additional formations. Further, the Army would be unable to respond quickly or decisively enough to ensure an outcome consistent with American goals and objectives; any outcome that is achieved would come at a much higher cost in terms of blood, treasure, and time.

I would characterize the risk associated with the Army's current state as moderate. Although the Army presently has the force structure to meet DSG requirements, it lacks the readiness to ensure success under terms acceptable to the nation.

Mr. WITTMAN. Budget materials cite the creation of, and the provision of, resources to support the training of an Army Contingency Force (ACF) consisting of infantry, armor, and Stryker BCTs, an aviation task force, and associated enabling units. How large will the ACF be in terms of BCTs? If the Army is uncertain, how is there confidence that the budget request is adequate to support the training and operational requirements of the ACF?

General CAMPBELL. The amount of Army units dedicated to the Army Contingency Force (ACF) is certain. However, the amount of contingency forces remains classified. The ACF was designed to provide combatant commanders with the most ready contingency force possible given constraints from global demand for rotational forces and reduced funding due to the Budget Control Act (BCA) and other resourcing shortfalls. The amount of forces designated to be in the ACF has grown, and is expected to continue growing, as both funding is restored and operational commitments lessen or change.

Today, there are three variables impacting the training and operational requirements of the ACF. First and foremost, funding is required to adequately build readiness and train units to a level of proficiency that is necessary to maintain an appropriate contingency readiness posture within Army units. Without adequate funding, the Army will be unable to build readiness to man, equip, sustain, and train units during this vital transition period from counterinsurgency to decisive action operations. Second, predictable and sustainable demand for forces from the combatant commanders is needed to adequately plan and balance resources for current operations against the need to build a contingency force. Recent emergent and undocumented demand for Army forces, while not un-expected, further impacts the ability of the Army to re-build contingency readiness. Finally, the combined effects of the accelerated drawdown to 490,000 active component Soldiers and BCT re-organization by the end of FY15 have impacted the readiness of ACF units. These effects include impacts to Soldier and equipment availability and unit training proficiency.

The ACF was designed as a bridging strategy to maintain a contingency capability for crisis response until the Army can re-build a sustainable readiness posture across the Total Army.

Mr. WITTMAN. What level of unit readiness does the President's Budget Request assume? If funded at the budget request level, how long until we regain sufficient full spectrum readiness?

General CAMPBELL. The President's Budget (PB) balances risk from low core readiness (due to the Army's commitment to counterinsurgency operations since 2001) with re-structuring and end-strength drawdown in order to build decisive action readiness across the full spectrum of conflict.

Additionally, the combined effects from the Budget Control Act (BCA), previous shortfalls to Overseas Contingency Operations funding (OCO), and the impacts from emergent and undocumented demand for Army forces by combatant commanders has impacted and delayed this transition. For example, the BCA forced the cancellation of seven combat training center rotations in FY13, while all but select Army units were forced to reduce training to the squad and platoon levels.

Given these other variables and funding at the PB levels, the Army will not regain the appropriate balance across modernization, procurement, readiness, and manpower accounts until FY 2019 and will regain sufficient full spectrum readiness across the total force by FY 2023.

Mr. WITTMAN. Much of the $26 billion Opportunity, Growth, and Security Initiative (OGSI) Fund is aimed at mitigating short-term readiness shortfalls. If funded at the budget request levels, what additional readiness shortfalls are present within the Services? Can we expect the OGSI to mitigate all or most of these? What is the impact or risk if OGSI is not funded?

General CAMPBELL. The combined effects of sustained operational demand for Army forces and budget reductions have resulted in a decline in unit readiness across the Total Army. In order to build decisive action capabilities in Fiscal Year (FY) 2015, the Army has prioritized funds to train forces in the Army Contingency Force (ACF); however, due to top line funding decreases, the Army has accepted risk

in the readiness of multifunctional and theater support brigades as well as in home station training, facilities, and equipment sustainment and modernization programs.

The Army's 7.5 billion dollar share of the Opportunity, Growth, and Security Initiative (OGSI) is currently programmed in our base budget submission to accelerate training readiness (2.0 billion dollars), enhance installation readiness (2.4 billion dollars) and continue equipment modernization (3.1 billion dollars). While this infusion would not eliminate all risk, the OGSI provides the necessary resources to mitigate several areas of concern left uncovered at the budget request level to include: expansion of progressive operational training beyond the ACF to meet Combatant Commander demands and improve Army National Guard and US Army Reserve readiness levels; increasing installation sustainment and base operation support levels to 90% of requirements across the Total Army; and accelerating equipment modernization to ensure we maintain the technological advantage over any potential adversary.

The current level of funding programmed for FY15 only generates the bare minimum level of readiness required to meet the Defense Strategy. The budget caps in FY16 and beyond further hinder our ability to shape the Army for the future while simultaneously and severely degrading Army readiness and modernization efforts. Our objective is to preclude hollowness in our force as we continue to draw down and restructure the Army by achieving balance between readiness, end strength and modernization. The OGSI is an essential tool in this process.

Mr. WITTMAN. Which readiness accounts are you most concerned about? What can we do to help? If provided with extra budgetary authority, what would you seek to do?

General CAMPBELL. For FY15, the priority Army readiness accounts include Operation and Maintenance funding for all components in Land Forces (Sub Activity Groups 111–116) that are vital to executing the collective training required for units to build readiness to deploy. Additional funding would support restoring training readiness for Non-Contingency Force units, Multi-Functional Brigades, and other enabler units throughout the Total Force. Any additional remaining funding would support critical Skill Progression (Enlisted) and Additional Skill Identifier training, as well as technical and war-fighting skills training and Reserve Component Training Pay and Allowances for Schools. This would enable Soldiers to complete Initial Skill Acquisition/Specialized Military Occupational Specialty training and Leader Development training. Additionally, the Army's investment programs for Combat Training Center Support, Non-System Training Devices, Close Combat Tactical Trainer, Aviation Combined Arms Tactical Trainer and Gaming Technology in support of Army Training, remain vital to the modernization and life cycle management of current Training Support Systems, and would benefit from additional funding as well.

Mr. WITTMAN. Can you articulate the impact of cancelled training that occurred over the last two years as a result of sequestration?

General CAMPBELL. Sequestration caused the Army to cancel seven Combat Training Center rotations in FY13 and two rotations early in FY14. This directly delayed the Army's ability to return to Decisive Action proficiency in support of Unified Land Operations and denied essential leader development training for a large cohort of leaders; specifically, 270 company commanders, 180 field grade officers and 54 Battalion commanders missed this critical developmental experience. Sequestration also forced the Army to reduce funding for all units to individual/crew/squad level in FY13, which created a significant reduction in unit readiness that requires extensive time to regenerate. The Bipartisan Budget Act has provided some relief to begin rebuilding readiness in FY14 and FY15, but that readiness is again in jeopardy in FY16 when the Budget Control Act spending caps exert more downward pressure on funding.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

General CAMPBELL. The Army is critically dependent on OCO to support the day-to-day war fighting demands of Operation Enduring Freedom (OEF). After the departure of all U.S. troops from Afghanistan, the Army must continue to satisfy Combatant Commanders' operational demands, such as Operation Spartan Shield, Integrated Air and Missile Defense, and other overseas missions. Current U.S. National Security Policy dictates a sizeable U.S. troop presence in key regions to support U.S. vital interests and those of our allies. Many of these requirements are paid for from OCO. Furthermore, the Army needs OCO funding for three years after the last piece of equipment returns from Afghanistan so that it can fully execute the equipment Reset program.

Mr. WITTMAN. Please describe the enduring, non-Afghanistan-related requirements your service funds through OCO. How would you address those requirements in the absence of OCO?

General CAMPBELL. Some overseas operations, including Operation Spartan Shield in the Persian Gulf, are primarily supported with OCO funding in FY14. Many of these forces support operations in Afghanistan, but may remain in Central Command the theater following the end of the conflict to support any other efforts. Without OCO, these requirements would still need support and would demand tough decisions in the base budget that would impact readiness, sustainment, and investment accounts. The end of OCO funding would increase demand for base budget resources, impacting operations world-wide, including: Resolute Support, Operation Spartan Shield, Horn of Africa, and the Philippines. These overseas presence missions are critical for security and maintaining relationships with our Allies.

The eventual end of OCO funding with no corresponding increase to the Army's base budget would lead to reduced readiness due to shortfalls in programs such as Depot Maintenance and Reset. The Army will require Reset funding for three years after the last piece of equipment leaves Afghanistan. The Army will require over $9 billion in Reset funding through FY18. Training previously funded with OCO for readiness will need to be part of the base budget when the OCO-funded Deployment Offset stops. Increasing pressure on static or declining toplines will impair our ability to sustain training readiness and to restore infrastructure and equipping readiness in future years.

The Army has used OCO funding for these critical requirements and will require funding in the future to pay these bills. The Army's Base Budget topline will need to increase to capture these enduring requirements.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget. How challenging has sequestration made that task? What is most at-risk?

General CAMPBELL. The Army is in the process of updating the validation of enduring Operation Enduring Freedom (OEF) and other requirements that need to be brought into the base budget. Fiscal uncertainty and funding under sequestration compels prioritization and trade-offs between funding current operations, training to build readiness, and modernization. Over the long term, if the Army is not provided adequate base funding for enduring OCO requirements, it will significantly degrade combat readiness.

Mr. WITTMAN. Although you may not be able to discuss specifics until the FY15 OCO budget is officially released, how confident are you in the adequacy of this year's OCO budget request? How much of your services' operations, maintenance, and training requirements are met by the base budget?

General CAMPBELL. The Army is confident that if the pending FY15 OCO budget request is enacted it will adequately support warfighting requirements.

The FY15 Army base budget funds 19 Combat Training Center exercises that will validate Brigade Combat Team readiness for units designated to achieve a high level of readiness. All other units will achieve lesser training readiness at battalion or lower levels. The ARNG and USAR are funded to achieve Individual/Crew/Squad levels of readiness. The budget request funds depot maintenance to less than 50% of the requirement, reflecting risk taken to meet Army priorities, but still supporting critical requirements and core capabilities in aviation, communications and electronics systems, embedded software systems, general purpose items, and combat and tactical power. Facility sustainment is funded at less than 65% across all compos, with the Active Force funded at 62%.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General CAMPBELL. Terminating Overseas Contingency Operations (OCO) funding too early would have very serious consequences on the Army's ability to rebuild and sustain readiness. Many of the Army's enabling capabilities are funded in OCO to include such activities as commercial satellite airtime, enduring portions of the Criminal Investigation Command's (CID) Deployable Forensics Labs, contract MEDEVAC, and Contractor Logistics Support. The Army is still reliant on OCO funding to support portions of forward deployed unit costs, such as those involved in Operation Spartan Shield and the on-going Integrated Air and Missile Defense (IAMD) mission in the Persian Gulf, as well as significant network operations costs. There are enduring capabilities such as comprehensive Soldier and family fitness activities that engender resilience throughout the force. Elimination of OCO funding would force the Army to find offsets within base funding to support these actions.

From a readiness perspective, the training of next deploying units is funded via OCO. This training is non-negotiable. If OCO is prematurely ended, the Army must

accept additional risk by curtailing or eliminating decisive action training for non Army Contingency Force (ACF) units, and potentially even reducing training for units in the ACF as well, to offset the bill. Equipment maintenance would also suffer as the Army would focus all maintenance on the next deploying and deployed forces creating additional risk in our other formations and creating a backlog of reset and other depot maintenance activities that eventually must be cleared.

While the elimination of OCO funding would not directly impact Army infrastructure accounts, these accounts would most likely suffer indirectly as a result of the need to reduce base accounts in order to offset critical activities formerly supported by OCO. This would result in reduced construction of new projects as well as an overall degradation of facilities with authorized repairs only addressing base life, health and safety concerns.

In addition, if Congress does not provide at least 3 years of OCO funding for Reset, some of the Army's most modern and capable equipment that was used in Afghanistan will not be Reset, thereby negatively impacting equipment serviceability and availability. Reset funding is critical to reversing the effects of combat stress on equipment and has been instrumental in sustaining readiness at over 90% for ground and 75% for aviation systems. Resetting the remaining equipment in Afghanistan will improve Total Army Readiness of equipment on-hand from approximately 88 percent to 92 percent. Reset funding must be spread over a three-year period to align with available Industrial Base capacity and flow of equipment retrograde. These factors include: the volume of equipment currently undergoing Reset; the pace of equipment retrograde from theater; the available capacity within the industrial base; and the repair cycle times of major systems. For example, due to the previously mentioned factors, the Army cannot immediately and simultaneously Reset all of our returning AH–64 Apaches. Each AH–64 Apache takes approximately 27 months to Reset, our longest repair cycle time.

Finally, without the 2.5 billion dollars in FY15 OCO for the non-enduring above 490,000 end strength, the Army would have to take drastic personnel actions, such as halting all Permanent Change of Station moves, jeopardizing re-organization and unit readiness. The Army would cut contracts for service and support resulting in unit manning issues due to borrowed military manpower offsets and a corresponding skills mismatch as a result of the cuts. The impact to our civilian workforce would be particularly painful and would include hiring freezes, continuing the talent drain among our workforce of continued presence and readiness support.

Mr. WITTMAN. In light of the civilian personnel hiring freezes and furloughs in FY2014, what impacts, if any, were there on the shipyards and aviation depots? How were they mitigated or what risk was assumed? What is the civilian personnel hiring plan for the shipyards in FY15?

General CAMPBELL. Although the Army does not own any shipyards, the Corpus Christi Army Depot (CCAD) provides aviation depot maintenance capability through the overhaul, repair, modification, retrofitting, testing and modernization of helicopters and associated components for government agencies and U.S. allies. The FY13 and FY14 furloughs and hiring freeze negatively impacted CCAD productivity, workforce availability, and capability. During FY13, CCAD experienced a 40% increase in workforce resignations over historical norms. The loss of employees resulted in production delays, increased repair cycle times, and a loss of revenue. The Army was able to mitigate risk in these areas by prioritizing critical requirements for production, making adjustments to production lines where required, and revising production schedules to meet customer requirements. The CCAD Depot Commander conducted multiple town hall meetings and training to ensure the workforce was apprised of workload and operational changes. Additionally, the commander developed a training plan to address critical skills lost during this time for its depot employees.

Due to the decrease in aviation maintenance workloads, CCAD has sufficient manpower and does not plan to hire additional personnel in FY15.

Mr. WITTMAN. How will each of your services achieve the headquarters reductions ordered by Secretary Hagel and at the same time ensure critical functional capabilities are not lost? What is your strategic human capital plan?

General CAMPBELL. In response to the Secretary of Defense's guidance, Army senior leaders conducted reviews to consolidate and reorganize organizations, programs, and functions across several focus areas—readiness; institutional and operational headquarters reductions; operational force structure; installations services and investments; the acquisition workforce; Army cyber; and command, control, communications and intelligence. As a result of this effort, the Army will achieve greater efficiency across our core institutional processes, consolidate functions within the acquisition workforce, and reduce headquarters overhead by up to 25 percent.

In regard to specific headquarters reductions, authorizations associated with critical functional capabilities will be retained. Less critical, but still necessary functions such as administrative or technical support positions, will be prioritized. While critical functions will still be executed, risks to less critical functions will be evaluated with commands to determine where and how those functions should best be executed, such as transfer to other commands, automation, or reducing expectations. Where reductions cannot be achieved through efficiencies, the balance will occur by eliminating authorized, non-critical positions that have not been filled due to previous hiring freezes and attrition. Finally, backlogs of lower priority administrative or technical actions will be monitored and mitigated to avoid potential disruptions to higher priority functions.

Mr. WITTMAN. Can you address the impact of the furlough on the military and civilian workforces? Have you seen spikes in post-furlough separations or retirements? Do you anticipate another furlough will be required?

General CAMPBELL. Furloughs degraded medical services to Soldiers, civilians, Veterans, retirees, and family members; delayed maintenance services; slowed contracting; and decremented nearly every support function at every installation.

There was a negative impact on morale coming on the heels of three years of frozen pay and performance-based bonuses. Some of our best and brightest employees left to seek employment in the private sector. Since the furlough, we have seen an increase over previous years in the number of separations and retirements. Given the negative effects of a furlough on the workforce, the Army is not planning nor are we anticipating another one.

Mr. WITTMAN. How did the Secretary's mandatory 20% headquarters cuts impact readiness accounts, if at all?

General CAMPBELL. The Army foresees no direct impact on the readiness of operational forces as a result of the Secretary of Defense's mandatory 20% headquarters cuts.

Mr. WITTMAN. Considering the significant variability associated with the budget and the resulting force structure, why does the Department feel that it is an appropriate time to request an additional BRAC round?

General CAMPBELL. Army force structure and end-strength are declining alongside our available funding. We must carefully balance end-strength, modernization, and readiness. The Army cannot afford to retain force structure at the expense of readiness. Now is the appropriate time to request BRAC because the money is gone. If we do not shed excess overhead, hundreds of millions of dollars will be wasted each year in maintaining underutilized buildings and infrastructure. Without BRAC authorization, the Army will be constrained in closing or realigning any installations to reduce overhead. This "empty space tax" on our warfighters will result in cuts to capabilities elsewhere in the budget.

The Army has conducted some facility capacity analyses to support an end-strength of 490,000 Active Component Soldiers. Preliminary results indicate the Army will have about 15–20% excess capacity at its installations (over 160 Million Square Feet) by 2019. The average excess capacity is about 18 percent. Force structure cuts will only increase the amount of excess capacity. At roughly $3 per square foot for sustainment, the "empty space" or "under-utilization tax" on our budget rapidly compounds.

Distributing a smaller budget over the same number of installations and facilities will result in rapid decline in the condition of Army facilities. Multiple years of empty and unoccupied facilities retained by the Army will transform an asset that could otherwise be repurposed to host another mission realigned from another installation or disposed of to benefit the local community, into a liability requiring demolition.

Mr. WITTMAN. Please provide an update as to when the Department is expected to complete the European Infrastructure Consolidation Initiative as required by Section 347 of the National Defense Authorization Act for Fiscal Year 2012. Why does the Department feel it is appropriate to request an additional round of BRAC prior to completing the assessment of infrastructure in Europe?

General CAMPBELL. The Office of the Secretary of Defense (OSD) transmitted the report required by section 347 of the FY12 NDAA to Congress on April 16, 2013. Subsequently, OSD provided an initial briefing on the European Infrastructure Consolidation Initiative on March 13, 2014, per H.Rpt. 113–102 (pg. 321), and projected that it could provide the Congress the results of the European Infrastructure Consolidation (EIC) assessment by the end of June, 2014.

The Army has downsized force structure and footprint in both Europe and Asia for many years in the post-Cold War era. Since 2006, Army end-strength in Europe has declined 45 percent, and we are on track to shrink the supporting infrastructure, overhead, and operating budgets by over 50 percent. Similarly, in Korea, the

Army decreased the number of Soldiers by about a third (10,000 Soldiers) and is on pace to shrink acreage and site footprint by about half.

The Department feels it is appropriate to request an additional round of BRAC prior to the EIC completion because changes in the European force structure have predominately been inactivation of units in Europe. The Army's first two Brigade Combat Team (BCT) inactivation decisions were announced in February 2012 and were made in Europe—the 170th BCT at Baumholder, Germany, and the 172nd BCT at Grafenwoehr, Germany. The 170th BCT was inactivated in FY 2013 and the 172nd was inactivated in early FY 2014. Since these forces are not returning to the U.S., there is no opportunity to utilize domestic excess infrastructure to support restationing.

Current Army Capacity Analysis reflects 10 to 15 percent excess capacity in Europe versus an average of 18 percent in the United States (domestic). Force structure cuts will only increase the amount of excess capacity as we reduce the Active Component force structure below 490,000. At roughly $3 per square foot for sustainment, the "empty-space" or "underutilized tax" on the Army budge rapidly compounds. This "tax" will directly impact critical Army readiness, training and modernization requirements.

Mr. WITTMAN. Has the Secretary of Defense assessed whether excess infrastructure exists in the Department? What empirical support can the Department provide to support a request for additional BRAC rounds?

General CAMPBELL. The Army has conducted facility capacity analyses to support an end-strength of 490,000 Active Component Soldiers. Preliminary results indicate the Army will have about 15–20% excess capacity at its installations by 2019. The average excess capacity is about 18 percent.

At roughly $3 per square foot for sustainment, the "empty space tax" on our budget rapidly compounds. Paying nearly $500M a year to maintain over 160 million square feet of excess or under-utilized facilities on our books will result in cuts to capabilities elsewhere in the budget.

Further Army end-strength and force structure cuts will only increase the amount of excess capacity.

Mr. WITTMAN. What readiness challenges does the Navy face if sequestration persists beyond FY2015?

Admiral FERGUSON. A return to sequestration spending levels in FY16 and beyond will lead us to a Navy that would be insufficient in size and capability to conduct the missions of the 2012 Defense Strategic Guidance (DSG). Under that scenario, additional force structure adjustments, to include the inactivation of one nuclear aircraft carrier and one carrier air wing, would be required to fund adequate readiness of the remaining force. This would result in a smaller and less capable Navy with insufficient capability and capacity to execute at least four of the ten primary DSG mission areas: Counter Terrorism and Irregular Warfare, Deter and Defeat Aggression, Project Power Despite Anti-Access/Area Denial Challenges, and Provide a Stabilizing Presence. Continuing to address this challenge on an annual basis without a realistic Future Years Defense Plan planning horizon sub-optimizes decision-making, reduces future ability to provide ready surge forces, delays the introduction of new capabilities and upgrades, risks long-term gaps in the professional development of our personnel, and ultimately increases cost.

Mr. WITTMAN. What would be the impacts to the Navy's readiness if we maintained our current force structure with the current funding levels?

Admiral FERGUSON. Navy's budget assumes phased modernization of 11 CG and 3 LSD class ships and defers funding for refueling of CVN73 pending a path ahead for long term funding to support 11 carriers and 10 carrier air wings. If forced to retain existing force structure at current funding levels, this will leave us with a force less ready now and in the future. We will not have sufficient funding to fully maintain our ships—a burden which will fall hardest on our surface combatants and amphibious ships—and these platforms will not reach their expected service lives. We will be forced to reduce training for units not required for an immediate deployment, reducing Navy contingency response capacity and impacting the professional development of a generation of future leaders. Navy would also be forced to look at reducing recapitalization and modernization, increasing the risk of falling behind potential adversaries in terms of capability and relevance.

We must remain a balanced and ready force. The FY15 President's Budget provides the right balance between capability, capacity and readiness for the level of funding directed by the Bipartisan Budget Act and fiscal guidance. If forced to retain force structure and overhead, we increase risk not only to readiness and our ability to implement the defense strategy, but also to a forces ability to respond effectively to future challenges.

Mr. WITTMAN. Please describe your plan to lay up the 11 cruisers: For how long? At what cost? What are the anticipated savings? How can you ensure they will be returned to active service in future years in light of the persisting budget fiscal challenges? What is the alternative if Congress does not approve the layup plan?

Admiral FERGUSON. The Navy's budget must include sufficient readiness, capability and manpower to complement the force structure capacity of ships and aircraft. This balance must be maintained to ensure each unit will be effective, no matter what the overall size and capacity of the Fleet. To preserve this balance and modernize cruisers while avoiding a permanent loss of force structure and requisite "ship years," our FY15 Navy budget request proposes to induct 11 Ticonderoga Class cruisers (CG) into a phased modernization period starting in FY 2015.

Only fiscal constraints compel us to take this course of action; CG global presence is an enduring need. The ships will be inducted into phased modernization and timed to align with the retirements of CGs such that the modernized ships will replace one-for-one the retiring ships when they finish modernization. This innovative plan permits us to reapply the CG manpower to other manning shortfalls while simultaneously avoiding the operating costs for these ships while they undergo maintenance and modernization.

The plan to modernize and retain the CGs adds 137 operational "ship years" to the Battle Force and it extends the presence of the Ticonderoga class in the Battle Force to 58 years. It avoids approximately $2.2 billion in operating and maintenance costs across the Future Years Defense Plan (FYDP). In addition, it precludes Navy from having to increase our overall end strength by about 3,400 people (approximately $1.6 billion over the FYDP), which would otherwise be required to fill critical shortfalls in our training pipelines and fleet manning.

The ships undergoing phased modernization will be brought back into active service to replace, on a hull-for-hull basis, the retiring ships (CG 52–62) as those ships reach the end of their service life in the 2020's. In general terms, this will mean that phased maintenance periods will vary between four and 11 years for each cruiser. The cost per ship will vary based on individual hull material condition of the ship and previously completed modernization. The range is approximately $350-$600M per ship which includes induction, sustainment, modernization, and maintenance costs. Initially, Navy will leverage the Ship's Modernization, Operations and Sustainment Fund (SMOSF) for those ships specifically named in the FY14 National Defense Authorization Act (CGs 63–66, 68–69, 73). Navy has an enduring requirement for 11 cruisers to fulfill the Air Defense Commander role. There is no replacement cruiser, thus Navy will have to return these ships to active service. In order to provide additional assurance that the CGs will return to active service in future years in light of the persisting budget fiscal challenges, the Navy has built a transparent plan which includes direct Congressional monitoring of funding and work accomplishment.

If Congress does not approve the phased modernization plan or provide the funding to retain the force structure, the Navy's only remaining alternative would be to pursue decommissioning the ships. This will result in a permanent loss of force structure.

Mr. WITTMAN. If the cruisers are laid up, how will the Navy meet the COCOM force presence requirements? And, what risk does the Navy assume in doing so?

Admiral FERGUSON. The Navy will maintain 11 of its most capable Air Defense Commander CGs and increasing number of DDGs to meet the adjudicated Global Force Management Allocation Plan. Under the Optimized Fleet Response Plan, surface combatant deployment lengths will increase to eight months, providing increased presence to mitigate the effects of CG modernization.

Our FY15 budget request supports meeting the President's strategic guidance. Eleven Cruisers is the minimum number of purpose-built Air Defense Commander platforms necessary to support the 10 deploying Carrier Strike Groups. A reduction from 22 to 11 adds acceptable risk to the Navy's multi-mission air warfare capacity, strike flexibility, and redundancy.

Mr. WITTMAN. Please describe the benefits of the Optimized Fleet Response Plan (OFRP). Under OFRP, what ability do you have to surge assets in response to unanticipated COCOM demand and requirements? And, what risk do you assume?

Admiral FERGUSON. OFRP is a supply-based system designed to meet the adjudicated Global Force Management Allocation Plan (GFMAP) requirements while safeguarding time to conduct maintenance on our capital intensive force, providing adequate time to train, and developing some degree of schedule predictability for our Sailors and their families.

OFRP delivers a standard eight month deployment in a 36 month CSG operational cycle that yields comparable levels of global presence and increases the total operational availability (21 months) of the units. This assumes funding is provided

for post-deployment readiness sustainment as reflected in the budget request. This improves the return on investment for maintenance and initial training and increases surge capacity when fully implemented.

To further enhance readiness, Navy is also improving the alignment of our manning processes with the OFRP cycle. This force generation model also allows us to train all units to a single, high deployment certification standard and sustains alignment of units within the strike group, improving continuity of command.

With time to reset the force and funding at the level of the President's budget, Navy will rebuild surge capacity across the FYDP to have ready forces available to support execution of the Combatant Commanders' Operational Plans as well as other lesser contingency operations. Actual employment of surge is not included in the budget. Contingency operations or other "Requests for Forces" should, whenever possible, use forces already deployed. Units surging from homeport should be limited to those that can complete the operation within their scheduled period of operational availability and within operational tempo guidelines to avoid impacting the maintenance and training cycle, or negatively impacting Sailors and their families. Within these guidelines, risk to scheduled global presence, platform service life and Sailor quality of service is mitigated. Risk to long term readiness increases with funding below PB levels, unfunded surge operations, surging units during maintenance or training phases, or exceeding operational tempo guidelines.

Mr. WITTMAN. In the FY2015 budget request, there are known maintenance shortfalls that persist from FY2014—due to descoped ship maintenance availabilities, and 89% of required aircraft depot maintenance funding. What is your ability to relieve the backlog? Or, will shortfalls be expected to persist?

Admiral FERGUSON. The FY14 Appropriations Act (baseline and OCO) fully funded the ship maintenance requirement. The FY14 OCO appropriation also included $347M to reset the backlog of maintenance on surface ships with dry docking availabilities in FY14. The FY14 reset request does not fully liquidate the surface ship maintenance backlog that developed over the past decade. Full liquidation of that backlog is expected to require $1.8B of reset funding and take through the end of the FYDP to complete.

The ship maintenance account is highly dependent on supplemental funding. In PB15, OCO funds the reset requirement, 40% of the enduring surface ship maintenance requirement, and 14% of the enduring carrier and submarine maintenance requirement.

The FY14 Appropriations Act funded all required aviation depot maintenance. Navy has mitigated a significant portion of the projected FY14 aviation depot maintenance backlog through aggressive inventory management efforts. However, there will be approximately $62M of aircraft and engines/modules backlogged at the end of FY14 that will need to be programmed for maintenance in FY15. This backlog would be inducted in the first quarter of FY15 ahead of any new work previously scheduled to begin in FY15. Given aviation depot maintenance baseline funding levels (~80% of requirement), the projected result is $218M of aircraft and engines/modules backlog at the end of FY15 going into FY16. This backlog will be addressed through additional OCO requests.

Mr. WITTMAN. What level of unit readiness does the President's Budget Request assume? If funded at the budget request level, how long until we regain sufficient full spectrum readiness?

Admiral FERGUSON. Navy builds the requirement for our readiness accounts to meet the expected presence levels in the adjudicated Global Force Management Allocation Plan. The certified models that are used to develop the requirement identify the funding required to maintain and train Navy forces to deploy at a readiness level of C2 or better and to meet all pre-deployment certification requirements.

To fund these activities in the present fiscal environment, Navy is accepting risk in several areas, notably in shore infrastructure. This includes prioritizing the most critical military construction (MILCON) requirements, focusing sustainment funding on key operational facilities, and improving energy efficiency. Less critical MILCON and repairs are deferred, adding to an existing backlog resulting from prior year deferrals, and further exacerbating our shore readiness posture.

While the forces we deploy are full spectrum ready, Navy continues to take risk in the readiness of non-deployed forces—reducing our total surge capacity and increasing the time required to provide those forces that can be made ready. A larger part of the total force is C3/C4, and they have material or training deficiencies that prevent their rapid employment. Further, Navy is taking additional risk in modernization, slowing the introduction of improved capabilities to the Fleet. This increased risk is most likely to manifest if we are faced with a technologically advanced adversary.

Mr. WITTMAN. Much of the $26 billion Opportunity, Growth, and Security Initiative (OGSI) Fund is aimed at mitigating short-term readiness shortfalls. If funded at the budget request levels, what additional readiness shortfalls are present within the Services? Can we expect the OGSI to mitigate all or most of these? What is the impact or risk if OGSI is not funded?

Admiral FERGUSON. One of our FY15 budget priorities was to focus on critical afloat and ashore readiness to ensure the force is adequately funded and ready. Our budget request (compared to a BCA revised caps level) improves our ability to respond to contingencies (surge capacity) by increasing the readiness of non-deployed forces. However, it increases risk to ashore readiness in FY15, compared to the FY14 budget request, by reducing facilities sustainment, restoration, and modernization (FSRM) and military construction (MILCON) investments. This reduction adds to backlogs created by the deferrals in FY13 and FY14, exacerbating an existing readiness problem.

The OGSI is a one-year FY15 initiative that requests funds for additional discretionary investments that can spur economic growth, promote opportunity, and strengthen national security. The FY15 base budget request provides the resources needed to gradually restore readiness and balance. However, it does not provide funds to accelerate readiness improvements in FY15. The OGSI provides the resources needed in FY15 to make faster progress by improving Navy facilities and adding additional resources for FSRM, accelerating the modernization of key weapons systems, and making faster progress toward restoring readiness lost under sequestration. Without OGSI funding, readiness can only be restored at a more gradual pace with the risks noted above.

Mr. WITTMAN. Which readiness accounts are you most concerned about? What can we do to help? If provided with extra budgetary authority, what would you seek to do?

Admiral FERGUSON. A balance of adequate funding across all the readiness accounts is essential to sustaining the long term readiness of the Fleet. I am particularly concerned that we maintain the operations accounts (Flying Hour Program and Ship Operations) to support the safety and proficiency of our operators as well as the advanced combat capabilities of our strike groups and other deploying units. The Ship Maintenance and Aviation Depot Maintenance accounts are critical to the long term readiness of the force and ensure our platforms reach their expected service lives. We must also adequately fund the supporting enabler accounts (Aviation Support, Ship Support and Aviation Logistics) as well as the spares accounts if we expect to achieve the appropriate balance in our readiness accounts. While we can take short term risk in one account or another, continuing to do so will ultimately produce significant readiness impacts with long term consequences.

In our effort to ensure our Fleet units operating forward have what they need, we have further reduced investments in our shore infrastructure. Although a justifiable short term strategy, this will also produce significant and expensive long term impacts if sustained. Investing 3.5% in our shipyard and depot infrastructure will not keep pace with need, and funding 70% of the Facilities Sustainment, Rehabilitation and Modernization requirement only meets emergency requirements and limited investment. While we have focused our shore investment in support of operational requirements to include piers and airfields, at this level of funding the long term health of the entire infrastructure is at risk.

If additional funds were available above those already requested in the FY15 budget request, Navy would propose investments in the following areas:

- Fleet Maintenance: Additional depot maintenance activity to accelerate recovery from sequestration, improve operational availability of Fleet aircraft and meet the statutory requirement of 6% for capital investment in depot facilities.
- Afloat Readiness: Improve availability of Combat Logistics Force platforms, increase JHSV operations and increase funding for aviation logistics.
- Critical Spares: Improve sparing for aviation platforms to address reduced readiness, enhance safety and provide greater flexibility for training and operations.
- Shore Readiness: Reduce the level of risk in sustaining Navy shore infrastructure, including facility sustainment, restoration and modernization as well as increased funding for military construction.
- Modernization: Accelerate rate of delivery of key capabilities to the Fleet to ensure technological superiority over potential adversaries.
- Manpower/Training: Increase training support to achieve readiness levels and improve manpower management.

While each of these potential investments are important, they are not of a higher priority than items already in the FY15 Navy budget submission.

Mr. WITTMAN. Can you articulate the impact of cancelled training that occurred over the last two years as a result of sequestration?

Admiral FERGUSON. Sequestration broadly impacted Navy training in a number of areas. Our rotational deployment cycles and forward operations require us to preferentially fund primary pre-deployment training and overseas operations and training events in support of Combatant Commander named operations and theater engagement plans. Under sequestration, this prioritization had some critical readiness impacts, including:

- Unit level training/Operator Proficiency: Perhaps the most pervasive impact of sequestration is the lack of funds to fully support the training that ship and squadron commanding officers conduct outside of required training cycle events to improve unit readiness and develop the experience base of their junior officers and enlisted crewmembers. This has potential long term impacts on leadership and professional skills, safety and retention. We were forced to reduce some air wings to "tactical hard deck"—a minimum safe-to-fly level of training, and reduce steaming days and flying hours across the board for non-deployed units. While the Navy Safety Center cannot yet draw a direct link to reduced readiness activity, the number of aviation Class A mishaps this year is up notably from our five year average.
- Deferred pre-deployment training: Additional contingency response capacity is generated by completing pre-deployment training of units. Under sequestration, Navy held units at lower levels of training until required to meet deployment timelines. Non-deployed units are therefore less ready to surge in the event of crises.
- Furlough readiness impacts: The large majority of the Navy civilian workforce is engaged in generating current and future readiness. Although our public shipyard direct workforce was exempt from furlough, the individuals supporting material procurement, engineering, contracting and other important enablers of their work were not. Our aviation depot workforce was furloughed along with training organizations and the acquisition workforce that procures and modernizes the future Navy. All of these damage readiness well beyond the actual number of days it is imposed, and when combined with lengthy hiring freezes in order to manage within a sequestered budget, it reduces readiness disproportionately to the cost it avoids.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

Admiral FERGUSON. The Navy's OCO funding can be split into four parts:

1. Increased operating tempo for flying and ship operations or operating forward. Navy funds the increased operating tempo required of our aircraft and ships in the Middle East through OCO as well as expeditionary units operating forward.
2. Afghanistan operations. Navy funds in-country operations for expeditionary units and air operations for Marine Corps aircraft.
3. Enduring requirements. Additionally, Navy funds some remaining enduring requirements through OCO, which include air and ship depot maintenance above 80 percent of the modeled requirement for ship operations to fully support operational requirements, base support operations for several locations in the Middle East, and operating support for expeditionary units.
4. Reset. Lastly, Navy funds the reset or repair of equipment, aircraft, and ships returning from theater. Reset of these items will take up to five or six years based on scheduling of maintenance activities.

Once the Afghanistan operations end, the Navy will have three parts of their OCO funding requirements remaining. The enduring requirements combined with the increased flying and ship operations above baseline levels when deployed to the Middle East would result in a substantial amount of continued OCO dependence after the majority of combat troops leave Afghanistan. These activities currently require up to ~$4.0 billion in OCO funding per year. Additionally, the Navy OCO reset requirements are currently estimated to total ~$2.2 billion over the next five to six years.

Mr. WITTMAN. Please describe the enduring, non-Afghanistan-related requirements your service funds through OCO. How would you address those requirements in the absence of OCO?

Admiral FERGUSON. Navy has been working to transition OCO funded enduring activities to baseline over the last few years. However, we have only been partially successful in meeting that goal. At present, our baseline funding only includes about 80% of the enduring aviation and ship depot maintenance requirements—the remaining 20% are funded as part of the OCO request. Navy enduring requirements funded in OCO also include base support operations for several locations in the Middle East and operating support for expeditionary units. In addition to the operating

costs imbedded in the Navy's OCO funding request, the Navy will also have a long-term need for reset funding in order to recover deferred maintenance and material condition for the ships and aircraft that have been operated over the last decade at rates higher than anticipated when they were procured.

Specifically, without OCO funding, the enduring requirements necessary to meet the Navy's operational requirements, combined with the increased flying and ship operations above baseline levels when deployed to the Middle East, would represent a shortfall of between $2.5B and $4B annually. In addition, our reset requirement is estimated to be approximately $2.2B, which would need to be funded over the period from the cessation of hostilities in the Middle East to a point in time about 5 years after that happens.

Navy has funded all enduring flying hour operations in baseline for several years. Increased operating tempo required of our aircraft and ships in the Middle East continue to be OCO funded. For the foreseeable future, the Combatant Command and Joint Staff expect continued increased flying and ship operations above baseline levels when deployed to the Middle East. The Navy continues to work with the Office of the Secretary of Defense to identify and plan for the possible transition of enduring requirements from OCO funding to the baseline. However, absent additional funding, the Navy would be forced to cut back on its expenditures in other critical areas or reduce the level of presence we can provide to the combatant commanders.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget. How challenging has sequestration made that task? What is most at-risk?

Admiral FERGUSON. Navy has been working to transition OCO funded enduring activities to baseline over the last few years. However, we have only been partially successful in meeting that goal. At present, our baseline funding only includes about 80% of the enduring aviation and ship depot maintenance requirements—the remaining 20% are funded as part of the OCO request. Navy enduring requirements funded in OCO also include base support operations for several locations in the Middle East and operating support for expeditionary units. In addition to the operating costs imbedded in the Navy's OCO funding request, the Navy will also have a long-term need for reset funding in order to recover deferred maintenance and material condition for the ships and aircraft that have been operated over the last decade at rates higher than anticipated when they were procured.

Specifically, without OCO funding, the enduring requirements necessary to meet the Navy's operational requirements, combined with the increased flying and ship operations above baseline levels when deployed to the Middle East, would represent a shortfall of between $2.5B and $4B annually. In addition, our reset requirement is estimated to be approximately $2.2B, which would need to be funded over the period from the cessation of hostilities in the Middle East to a point in time about 5 years after that happens.

Navy has funded all enduring flying hour operations in baseline for several years. Increased operating tempo required of our aircraft and ships in the Middle East continue to be OCO funded. For the foreseeable future, the Combatant Command and Joint Staff expect continued increased flying and ship operations above baseline levels when deployed to the Middle East. The Navy continues to work with the Office of the Secretary of Defense to identify and plan for the possible transition of enduring requirements from OCO funding to the baseline. However, absent additional funding, the Navy would be forced to cut back on its expenditures in other critical areas or reduce the level of presence we can provide to the combatant commanders. Sequestration would further drive our base down, pressurizing already difficult decisions and adding risk to our balance between force structure, modernization, and readiness.

Mr. WITTMAN. Although you may not be able to discuss specifics until the FY15 OCO budget is officially released, how confident are you in the adequacy of this year's OCO budget request? How much of your services' operations, maintenance, and training requirements are met by the base budget?

Admiral FERGUSON. The Navy, in conjunction with the Office of the Under Secretary of Defense (Comptroller), is currently working on the FY15 OCO requirements to be included in the budget request.

In FY14, the OCO budget included incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement. These costs included aviation and ship operations, combat support, base support, USMC operations and field logistics, mobilized reservists and other special pays. The FY13 President's budget reflected the start of the transition out of Afghanistan, and this effort to transition to Afghan responsibility is continued in FY14. We continue this transition and anticipate requesting similar incremental costs in the FY15 OCO request.

Our FY15 budget baseline funds enduring aviation and ship depot maintenance baseline requirements to 80%. Our baseline budget also funds ship operations to 45 days per quarter for deployed forces and 20 days per quarter for non-deployed forces, and flying hour operations to a T-rating of 2.5 Navy/2.0 USMC. The Navy's FY15 baseline readiness funding meets the preponderance of Combatant Commander operating tempo requirements, properly sustaining and maintaining ships and aircraft, and sustaining the enduring flight hour readiness requirement for both Navy and Marine Corps.

Navy will require OCO funding for some remaining enduring requirements. This includes aviation and ship depot maintenance above 80 percent, ship operations to fully support operational requirements, base support operations for several locations in the Middle East, and operating support for expeditionary units. Without OCO funding, these enduring requirements, combined with the increased flying and ship operations above baseline levels when deployed to the Middle East, would result in the need for an additional $2.5 to $4.0 billion per year in baseline funding. Absent additional funding, the Navy would be forced to cut back on its expenditures in other critical areas or reduce the level of presence we can provide to the combatant commanders.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

Admiral FERGUSON. OCO funding, in addition to our base budget, continues to play a critical role in maintaining the capability, capacity, and readiness necessary for the Navy to support our Combatant Commanders, in addition to meeting the missions of the Defense Strategic Guidance. For over ten years, OCO funding has allowed the Navy to operate at a war-time operational tempo throughout the Middle East. As the land war draws down, Navy is uniquely challenged because our forces continue to serve and provide presence in the CENTCOM region as land-based forces depart. The demand for naval presence in this theater remains high and is likely to increase elsewhere as we rebalance to the Pacific.

If the Navy remains at our current level of operations, it will not be sustainable within our base budget alone. OCO funding is also necessary to reset our ships and equipment after a decade of higher tempo wartime operations. The capital asset nature of our ships makes longer-term supplemental reset funding more critical to the Navy. In the current fiscal environment, any transition from OCO into base at the current base topline, or worse under sequestration levels, would drive our base down and pressurize already difficult decisions as we work to balance between force structure, modernization, and readiness. Without additional supplemental funding, this balance will suffer. For readiness specifically, we could be forced to delay maintenance activities for our ships and aircraft, reducing their operational availability and service life. Training could be reduced, preventing ships and aircraft from being ready and available for contingency operations.

In FY14, the OCO budget included incremental costs to sustain operations, manpower, equipment and infrastructure repair, as well as equipment replacement. These costs include aviation and ship operations, combat support, base support, USMC operations and field logistics, mobilized reservists and other special pays. The FY13 President's Budget reflected the start of the transition out of Afghanistan, and this effort to transition to Afghan responsibility is continued in FY14. We continue this transition and anticipate requesting similar incremental costs in the FY15 OCO request.

Mr. WITTMAN. In light of the civilian personnel hiring freezes and furloughs in FY2014, what impacts, if any, were there on the shipyards and aviation depots? How were they mitigated or what risk was assumed? What is the civilian personnel hiring plan for the shipyards in FY15?

Admiral FERGUSON. The FY2013 hiring freeze and overtime funding restrictions created a capacity shortfall for naval shipyards resulting in deferral of approximately 75,000 man-days of planned work from FY2013 to FY2014. Navy mitigated the impact by lifting the hiring freeze in June 2013, commencing aggressive recruitment efforts, and exempting shipyards from civilian furloughs. Even with those efforts, the number of personnel at the end of FY2013 was about 200 below the budgeted end strength.

Commander, Fleet Readiness Center (COMFRC) lost 12 working days on all production lines across the Fleet Readiness Centers. This issue was exacerbated by the FY2013 hiring freeze and resulted in COMFRC understaffing its FY2014 requirement by just under 600 Full Time Equivalent personnel. Additionally, the furlough resulted in 43 aircraft and 289 engine repair delays and caused a net operating loss of approximately $8 million to this working capital funded organization.

The following table provides information on the staffing requirements for FY 2015 for the four Naval Shipyards (Portsmouth Naval Shipyard (PNSY), Norfolk Naval Shipyard (NNSY), Puget Sound Naval Shipyard and Intermediate Maintenance Activity (PSNS & IMF), and Pearl Harbor Naval Shipyard & Intermediate Maintenance Facility (PHNSY & IMF)).

Naval Shipyard FY15 Controls

	PNSY	NNSY	PSNS & IMF	PHNSY & IMF
FY14 End Strength	4,772	9,551	12,250	4,455
Hires	387	890	492	245
Attrition	(225)	(690)	(700)	(270)
Planned FY15 End Strength	4,934	9,751	12,042	4,430

Mr. WITTMAN. How will each of your services achieve the headquarters reductions ordered by Secretary Hagel and at the same time ensure critical functional capabilities are not lost? What is your strategic human capital plan?

Admiral FERGUSON. Our FY 2015 President's Budget request achieves savings through significant headquarters reductions, placing us on track to meet the 20% reduction by FY 2019 required by Secretary of Defense fiscal guidance. To protect the Navy's ability to rebalance to the Pacific and continue to execute on-going overseas contingency operations, less pressure is applied to fleet operational headquarters staffs and more on other staffs. Specifically, Fleet Forces Command, the U.S. Pacific Fleet, and Navy Component Command headquarters were allocated a 5% reduction. This decision required additional pressure to be placed on other staffs in the Navy to compensate for the protection of the fleets.

The headquarters reductions are designed to streamline management through efficiencies and elimination of lower-priority activities, protecting critical functional capabilities. The reductions will be based on projected mission requirements and are consistent with legislative requirements including 10 USC 2463.

Mr. WITTMAN. Can you address the impact of the furlough on the military and civilian workforces? Have you seen spikes in post-furlough separations or retirements? Do you anticipate another furlough will be required?

Admiral FERGUSON. We have seen the impact of furlough on our workforce in the following ways:

- Reduced readiness. Reduced Department of Navy's (DON) maintenance and sustainment capacity by losing 6 days of work for logisticians, comptrollers, engineers, contracting officers, and planners.
- Financial Hardship. The furlough created a significant financial hardship for the men and women dedicated to public service. The workforce lost 6 full days of pay, and corresponding leave retirement contributions in 2013.
- Morale of the Force. Internal surveys indicate a decrease in trust in the institution among the workforce and a perceived devaluation of the contribution of our Civilian Sailors to the DON mission. The furlough also dampened the enthusiasm of the workforce, as evidenced by a five-point drop in the Office of Personnel Management federal employee viewpoint survey and a decline in employee engagement.

While there has been no increase in post-furlough separations or retirements among active duty members, the DON has seen an increase in civilians exploring the possibility of retirement through the retirement application process. To date, there has been no increase in post-furlough civilian separations or retirements from the Department of the Navy.

We cannot rule out the possibility of additional furloughs should sequestration be required in FY16 and beyond.

Mr. WITTMAN. How did the Secretary's mandatory 20% headquarters cuts impact readiness accounts, if at all?

Admiral FERGUSON. To enable the rebalance to the Pacific and continue to execute theater presence missions and on-going overseas contingency operations, Navy applied less pressure on operational warfighting headquarters and took the larger reductions in ashore overhead headquarters organizations. As a result, there is no expected direct impact to the major Fleet readiness accounts (Ship Operations, Flying

Hour Program, Ship Maintenance or Aviation Depot Maintenance) from the 20% headquarters reduction. The specific funding lines that support ship and aircraft maintenance and operations were not affected by the 20% headquarters reduction.

That said, there are some minor reductions to two support accounts (Ship Support and Air Support)—which total $1.45M across the FYDP which could cause second order affects to longer-term readiness. As an example, reductions in the Planning, Engineering and Design accounts could manifest in delays in executing contracts, less deck plate supervision for the work that is being done at ship depots and less personnel available to execute the quality control functions we have been doing in the past. The long-term impact of these issues would likely be more re-work required, cost overruns for slower identification of deficiencies and less efficient execution of work-packages.

Since all of the reductions are phased-in over the next 4 years, it is unlikely that these cuts will result in any immediate impacts. We will manage our way through these reductions and search for productivity improvements/efficiencies as well as identify lower-priority, less critical tasks that can be cancelled or deferred to permit those remaining personnel to execute our most critical missions. If necessary, we will consider divesting less critical missions. Until the 2017–2018 timeframe, the cuts are limited and are planned such that we can evaluate long term impacts.

Mr. WITTMAN. Considering the significant variability associated with the budget and the resulting force structure, why does the Department feel that it is an appropriate time to request an additional BRAC round?

Admiral FERGUSON. The last BRAC analysis the Department of the Navy performed was back in 2004. Since that assessment was completed, we have reduced force structure, the number of personnel in the Navy, and consolidated commands and staffs. Therefore, it is the appropriate time to review base structure, force laydown, and assess our capacity in order to reduce the costs of infrastructure sustainment.

Mr. WITTMAN. Please provide an update as to when the Department is expected to complete the European Infrastructure Consolidation Initiative as required by Section 347 of the National Defense Authorization Act for Fiscal Year 2012. Why does the Department feel it is appropriate to request an additional round of BRAC prior to completing the assessment of infrastructure in Europe?

Admiral FERGUSON. The Department of Defense (DOD) is in the midst of a comprehensive review of its European infrastructure to create long-term savings by eliminating excess infrastructure, recapitalizing astutely to create excess for elimination, and leveraging announced force reductions. DOD is analyzing infrastructure relative to the requirements of the defined force structure, emphasizing military value, operational requirements, joint utilization, and obligations to our allies. DOD expects to complete its analysis in late spring and anticipates providing a classified report outlining the findings soon after.

Even significant closures overseas, though, will not be sufficient to make the needed reductions in DOD's excess infrastructure. This underscores the need to conduct the same effort with respect to DOD's domestic infrastructure, in concert with the overseas review to maximize its comprehensiveness and creativity.

Regarding the Section 347 report on the European Infrastructure Consolidation Initiative, then-Deputy Secretary of Defense Ashton Carter submitted the analysis on April 16, 2013 (transmittal letter attached).

[The letter referred to can be found in the Appendix on page 110.]

Mr. WITTMAN. Has the Secretary of Defense assessed whether excess infrastructure exists in the Department? What empirical support can the Department provide to support a request for additional BRAC rounds?

Admiral FERGUSON. The last BRAC analysis DOD performed was back in 2004, and at that time the DOD reported an average of 24% excess capacity as compared to the metrics established by the 1989 baseline inventory.

Since that assessment was completed, however, the capabilities of our weapons systems and platforms have advanced and our warfighting tactics have evolved, as has planning criteria for our infrastructure. Further, while the 2005 BRAC round included a number of closures within the DON, the Navy has not experienced the same level of force structure reductions as has the Army and Air Force. A new BRAC round would give us the opportunity and rigorous process to take a hard look at our infrastructure and force laydown to determine if the Navy has excess capacity today.

Mr. WITTMAN. General Paxton, you've mentioned the effects of sequestration on Marine Corps Readiness both in its current state and into the future. We understand that the corps has done diligent work in redesigning a force structure around 175,000 marines, which is based on fiscal constraints. You and the Commandant

have testified that the optimal force structure for the Marine Corps is 186,600 marines to meet all crisis response and steady-state requirements of the nation.

Can you briefly discuss what the Marine Corps loses in regards to readiness with this reduced force structure?

Can you also provide the committee with your assessment of what specific capabilities the Marine Corps stands to lose if the full implementation of the BCA continues beyond FY15?

Lastly, can you provide the committee an assessment on the ability of the Marine Corps to regenerate capabilities/capacities lost due to sequestration if and when emergent threats arise or major combat operations are required.

General PAXTON. Under current levels of funding, the 175k force will be an extremely capable and ready force, optimized for steady state operations, but will assume risk in the execution of a Major Combat Operation (MCO) and will stress personnel tempo rates at the 1:2 deployment-to-dwell ratio in the active component and a 1:4 ratio for the Reserves. The 175k force will not be sized to rotate in MCOs (i.e., the force will be "all-in" to meet the demands of an MCO at a 1:0 unit deployment-to-dwell ratio). The 175k force is not the 186.8k force level the Marine Corps desires, but it is the best balanced force to meet the strategic and fiscal realities of the near future while simultaneously preserving the ability to rapidly grow in times of crisis. The 175k force will maintain an average of C2 readiness across all operational units, will restructure unit and institutional training for emerging security demands, will expand use of simulation and virtual training, and will rely on Navy investments in steaming days and flight hours which impacts readiness.

The 175k force at full sequestration levels will be a high risk force. Funding for Marine Corps modernization will be reduced or depleted, funding for readiness will be reduced, funding for infrastructure will be reduced, and Marine Corps capability to deter and defeat aggression will be reduced. Specifically, full sequestration in the FY15–19 timeframe will result in reduction in funding for MDAPs, G/ATOR, and CAC2S, while JLTV will be delayed one year and may be forced to cancel. Modernization to the Marine Corps' most crucial capabilities—ACV and F–35B—will be preserved. Additional risk will be manifested over time as equipment and modernization yields less viably equipped Marines. Marine Corps bases and stations will, over time, see a diminished ability to provide the training ranges to keep Marines trained. Within 5–7 years the Marine Corps may be forced to make the choice between deploying a fully equipped Marine or a fully trained Marine. Although the Marine Corps will continue to serve the nation as America's Expeditionary Force in Readiness at whatever end-strength the nation is prepared to fund, full implementation of the BCA beyond FY15 will negatively impact Marine Corps modernization, infrastructure, and readiness accounts, reducing Marine Corps capability to fulfill key DSG missions (Countering Terrorism & Irregular Warfare, Deterring & Defeating Aggression, Projecting Power Despite A2AD Challenges, and Providing a Stabilizing Presence).

Although the 175k force is the current planned force, history shows the Marine Corps will not be held at 175k forever; end-strength fluctuations are natural and necessary. Rather than ignore this reality, it is best to plan for it and accept risk in the areas that can be reconstituted when needed. The Defense Strategic Guidance (DSG) refers to this concept as "reversibility." The Ground Combat Element (GCE) is the element of the Marine Air Ground Task Force (MAGTF) that can most rapidly be reconstituted during times of crisis; it is the most reversible. The Air Combat Element is arguably the least reversible. Aircraft are considered long-lead items because of the length of time required to move from concept to reality. Additionally, aviation units require more senior personnel who take longer to develop. The 175k force reduces structure in areas that can be restored the most rapidly in times of crisis, thereby preserving reversibility.

Mr. WITTMAN. Does the budget request for the Marine Corps fully fund current and planned crisis response capabilities? If not, why? What are your future plans for developing and growing crisis response elements? Where will future capabilities be based?

General PAXTON. Special Purpose Marine Air Ground Task Force-Crisis Response (SPMAGTF–CR), in support of USEUCOM/USAFRICOM, is an enduring capability for the Marine Corps and supports our priorities for forward presence, steady state operations and crisis response. It is funded in the President's Budget 2015 (PB–15) request. The Marine Corps' rebalance to the Pacific is also funded in PB–15. The rebalance provides forward presence, steady state operations, and crisis response capabilities to that region. A Marine Expeditionary Unit (MEU) presence in support of USCENTCOM and the 31st MEU in support of USPACOM are also funded. Lastly, Marine Security Augmentation Unit funding was submitted as part of PB–15.

The Marine Corps requested funding in the USMC FY–15 Unfunded Priority List (UPL) submission for SPMAGTFs in support of USCENTCOM and USSOUTHCOM. These capabilities were not funded in the [baseline] budget, because they were in development at the time of submission. SPMAGTF–CENT is scheduled to deploy in the fall of this year and will be comprised of a Theater Security Cooperation (TSC) element in Jordan and a Security Force in Yemen. The Marine Corps and USCENTCOM are in the process of coordinating host nation support for the Crisis Response element and associated aviation assets. SPMAGTF-South is scheduled to deploy in May of 2015. Although it is not planned to have as robust a crisis response capability as the SPMAGTFs in USCENTCOM or USEUCOM/USAFRICOM, it will have the ability to conduct TSC and support Humanitarian Assistance/Disaster Response missions. The Marine Corps and USSOUTHCOM are in the process of coordinating host nation support for elements of the SPMAGTF.

Mr. WITTMAN. The budget request summary highlights support for the continuation Marine Unit Deployment Program (UDP) in FY15. How many deployments to you anticipate? With the updated strategic guidance, do you anticipate a UDP-type arrangement outside of Okinawa?

General PAXTON. The Unit Deployment Program consists of sustained presence of three reinforced infantry battalions that conduct six month deployments. This results in six deployments per year. One of these battalions will rotate to Darwin, Australia for a six month period each year as the Marine Rotational Force (Darwin).

Mr. WITTMAN. What level of unit readiness does the President's Budget Request assume? If funded at the budget request level, how long until we regain sufficient full spectrum readiness?

General PAXTON. The FY15 budget preserves near-term readiness to support an increased forward presence in the Pacific, and crisis response capabilities, such as those demonstrated in the Philippines for humanitarian assistance and disaster response and later with the evacuation of American citizens from South Sudan. In partnership with the Navy, we utilize Amphibious Ready Groups (ARG) and Marine Expeditionary Units (MEU) that are forward deployed. Additionally, the budget resources the land-based Special Purpose Marine Air-Ground Task Force–Crisis Response (SPMAGTF–CR), located in Spain and Italy. SPMAGTF–CR is not intended to replace, but rather compliment the ARG–MEU. The Navy-Marine Corps team is committed to forming capabilities that would provide other crisis response capabilities to U.S. Central and Southern Commands. The help of Congress is needed to secure these future capabilities.

Full spectrum readiness depends on a budget that balances current unit readiness and long-term investments—balanced institutional readiness is essential to regaining full spectrum readiness. Currently, this balance is misaligned as resources that would have otherwise been applied to non-deployed units and investments accounts are re-prioritized to deployed and next-to-deploy units to safeguard near-term operational unit level readiness. Tough choices have been made in these fiscally challenging times to protect this near term readiness. Whereas the President's budget protects near-term readiness, fully reconstituting the Corps after over a decade of war is at risk if funding is not available for equipment modernization and needed infrastructure essential for full spectrum readiness. Force level draw down savings are not expected to be realized until 2019, at which time the Corps would be on a path to balanced institutional readiness.

Mr. WITTMAN. Much of the $26 billion Opportunity, Growth, and Security Initiative (OGSI) Fund is aimed at mitigating short-term readiness shortfalls. If funded at the budget request levels, what additional readiness shortfalls are present within the Services? Can we expect the OGSI to mitigate all or most of these? What is the impact or risk if OGSI is not funded?

General PAXTON. The Marine Corps prioritized near term readiness at the expense of infrastructure sustainment and equipment modernization. The programs requested via the OGSI will help mitigate the risk associated with those reductions.

Mr. WITTMAN. Which readiness accounts are you most concerned about? What can we do to help? If provided with extra budgetary authority, what would you seek to do?

General PAXTON. The Marine Corps prioritized near term readiness at the expense of infrastructure sustainment and equipment modernization. If additional funds were available, the Marine Corps would request support of the OGSI/UPUL.

Mr. WITTMAN. Can you articulate the impact of cancelled training that occurred over the last two years as a result of sequestration?

General PAXTON. No significant training was cancelled as a result of sequestration. The Marine Corps explicitly protected training and near-term unit readiness at the expense of equipment modernization and installation sustainment. The Marine Corps' concern is that in achieving short-term readiness goals to meet DOD

guidance, in the long-term it will reduce overall readiness across the Infrastructure Sustainment and Equipment Modernization pillars of institutional readiness. Funding cuts to these pillars, under sequestration, will not be sustainable due to their impacts on future readiness.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

The majority of Marine Corps OCO funding supports the incremental costs of combat operations, equipment and infrastructure repair, equipment replacement, military pay for mobilized reservists, deployed pay and allowances, and end-strength above the baseline active duty force (182.7K in FY15). However, as the Marine Corps transitions from Operation Enduring Freedom in Afghanistan to steady state operations, including forward presence and crisis response, some of the activities currently funded via OCO will likely migrate to the baseline to support enduring missions and requirements. The Marine Corps currently estimates this amount to be between $200 and $450 million. This represents approximately 8 to 11 percent of our total FY 2014 OCO request of $4.0B.

The $700 million realigned from baseline to OCO in FY 2014 by the Congress in the 2014 Omnibus Appropriations Act is also an enduring requirement, and is reflected in the FY15 budget as such.

Mr. WITTMAN. Please describe the enduring, non-Afghanistan-related requirements your service funds through OCO. How would you address those requirements in the absence of OCO?

General PAXTON. The majority of Marine Corps OCO funding supports the incremental costs of combat operations, equipment and infrastructure repair, equipment replacement, military pay for mobilized reservists, deployed pay and allowances, and end-strength above the baseline active duty force (182.7K in FY15). However, as the Marine Corps transitions from Operation Enduring Freedom in Afghanistan to steady state operations, including forward presence and crisis response, some of the activities currently funded via OCO will likely migrate to the baseline to support enduring missions and requirements. The Marine Corps currently estimates this amount to be between $200 and $450 million. This represents approximately 8 to 11 percent of our total FY 2014 OCO request of $4.0B. Examples of enduring requirements include: CENTCOM operations and presence, redeployment of forces post OEF, intermediate and operational maintenance requirements, as equipment is deployed in support of non-OCO missions, commercial satellite bandwith, and information systems requirements.

The Marine Corps has made modest gains in its efforts to fund enduring requirements in the baseline, but will face challenges to migrate the requirements identified above as sequestration has resulted in reduced top lines for all the Services. The ability to continue to fund missions with OCO has enabled the Marine Corps to limit further reductions in operation and maintenance and procurement accounts (infrastructure sustainment and equipment modernization) in order to support a ready and capable force.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget. How challenging has sequestration made that task? What is most at-risk?

General PAXTON. The Marine Corps has made modest gains in its efforts to fund enduring requirements in the baseline, but will face challenges to migrate the requirements identified above as sequestration has resulted in reduced top lines for all the Services. The ability to continue to fund missions with OCO has enabled the Marine Corps to limit further reductions in operation and maintenance and procurement accounts (infrastructure sustainment and equipment modernization) in order to support a ready and capable force.

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The $700 million realigned from baseline to OCO in FY 2014 by the Congress in the 2014 Omnibus Appropriations Act is also an enduring requirement, and is reflected in the FY15 budget as such.

Mr. WITTMAN. Although you may not be able to discuss specifics until the FY15 OCO budget is officially released, how confident are you in the adequacy of this year's OCO budget request? How much of your services' operations, maintenance, and training requirements are met by the base budget?

General PAXTON. The majority of Marine Corps OCO funding supports the incremental costs of combat operations, equipment and infrastructure repair, equipment replacement, military pay for mobilized reservists, deployed pay and allowances, and end-strength above the baseline active duty force (182.7K in FY15). However, as the Marine Corps transitions from Operation Enduring Freedom in Afghanistan to steady state operations, including forward presence and crisis response, some of the activities currently funded via OCO will likely migrate to the baseline to support enduring missions and requirements. The Marine Corps currently estimates this amount to be between $200 and $450 million. This represents approximately 8 to 11 percent of our total FY 2014 OCO request of $4.0B.

In FY2011, the Marine Corps requested $4.0B (5% of the DOD's $85.3B request). With continued support from Congress for our manpower, combat operations, predeployment training equipment repair and replacement, and our reset requirements, we believe we can maintain a ready and capable force albeit with some near term risks in our infrastructure sustainment and equipment modernization accounts.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General PAXTON. In FY2011, the Marine Corps requested $4B (5% of the DOD's $85.3B request). With continued support from Congress for our manpower, combat operations, pre-deployment training equipment repair and replacement, and our reset requirements, we believe we can maintain a ready and capable force albeit with some near term risks in our infrastructure sustainment and equipment modernization accounts.

Mr. WITTMAN. In light of the civilian personnel hiring freezes and furloughs in FY2014, what impacts, if any, were there on the shipyards and aviation depots? How were they mitigated or what risk was assumed? What is the civilian personnel hiring plan for the shipyards in FY15?

General PAXTON. The Marine Corps has no shipyards or aviation depots and, thus, defers to Navy on civilian furlough and pay freeze impacts on those entities.

Mr. WITTMAN. How will each of your services achieve the headquarters reductions ordered by Secretary Hagel and at the same time ensure critical functional capabilities are not lost? What is your strategic human capital plan?

General PAXTON. The Marine Corps supports measures such as the 20% reduction to management headquarters which is designed to enhance efficiency and cost effectiveness of our workforce. Due to fiscal constraints, the Marine Corps had already established an Executive Steering Group to determine how to minimize stress and maintain faith with our civilian workforce in this austere environment. As a result, the Marine Corps phased the management headquarters reduction at approximately four percent per year beginning in FY 2015. In addition, since 2009, the Marine Corps has restrained growth by prioritizing civilian workforce requirements and realigned resources to retain an affordable and efficient workforce. Similarly, the Marine Corps has identified active duty military billets within headquarters organizations that will be eliminated to achieve the 20% reduction in management headquarters by 2019. Such billets, the Marine Corps feels are appropriate for reduction and will not negatively impact functional capabilities of headquarter elements.

Mr. WITTMAN. Can you address the impact of the furlough on the military and civilian workforces? Have you seen spikes in post-furlough separations or retirements? Do you anticipate another furlough will be required?

General PAXTON. About 90% of our civilian Marines suffered 48 hours of administrative furlough between 8 July and 17 August 2013. Some suffered financially because of 6-days lost pay. The lapse in appropriations furlough during 1–4 October affected about 63% of our appropriated funded (APF) civilians and 26% of our non-appropriated funded (NAF).

Over 60% of our civilian Marines are veterans; a great many are retired and former Marines. They come to work for the Marine Corps because they believe in and are committed to our mission. Through anecdotal evidence, we know that our civilians are frustrated with continued budgetary uncertainty, and the increasing publicity in media that portrays them as unproductive and overpaid is stressful and demoralizing.

We have not seen any spikes in separations or retirements.

The Marine Corps does not anticipate another furlough. Our civilian Marine appropriated-funded workforce is less than 5% of USMC total O&M budget. That represents a "best value" for the defense dollar, as the leanest of all services, with a

ratio of one appropriated funded civilian to every ten active duty Marines. Frankly, sequestration actions break faith with our civilians, and will jeopardize the expertise and continuity necessary to support our military as commitment to federal service wanes.

Mr. WITTMAN. How did the Secretary's mandatory 20% headquarters cuts impact readiness accounts, if at all?

General PAXTON. The Marine Corps supports measures such as the 20% reduction to management headquarters which is designed to enhance efficiency and cost effectiveness of our workforce. Due to fiscal constraints, the Marine Corps had already established an Executive Steering Group to determine how to minimize stress and maintain faith with our civilian workforce in this austere environment. As a result, the Marine Corps phased the management headquarters reduction at approximately four percent per year beginning in FY 2015. In addition, since 2009, the Marine Corps has restrained growth by prioritizing civilian workforce requirements and realigned resources to retain an affordable and efficient workforce. Similarly, the Marine Corps has identified active duty military billets within headquarters organizations that will be eliminated to achieve the 20% reduction in management headquarters by 2019. Such billets, the Marine Corps feels are appropriate for reduction and will not negatively impact functional capabilities of headquarter elements.

Mr. WITTMAN. Considering the significant variability associated with the budget and the resulting force structure, why does the Department feel that it is an appropriate time to request an additional BRAC round?

General PAXTON. The last BRAC analysis the Department of the Navy (DON) performed was back in 2004, and at that time the Department reported having about 21% excess capacity as compared to the metrics established by the 1989 baseline inventory; the DOD average was 24%.

Since that assessment was completed, however, the capabilities of our weapons systems and platforms have advanced and our warfighting tactics have evolved, as has planning criteria for our infrastructure. Further, while the 2005 BRAC round included a number of closures within the DON, the Marine Corps has not experienced the same level of force structure reductions as has the Army and Air Force. A new BRAC round would give us the opportunity and rigorous process to take a hard look at our infrastructure and force laydown to determine how much excess capacity the Marine Corps has today. However, the Marine Corps feels that it is appropriately aligned with its bases and infrastructure for its future force structure going forward.

Mr. WITTMAN. Please provide an update as to when the Department is expected to complete the European Infrastructure Consolidation Initiative as required by Section 347 of the National Defense Authorization Act for Fiscal Year 2012. Why does the Department feel it is appropriate to request an additional round of BRAC prior to completing the assessment of infrastructure in Europe?

General PAXTON. The Department of Defense (DOD) is in the midst of a comprehensive review of its European infrastructure to create long-term savings by eliminating excess infrastructure, recapitalizing astutely to create excess for elimination, and leveraging announced force reductions. DOD is analyzing infrastructure relative to the requirements of the defined force structure, emphasizing military value, operational requirements, joint utilization, and obligations to our allies. DOD expects to complete its analysis in late spring and anticipates providing a classified report outlining the findings soon after.

Even significant closures overseas, though, will not be sufficient to make the needed reductions in DOD's excess infrastructure. This underscores the need to conduct the same effort with respect to DOD's domestic infrastructure, in concert with the overseas review to maximize its comprehensiveness and creativity.

Regarding the Section 347 report on the European Infrastructure Consolidation Initiative, then-Deputy Secretary of Defense Ashton Carter submitted the analysis on April 16, 2013 (transmittal letter attached).

[The letter referred to can be found in the Appendix on page 110.]

Mr. WITTMAN. Has the Secretary of Defense assessed whether excess infrastructure exists in the Department? What empirical support can the Department provide to support a request for additional BRAC rounds?

General PAXTON. The last BRAC analysis the Department of the Navy (DON) performed was back in 2004, and at that time the Department reported having about 21% excess capacity as compared to the metrics established by the 1989 baseline inventory; the DOD average was 24%.

Since that assessment was completed, however, the capabilities of our weapons systems and platforms have advanced and our warfighting tactics have evolved, as has planning criteria for our infrastructure. Further, while the 2005 BRAC round included a number of closures within the DON, the Marine Corps has not experi-

enced the same level of force structure reductions as has the Army and Air Force. A new BRAC round would give us the opportunity and rigorous process to take a hard look at our infrastructure and force laydown to determine how much excess capacity the Marine Corps has today. However, the Marine Corps feels that it is appropriately aligned with its bases and infrastructure for its future force structure going forward.

Mr. WITTMAN. Please describe the readiness challenges the Air Force faces if we revert to sequestration level funding after FY15.

General SPENCER. The Fiscal Year 2015 President's Budget funding levels are the minimum required to achieve Air Force readiness goals by 2023. The reality of the Air Force budget is that without sufficient readiness funding, we assume greater risk across the full range of military operations required to support the defense strategy. Current fiscal constraints pose difficult choices between our strategy-based modernization/acquisition programs and the need to simultaneously address our near- and long-term full-spectrum readiness shortfalls. Without adequate readiness funding, the Air Force cannot maintain a ready force or even begin reversing our long downward readiness trend, which we are currently addressing in FY14–15 under the funding provided by the Bipartisan Budget Act.

The return of Budget Control Act (BCA) funding levels would significantly impact our ability to adequately resource flying hours, weapons system sustainment, depot maintenance, training ranges, preferred munitions, and large-force exercises. If BCA funding levels return, readiness will decline across all Air Force core missions and we will not be able to meet our 2023 readiness goals.

Our units will have to fly at reduced training rates and the Air Force will again be forced to stand down units, similar to actions taken in FY13. As the Department indicated in the sequestration reports, the Air Force will be forced to consider additional force structure options, such as divesting the KC–10 and Global Hawk Block 40 fleets and reducing by ten the number of MQ–9 orbits. BCA funding levels mean cuts to our readiness and recapitalization/modernization accounts and will result in fewer ready forces available to support the defense strategy. The result will be a less capable, smaller force that is even less ready for tomorrow's fight.

Mr. WITTMAN. What would be the impacts to the Air Force's readiness posture if we maintained our current force structure with the current funding levels?

General SPENCER. The Bipartisan Budget Act's (BBA) funding levels do not resolve the long term readiness issues that stemmed from the imposition of the Budget Control Act and years of declining readiness. Anticipated funding based on the BBA helps reverse the readiness decline, but it will likely not fix Air Force readiness during the Future Years Defense Program (FYDP); this is one of the reasons that PB15 seeks increased resources (above the BBA level) in Fiscal Year 2016 (FY16) and beyond. Achieving a ready Air Force will be an estimated ten year process, with recovery sometime around 2023. The longer term readiness picture remains uncertain due to the resource drain stemming from the Air Force's inability to shed excess force structure and the looming threat of a return to sequester-level budgets in FY16 and beyond.

If the Air Force were to maintain its current force structure at current funding levels, we would be forced to shift critical funds out of our readiness and recapitalization/modernization accounts. Depending on the outcome of these budget-driven tradeoffs, units will be forced to fly at reduced training rates and the Air Force will again be forced to stand down units, similar to actions taken in FY13 and from which (as of May 2014) the Air Force has yet to fully recover. This would result in fewer ready forces to meet the requirements of the defense strategy and a less capable, smaller force that is even less ready.

Mr. WITTMAN. If Congress fails to grant the Air Force authority to cut A–10s, do you anticipate implications for force readiness? If so, can you provide specifics?

General SPENCER. Yes, we do expect negative impacts to readiness if we are not permitted to divest the A–10. Without a $4.2 billion addition to the Air Force's topline that is necessary to maintain the current A–10 fleet across the Future Years Defense Program (FYDP), the Air Force would be forced to shift critical funds out of our readiness and recapitalization/modernization accounts. Without these savings, units will be forced to fly at reduced training rates and the Air Force will again be forced to stand down units, similar to actions taken in fiscal year 2013 and from which (as of May 2014) the Air Force has yet to fully recover. This would result in fewer ready forces to meet the requirements of the defense strategy and a less capable, smaller force that is even less ready.

Mr. WITTMAN. The budget request funds only 65% of facility sustainment requirements. What is the impact of this budget decision? What tradeoffs were made to justify this determination? When do you anticipate this issue to be addressed? How much budget authority is required?

General SPENCER. The Air Force's Fiscal Year 2015 President's Budget (FY15 PB) budget decision accepts near-term risk with long-term effects in facilities sustainment, restoration, and modernization (FSRM). The impact of this budget decision is further degradation of an already older/aging infrastructure. The current fiscal environment required difficult choices. We prioritized readiness and modernization over facilities to balance capacity, capability, and readiness. The FY15 PB supports that strategy, but a return to sequestration-level budgets will make the choices worse.

Mr. WITTMAN. How much excess capacity does the Air Force currently have with respect to installations and facilities? How did you determine this percentage? What current information do you have to make this determination?

General SPENCER. The Secretary of Defense's 2004 § 2912 Report to Congress stated the Air Force had 24 percent excess infrastructure. Broad mission categories were parametrically assessed, compared to mission requirements, and yielded a non-specific, excess capacity result. The 24 percent conclusion was mission focused (i.e., bomber, depots, training) and not base-by-base.

This excess infrastructure was not sufficiently addressed by the base realignment and closure round in 2005 (BRAC 2005). Only eight minor installations were closed and less than one percent of Plant Replacement Value (PRV) was reduced. Since BRAC 2005, the Air Force has further reduced its force structure by approximately 500 aircraft and eight percent of military manpower authorizations. Add to this the FY15 PB proposal to reduce force structure by an additional 500 aircraft and up to 20,000 Airmen, and the need for BRAC becomes even more compelling.

Mr. WITTMAN. Last year, the committee provided the Air Force with budget authority to demolish a number of excess buildings across installations. What is the status of demolition projects and do you need additional authority this year?

General SPENCER. In FY14, Congress authorized $2.88B in Facilities Sustainment, Restoration and Modernization (FSRM). From this FSRM, the Air Force had planned for $29M in Demolition.

Due to budget constraints, the Air Force made the decision to target resources on "mission-critical, worst-first" infrastructure needs, and defer demolition (low risk) to focus resources on mission-enabling renovations (restoration and modernization).

The Air Force has currently funded five projects in fiscal year 2014 (FY14) worth $4.1 million and is prepared to fund 12 more projects in FY14 worth $8.3 million.

Mr. WITTMAN. Which readiness accounts are you most concerned about? What can we do to help? If provided with extra budgetary authority, what would you seek to do?

General SPENCER. The Air Force's primary readiness concern is to ensure adequate funding levels for flying hours, weapons system sustainment (WSS), ranges, preferred munitions, simulators, and exercises. Without adequate funding, the Air Force cannot maintain a ready force or even begin reversing our long-standing downward readiness trend, which we are currently addressing under the Bipartisan Budget Act. The Air Force will prioritize flying hours, WSS, ranges, munitions, simulators, and exercises to recover readiness and to meet our 2023 readiness goals.

Mr. WITTMAN. Can you articulate the impact of cancelled training that occurred over the last two years as a result of sequestration?

General SPENCER. Loss of high-intensity training has eroded the Air Force's full-spectrum readiness. As of May 2014, nearly 50 percent of the units stood down in fiscal year 2013 (FY13) due to sequestration had yet to recover to their suboptimal, pre-sequester readiness levels. Sequestration forced the cancellation or curtailment of weapons school classes and several major exercises in FY13, including RED FLAG, which has further eroded the Air Force's readiness and made us less prepared to decisively win in future contingencies in contested and highly-contested environments.

If desired, we can provide more detail in a classified forum.

Mr. WITTMAN. What level of unit readiness does the President's Budget Request assume? If funded at the budget request level, how long until we regain sufficient full spectrum readiness?

General SPENCER. PB15 funding levels enable the Air Force to achieve its readiness goals by 2023. Below this funding level, we assume greater risk across the full range of military operations that are required to support the defense strategy. Current fiscal constraints pose difficult choices between our strategy-based modernization/acquisition programs and the need to simultaneously address our near- and long-term full-spectrum readiness shortfalls. Without PB15 funding levels, the Air Force cannot realize a ready force. The Air Force began reversing our long-standing downward readiness trend in Fiscal Years 2014–15 with funding provided by the Bipartisan Budget Act.

The return of Budget Control Act (BCA) funding levels would significantly impact our ability to adequately resource flying hours, weapons system sustainment, depot maintenance, training ranges, preferred munitions, simulators, and large-force exercises. If BCA funding levels return, readiness will decline across all Air Force core missions and we will not be able to meet our 2023 readiness goals.

Mr. WITTMAN. Much of the $26 billion Opportunity, Growth, and Security Initiative (OGSI) Fund is aimed at mitigating short-term readiness shortfalls. If funded at the budget request levels, what additional readiness shortfalls are present within the Services? Can we expect the OGSI to mitigate all or most of these? What is the impact or risk if OGSI is not funded?

General SPENCER. The Fiscal Year 2015 President's Budget (FY15 PB) request continues to rebuild readiness levels for the Air Force by funding all executable flying hours, sustaining space enterprise capabilities, and investing in cyber operations readiness. However, emergent requirements in the nuclear enterprise and critical shortfalls for Combat Air Force exercises, ranges, and training still remain. The Opportunity, Growth, and Security Initiative (OGSI) and the Air Force unfunded priority list (UPL) seek to mitigate all of these shortfalls in FY15 by funding over $100 million in nuclear force improvement program initiatives, increasing funding for combat training ranges, and restoring installation support funding that directly enhances Air Force preparedness for combat, contingency, and day-to-day operations. If the OGSI/UPL is not funded, it will take the Air Force longer to return to full-spectrum training and achieve necessary readiness levels required to fully execute combatant commander requirements.

Mr. WITTMAN. Which readiness accounts are you most concerned about? What can we do to help? If provided with extra budgetary authority, what would you seek to do?

General SPENCER. The Air Force's primary readiness concern is to ensure adequate funding levels for flying hours, weapons system sustainment (WSS), ranges, preferred munitions, simulators, and exercises. Without adequate funding, the Air Force cannot maintain a ready force or even begin reversing our long-standing downward readiness trend, which we are currently addressing under the Bipartisan Budget Act. The Air Force will prioritize flying hours, WSS, ranges, munitions, simulators, and exercises to recover readiness and to meet our 2023 readiness goals.

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If desired, we can provide more detail in a classified forum.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

General SPENCER. The Air Force currently executes over $9 billion per year in OCO operations and maintenance (O&M) funding. This funding covers flying hours, weapon system sustainment (WSS), transportation, and base operating support (BOS) for Air Force-operated installations in the U.S. Central Command area of responsibility (CENTCOM AOR). Over 80 percent of our OCO BOS costs are for installations located outside of Afghanistan. We anticipate those requirements and costs will endure.

The Air Force does not anticipate significant changes in CENTCOM enduring requirements. Operations over the last 20 years suggest the demand for Air Force capabilities will remain high even after combat operations cease, particularly in terms of continued rotational deployments and sustaining the bases in the CENTCOM AOR that are not in Afghanistan. If OCO is no longer available, the Air Force will need a topline funding increase to the baseline budget or supplemental funding to continue operations to support combatant commander requirements.

Mr. WITTMAN. Please describe the enduring, non-Afghanistan-related requirements your service funds through OCO. How would you address those requirements in the absence of OCO?

General SPENCER. The Air Force anticipates a number of enduring requirements, particularly in terms of continued rotational deployments and sustaining the Air Force-operated bases in the U.S. Central Command area of responsibility (CENTCOM AOR) that are not in Afghanistan. If we continue to deploy and sustain

these bases, all of the associated costs (e.g., flying hours, weapon system sustainment (WSS), base operating support (BOS)) must be funded, either by baseline growth or continued supplemental funding. Without increased baseline or continued supplemental funding, we will be forced to fund these requirements within the current operations and maintenance (O&M) baseline. This could result in similar impacts seen during fiscal year 2013 sequestration: insufficient flying hours to maintain readiness, standing down flying units, less ready units for emergent requirements, and potentially not enough ready units for rotational demands, such as theater security packages in U.S. Pacific Command (PACOM) or CENTCOM. The Air Force would either need increased baseline or supplemental funding as the magnitude of the efforts cannot be sustained in current baseline funding levels. The impact of no overseas contingency operations (OCO) funding depends on requirements. If all of the requirements—to include flying hours, transportation, WSS, and BOS—were to go away, the Air Force would only need OCO funding for a finite reset period of a few years, after which there would be minimal impact to terminating OCO funding. However, as stated earlier the Air Force does not anticipate significant changes in the CENTCOM requirements.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget. How challenging has sequestration made that task? What is most at-risk?

General SPENCER. The Air Force is focused on maximizing full spectrum readiness requirements. As overseas contingency operations (OCO) missions decline, funding for flying hour and weapon systems sustainment (WSS) programs will require additional baseline funding to return to full spectrum readiness training as the Air Force continues to execute the same number of flying hours and depot maintenance levels. The Air Force incrementally increased the OCO-to-base funding request for WSS in the fiscal year 2015 (FY15) Future Years Defense Program (FYDP) to account for this enduring requirement. Programmed increases start in FY16 by approximately $1 billion to $1.5 billion a year, increasing base funding from 70 percent to 80 percent of the WSS requirement. This is the only OCO to base transfer the Air Force has made in the FY15 budget submission. However, this plan is not achievable if the Air Force has to maintain Budget Control Act levels in FY16 and out.

Mr. WITTMAN. Although you may not be able to discuss specifics until the FY15 OCO budget is officially released, how confident are you in the adequacy of this year's OCO budget request? How much of your services' operations, maintenance, and training requirements are met by the base budget?

General SPENCER. The Air Force is confident that the fiscal year 2015 (FY15) overseas contingency operations (OCO) budget request will be adequate to properly fund the OCO mission. The Air Force is maximizing the use of operations and maintenance (O&M) dollars to help recover full-spectrum readiness, which is directly tied to operations, maintenance, and training requirements. Readiness recovery needs a stable level of funding and reduced operations tempo over time rather than a total requirement funded in a single year.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General SPENCER. The Air Force relies on overseas contingency operations (OCO) funds to adequately resource weapon system sustainment (WSS) accounts. WSS is a critical component of overall readiness, encompassing depot maintenance, contract logistics support (CLS), and sustainment engineering. WSS directly impacts fleet availability and the ability of front line units to generate aircraft at a rate that can support the flying hour program, and, hence, the ability to train for a full spectrum of operations called for in the defense strategy.

The elimination of OCO funding would significantly impact Air Force full-spectrum readiness. Should OCO funding be unavailable in future budgets and without an equivalent increase to the Air Force's topline, depot throughput and weapon system repair capabilities would be significantly impacted and jeopardize the Air Force's ability to meet 2023 readiness goals.

In addition, the Air Force needs adequate flying hours to generate trained and ready aircrew. We anticipate continued deployment requirements in the U.S. Central Command area of responsibility (CENTCOM AOR) even after combat operations end, and if the Air Force is compelled to resource these flying hours from the baseline flying hour program (vice OCO or supplemental funding), readiness will significantly degrade.

Finally, operations, sustainment, repair, maintenance, and construction of some overseas infrastructure and real property assets are funded through OCO. These costs are significant. The elimination of OCO funding would greatly reduce the abil-

ity of the Air Force to provide engineering capabilities and services to the combatant commanders, limit their ability to generate combat power, and reduce readiness across the Air Force. An alternate funding source, or migration of these costs to the Air Force base budget and an equivalent increase to the Air Force topline, will be required.

Mr. WITTMAN. In light of the civilian personnel hiring freezes and furloughs in FY2014, what impacts, if any, were there on the shipyards and aviation depots? How were they mitigated or what risk was assumed? What is the civilian personnel hiring plan for the shipyards in FY15?

General SPENCER. The Air Force focused on recovering from sequestration in fiscal year 2013 (FY13) and getting depot production back on track in 2014. FY13 sequestration negatively impacted the time required to perform depot maintenance at Oklahoma City Air Logistics Complex, Ogden Air Logistics Complex, and Warner Robins Air Logistics Complex. We expect to fully recover from flow day delays by December 2014. In terms of depot maintenance manpower, the Air Force manages workforce based on the available funded workload per Title 10 USC 2472. As a result, any personnel actions underway at the depot in FY14 are not expected to add risk to the funded workload.

Mr. WITTMAN. How will each of your services achieve the headquarters reductions ordered by Secretary Hagel and at the same time ensure critical functional capabilities are not lost? What is your strategic human capital plan?

General SPENCER. The Air Force has undertaken a fundamental process review across all levels of headquarters to identify and streamline staff capabilities, while ensuring we do not lose all critical functional capabilities resident on the staff. Where applicable, we are moving organizations with key warfighting-enhancing capabilities out from under the Headquarters Air Force and to the major commands responsible for conducting those operations. Within the headquarters reductions, the strategic human capital plan will maximize use of all voluntary measures, such as voluntary early retirement authority and voluntary separation incentives, in order to achieve any necessary headquarters reductions.

Mr. WITTMAN. Can you address the impact of the furlough on the military and civilian workforces? Have you seen spikes in post-furlough separations or retirements? Do you anticipate another furlough will be required?

General SPENCER. The furlough decreased the morale and sense of value of the civilian workforce. We are working to rebuild trust, and we do not anticipate the need for a furlough in fiscal year 2014 (FY14) or beyond. The impacts of the furlough have translated into very minimal impacts to current recruitment efforts and the retention of civilians. In fact, there was a downward trend in the overall number of civilian retirements from FY12 to FY13.

Mr. WITTMAN. How did the Secretary's mandatory 20% headquarters cuts impact readiness accounts, if at all?

General SPENCER. The Air Force implemented the management headquarters cost reduction per Secretary Hagel's direction in the Fiscal Year 2015 President's Budget (FY15 PB) submission. The cost reduction in management headquarters overhead allowed the Air Force to maintain more funding in readiness accounts within the FY15 PB submission than would have been possible otherwise.

Mr. WITTMAN. Considering the significant variability associated with the budget and the resulting force structure, why does the Department feel that it is an appropriate time to request an additional BRAC round?

General SPENCER. An additional base realignment and closure (BRAC) round is needed now to allow the Air Force to properly address its excess infrastructure, and thus focus limited resources on remaining essential force structure and readiness.

Annually, the Air Force expends $5 billion on facilities and $9 billion to operate installations. It is becoming more and more difficult to sustain installation infrastructure, with sustainment funds reduced from 80 percent in the Fiscal Year 2014 President's Budget (FY14 PB) to 65 percent in the FY15 PB. The Air Force has accepted near-term risk (with long-term detrimental effects) in order to keep installations running.

In the absence of BRAC, the Air Force has pursued other available avenues to reduce costs, demolishing 48.8 million square feet of aging building space since 2006 and saving $300 million in the process. Demolition cannot address the full extent of Air Force excess infrastructure, however, and another BRAC is necessary to reduce long-term costs in the face of continuing budgetary pressures.

Mr. WITTMAN. Please provide an update as to when the Department is expected to complete the European Infrastructure Consolidation Initiative as required by Section 347 of the National Defense Authorization Act for Fiscal Year 2012. Why does the Department feel it is appropriate to request an additional round of BRAC prior to completing the assessment of infrastructure in Europe?

General SPENCER. The Office of the Secretary of Defense (OSD) European Infrastructure Consolidation (EIC) analysis and recommended scenarios is expected to be complete in summer 2014. The EIC has progressed sufficiently to validate infrastructure requirements and has revealed opportunities for reductions and savings. The EIC also validated the current force structure requirement in Europe, which will remain relatively constant in order to support the national strategy and alliance commitments.

But the potential savings are not enough to offset the declining Department of Defense (DOD) budget and contracting forces the Department anticipates in the coming years. The Fiscal Year 2015 President's Budget (FY15 PB) requests a BRAC round in 2017, which allows the Department two years to prepare. The process will begin by providing Congress a certified force structure plan and installation inventory. BRAC authority will allow the Air Force time to conduct the appropriate analysis, authoritatively measure and compare force structure and infrastructure requirements, and validate operational and support requirements.

We know at this juncture an additional round of BRAC, that best aligns infrastructure to anticipated mission and personnel end states, will provide significant savings. For these reasons the Department requests a BRAC even as the EIC report concludes.

Mr. WITTMAN. Has the Secretary of Defense assessed whether excess infrastructure exists in the Department? What empirical support can the Department provide to support a request for additional BRAC rounds?

General SPENCER. The Air Force has not conducted a capacity analysis to determine the current level of excess infrastructure since the base realignment and closure round in 2005 (BRAC 2005). For BRAC 2005, as part of Section § 2912 of the National Defense Authorization Act for Fiscal Year 2003, the Secretary of Defense's 2004 BRAC report to Congress stated that the Air Force had approximately 24 percent excess infrastructure capacity.

The BRAC 2005 Commission recommendations for the Air Force resulted in eight closures, but only reduced Air Force infrastructure by approximately one percent of plant replacement value. Since then, the Air Force has reduced force structure by approximately 500 aircraft and eight percent of its military authorizations. The Fiscal Year 2015 President's Budget further proposes to reduce force structure by an additional 500 aircraft and cut military authorizations by up to 20,000 Airmen. We therefore believe the Air Force currently retains excess infrastructure capacity.

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. The DOD and Army budget submissions highlight reductions in depot maintenance personnel as an area of cost savings. By what percentage does the Army plan to reduce its depot maintenance workforce in FY15? What is the risk?

General CAMPBELL. The DOD and Army budget submissions do not highlight reductions in depot maintenance personnel as an area of cost savings. Personnel reductions to the organic industrial base would not result in any direct savings because these personnel are employed on a reimbursable basis. The FY15 President's Budget submission projects a 3.8% (818 people) reduction of civilian personnel from industrial operation activities.

The personnel reductions are aligned with declining workloads, will not result in a loss of required critical skill sets, and demonstrate that the Army is effectively executing its strategic vision outlined in The Army's Organic Industrial Base Strategic Plan; specifically, depot and arsenal work force and infrastructure will be sized and adjusted accordingly over time to sustain core depot and critical manufacturing capabilities to support war fighting equipment during current and future contingency operations.

Ms. BORDALLO. DOD indicates that the budget protects core functions. Under the FY15 budget proposal, does the Army fund core at each of its 5 primary maintenance depots? If not, where does it fall short?

General CAMPBELL. The Army's goal is to satisfy 100% of core workload requirements. Currently, the Army projects funding 72% of its total core requirements in FY15, but falls short in meeting minimum core requirements for ground vehicles (Stryker, Bradley, Paladin, Tactical Wheeled Vehicles, etc.) and communications electronics systems (AN/TPQ–36, SMART–T, etc). Currently, these weapon systems do not need depot level repair above the budgeted level because of low Operating Tempo rates and reduced fleet ages as a result of the Army's robust Reset and Recapitalization programs. The Army will mitigate these shortfalls through Army

funded programs, other Service funded work, repair of Foreign Military Sales equipment, and like system work requiring similar artisan skills.

Ms. BORDALLO. Are there any areas where there is insufficient FY15 workload proposed for assignment to a depot to meet the core requirement, but funded workload that meets the definition of core is contracted to the private sector? The committee is aware of those types of situations taking place in Fiscal Year 13 in the Army and would like to know under what authority the Department or a military service could take such an action. Is that taking place in the current fiscal year?

General CAMPBELL. The Army has core shortfalls due to reduced available workload for ground vehicles (Stryker, Bradley, Paladin, Tactical Wheeled Vehicles, etc.) and communications electronics systems (AN/TPQ–36, SMART–T, etc). Currently, these weapon systems do not need depot level repair above the budgeted level because of low Operating Tempo rates and reduced fleet ages as a result of the Army's robust Reset and Recapitalization programs. The Army is able to mitigate these shortfalls through the provision of depot level repairs in support of the Foreign Military Sales program, other Service workload, and like system work requiring similar artisan skills.

A small percentage of ground vehicle and communication electronics system workload that is contracted to private industry could be used to meet Army core requirement shortfalls in FY15. However, this contracted workload was initially identified as above core requirements and the majority of the work is performed under public-private partnerships, Title 10 U.S. Code 2474, between the organic depots and original equipment manufacturers. The Army currently projects 59.4% of its depot level workload will be performed in organic depots and 40.6% of that work to be contracted to private industry in FY15.

Ms. BORDALLO. How was the analytically based workforce-to-workload review conducted that was designed to preserve mission essential skills and capabilities that suggested the proposed reductions in depot maintenance personnel in the Army? Who conducted the review and when was it conducted? Please share the findings with the committee.

General CAMPBELL. The Army re-calculated its core depot requirements using the Department of Defense Instruction 4151.20, Depot Maintenance Core Capabilities Determination process. Core requirements are based on the number of weapon systems and other military equipment assigned to Army organizations and required to deploy in support of contingency and emergency operations.

The analytically based workforce-to-workload review begins by converting the equipment densities required to support these operations into annual peacetime repair quantities and then converting the repair quantities into annual direct labor hour requirements. Once core requirements are determined, the workforce capabilities and skills necessary to support the core workload requirements are established at selected organic depots.

HQDA G–4, in coordination with the Army Materiel Command, completed the Army's Biennial Core Report that will be released to Congress this summer. The Army core requirements will continue to evolve as force structure and equipment densities required to support joint warfighting scenarios change.

Ms. BORDALLO. The budget submission indicates that 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. What realignments are you proposing for depots or the organic industrial base to ensure efficiency of operations? What statutory mandates were considered in making proposals for large scale reductions in Army depot personnel?

General CAMPBELL. The FY15 President's Budget submission projects a 3.8% (818 people) reduction in civilian personnel across all Army Organic Industrial Base (OIB) activities. Title 10 U.S. Code, Section 2472, was considered in making these personnel reduction decisions to efficiently support the declining workloads, without the loss of critical workforce skill sets.

The Army Organic Industrial Base Strategic Plan provides the strategy and management framework to size the OIB workforce to sustain core depot and critical manufacturing capabilities as the Army draws down from a decade of combat operations, and adjusts to declining workload requirements. This plan is designed to ensure the OIB remains effective, efficient, and capable of meeting future Army contingency requirements. As part of this strategic plan, the Army will develop a Human Capital Investment Plan for depots and arsenals that will inform future personnel alignment decisions.

Currently, OIB facilities adjust the size of their workforce to meet the workload demand through a judicious use of Government temporary and term personnel, and

contractor support and use overtime compensation to meet surge workload requirements.

Ms. BORDALLO. What percentage of reset dollars do you expect to allocate to organic depots? How much of that workload is core?

General CAMPBELL. The Army expects to execute approximately 80% of its FY14 Sustainment Reset funding within organic industrial base facilities; approximately 45% of that workload satisfies Army's core workload requirements.

Ms. BORDALLO. What percentage of depot maintenance requirement is funded in FY15?

General CAMPBELL. 44% ($1.19 billion) of the Army's critical depot maintenance requirements are funded in the FY15 budget request. The Army has assumed a level of risk in depot maintenance as we work toward a balanced program in future budget submissions. The Army views this level of risk as manageable so long as the Congress supports OCO funding requirements for equipment Reset.

Ms. BORDALLO. In calculating core, the military services have increasingly placed an emphasis on minimum capabilities; however, the statute also requires efficient operations. Under the FY15 budget, should we assume that each of the services' organic primary maintenance depots and shipyards have been workloaded and funded at efficient levels before workload is planned for the private sector?

General CAMPBELL. Army depots are assigned available workload to meet the intent of 10 USC Section 2464, Core Depot-level Maintenance and Repair Capabilities, prior to outsourcing workload to the private sector.

Although depot level work load is declining commensurate with the end of combat operations in Afghanistan, the Army continues to balance depot level workload between organic and the private sector. Adhering to 10 USC Section 2474, which authorizes the use of Public Private Partnership, the Army employs the Army's Organic Industrial Base Strategic Plan to set conditions for establishing complementary capabilities between organic and commercial industrial base providers. This practice ensures the Army appropriately assigns available depot level workload to each sector. The Army also adheres to 10 USC Section 2466, which limits the Army to using no more than 50% of funds received in a fiscal year to contract for the performance of such workload by non-Federal Government personnel.

Ms. BORDALLO. In light of section 832 of the FY12 NDAA (Public Law 112–81), regarding the assessment, management, and control of O&S costs for major weapon systems:

- What predictive analysis and modeling processes have been the most effective at weapon systems optimization across the enterprise? Are there specific examples of successes or best practices that might be cited?
- How are modeling and simulation results comparing to actual performance once the decisions have been implemented? Although some savings may take time to materialize, are there indications of ROI are they achieving?
- In accordance with the NDAA section 823, how should DOD be using predictive analysis and modeling and simulation to understand the real impact of the DOD 5000.2 (http://www.acq.osd.mil/ie/bei/pm/ref-library/dodi/p50002r.pdf) on the effectiveness and efficiency of the DOD enterprise?

a. What predictive analysis and modeling processes have been the most effective at weapon systems optimization across the enterprise?

General CAMPBELL. The Army has placed increased emphasis on estimating weapon system operating and sustainment (O&S) costs early in the acquisition process. Estimates for O&S are conducted and updated at specific stages throughout the lifecycle of a program, including Analysis of Alternative studies, Milestone Decision reviews, and Full Rate Production Decisions/Full Deployment Decisions. The Army Costs Review Board (CRB) was established to provide an independent service-level cost position for programs. The cost position is a development to divestment lifecycle cost estimate.

The life cycle cost estimate (LCCE) is an effective predictive analysis and modeling tool for optimizing investment in new equipment capabilities. The LCCE helps identify nearly all program costs up front, which informs analysis regarding the affordability of the system. Additionally, the LCCE can be used to identify critical high cost sub-systems and components that ultimately drive operation and sustainment (O&S) costs. These high cost items can be emphasized during the design phase both to minimize O&S cost impacts and posture the Army to sustain these systems. The LCCE can also be used to identify trade space in the requirements, which provides program managers the flexibility to trade performance where it will not gain capability for better sustainability that will lower O&S costs.

The estimate development process is collaborative, with participation from all stakeholder Army agencies, and includes the O&S resources that contribute to weapon systems. The estimate incorporates Lifecycle Sustainment Plans and uses

actual cost data from the sustainment of current weapon systems. This enables leadership to make cost-informed decisions early in the acquisition strategy planning process. The CRB process results in defined programs with high-quality cost estimates that are documented, defendable, and affordable.

The Army also has implemented the Long-range Investment Requirements Analysis (LIRA) process to manage the lifecycle of weapon systems from a holistic approach over a 30 year period. LIRA uses input from multiple organizations within the Army to synchronize across the modernization, sustainment, training, and installation communities, coordinating materiel development schedules to eliminate production/sustainment gaps and redundant solutions for identified requirements. LIRA also reviews Science and Technology initiatives, operational testing efforts, key decisions and timelines, total lifecycle cost assessments, program new starts or transitions to sustainment, potential infrastructure adjustments and timelines for developing training and requirements, to eliminate redundancies and promote efficiency. LIRA provides a strategic view of investments over time and informs the Army's overall investment strategy to meet the long term vision and goals.

In addition to these broader initiatives, the Army is also controlling O&S cost at the program level through incorporation of Condition-Based Maintenance Plus (CBM+) and Item Unique Identification (IUID) on Army weapon systems as part of the design process. CBM+ is a proactive maintenance capability that predicts and reports impending system failures by monitoring system health indicators. IUID is a capability to identify and track individual items and systems throughout the lifecycle. The combined objectives of both efforts are to increase platform availability, readiness, and safety; increase maintainer efficiency and productivity; and decrease logistics footprint and maintenance support requirements. To date, the Army has installed CBM+ sensors on 2,835 aircraft, 1,425 missiles, and over 200 tactical wheel vehicles.

b. Are there specific examples of successes or best practices that might be cited? The emphasis on O&S cost reduction has been implemented for all Army programs, from upgrades to Blackhawk helicopters to the design of a new light tactical vehicle. These best practices will ensure systems are sustainable and will increase efficiencies in their respective logistics infrastructures and footprints. The Joint Light Tactical Vehicle (JLTV) is an example of a program controlling cost through best practices. The JLTV program has used historical data and an independently certified lifecycle cost estimate to identify critical requirements driving O&S cost, along with continuing analysis at milestone decision points to continue affordability through the lifecycle.

c. How are modeling and simulation results comparing to actual performance once the decisions have been implemented?

Due to the newness of these recently implemented policies and the lack of currently fielded systems that were designed with O&S as a main requirement, there is not yet sufficient data to compare M&S results with actual performance. The Army is committed to fielding highly sustainable systems and is still searching out new as well as refining old methods to further reduce O&S costs.

Ms. BORDALLO. What percentage of reset dollars do you expect to allocate to organic depots? How much of that workload is core?

Admiral FERGUSON. Slightly less than 10% of PB15 reset funding is expected to be allocated to organic depots. None of the work executed with this OCO funding is core workload (as defined by 10 USC § 2464).

The majority of reset funding will support ship depot maintenance to liquidate the backlog of maintenance on our surface ships undergoing depot availabilities in FY15. All reset work will be conducted in the private sector and will include no core workload.

Some reset funding will support aviation airframe depot maintenance. This maintenance is conducted primarily in organic depots, but includes no core workload.

Some reset funding will support Navy Expeditionary Combat Enterprise depot maintenance. None of this funding will be allocated to organic Navy depots or fund core workload.

Ms. BORDALLO. What percentage of depot maintenance requirement is funded in FY15?

Admiral FERGUSON. Navy's FY15 baseline budget request funds 80% of ship and aviation depot maintenance requirements.

Ms. BORDALLO. In calculating core, the military services have increasingly placed an emphasis on minimum capabilities; however, the statute also requires efficient operations. Under the FY15 budget, should we assume that each of the services' organic primary maintenance depots and shipyards have been workloaded and funded at efficient levels before workload is planned for the private sector?

Admiral FERGUSON. The Navy's organic primary maintenance depots and shipyards have been funded to perform at an efficient level. Specifically, the workload and funding at the Naval shipyards are set at levels that ensure the efficient performance of depot and intermediate-level maintenance, modernization, and emergency repair work on nuclear-powered aircraft carriers and submarines.

Core capability is maintained to perform maintenance on unique surface ship systems, while nearly all of conventional surface ship maintenance is performed in the private sector. Likewise, the workload and funding at Fleet Readiness Centers are set at levels that ensure the efficient performance of depot-level maintenance, modernization, and special re-work on aircraft and engines.

Ms. BORDALLO. In light of section 832 of the FY12 NDAA (Public Law 112–81), regarding the assessment, management, and control of O&S costs for major weapon systems:

- What predictive analysis and modeling processes have been the most effective at weapon systems optimization across the enterprise? Are there specific examples of successes or best practices that might be cited?
- How are modeling and simulation results comparing to actual performance once the decisions have been implemented? Although some savings may take time to materialize, are there indications of ROI are they achieving?
- In accordance with the NDAA section 823, how should DOD be using predictive analysis and modeling and simulation to understand the real impact of the DOD 5000.2 (http://www.acq.osd.mil/ie/bei/pm/ref-library/dodi/p50002r.pdf) on the effectiveness and efficiency of the DOD enterprise?

Admiral FERGUSON. The industry standard in forecasting future Operating and Support (O&S) phase costs entails the use of compiled actual system performance data as well as statistical regression analysis of extrapolated data of analogous systems. To that end, the Department of Navy (DON) maintains a database compliant with Section 832 of the 2012 NDAA, called the Visibility and Management of Operating and Support Costs. It catalogs historical costs and operational metrics for DON weapons platforms. Modeling of O&S costs is accomplished using the Operating and Support Cost Analysis Model. Together, these databases represent the DON authoritative data source for historical costs and associated operational/logistic metrics for DON weapons systems.

Best practices for modeling O&S costs are captured in the March 2014 O&S Cost Estimating Guide maintained by OSD Cost Assessment and Program Evaluation (CAPE). The Navy staff also tracks O&S phase return on investment which is used in its coordination of a yearly Total Ownership Cost (TOC) reduction process. This process evaluates, selects, and prioritizes affordability candidates within the Navy for inclusion in Navy program/budget development. In February 2012, lessons learned from these efforts were captured in the DON TOC Guidebook detailing the means to mitigate and reduce weapon system O&S related costs. Navy's TOC efforts also serve as an input to major acquisition program gate reviews where they are used to assess the life cycle management of cost reduction initiatives. Additionally, opportunities to better control or reduce TOC are a key element in the models that develop program/budgetary requirement inputs for Navy's operations/maintenance accounts.

For Acquisition Category (ACAT) I programs, Deputy Assistant Secretary of the Navy (Cost and Economics) (DASN (C&E)) performs independent cost estimates and assessments, to include O&S costs, prior to milestone reviews. Unless specifically designated to do so, they do not perform cost analyses on ACAT II and below, nor does DASN (C&E) maintain a repository of all O&S specific models and simulations. DASN (C&E) is not chartered to continue involvement in programs beyond the "full rate production" milestone, as programs enter execution.

DOD Instruction 5000.2R was canceled in lieu of DOD Instruction 5000.02 (December 2013). This instruction requires CAPE to review all cost estimates and cost analyses for major defense acquisition/information system programs, including estimates of their O&S costs. Any questions regarding the impact of modeling and simulation on the effectiveness/efficiency of the DOD Enterprise are better directed to OSD CAPE, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OSD (AT&L)), or Assistant Secretary of the Navy Research, Development & Acquisition ASN(RDA).

Ms. BORDALLO. What percentage of reset dollars do you expect to allocate to organic depots? How much of that workload is core?

General PAXTON. Due to the recent increase in FY15 reset requirements stemming from the Marine Corps' decision to increase its enduring requirement for MRAP vehicles, the Marine Corps is conducting analysis to determine the optimal source of repair strategy for its FY15 reset workload. The Marine Corps plans to validate its FY15 reset requirements and source of repair strategy during its annual depot

maintenance requirements review in August of 2014, and expects to solidify its FY15 workload sourcing strategy by the end of the fiscal year.

Ms. BORDALLO. What percentage of depot maintenance requirement is funded in FY15?

General PAXTON. The Marine Corps is funded to approximately 83% of its FY15 baseline depot maintenance requirement and the Marine Corps' FY15 OCO request accounts for 100% of planned FY15 depot maintenance OCO requirements. The Marine Corps appreciates the continued support of the Congress for our depot maintenance and Operation Enduring Freedom reset requirements. Although the Marine Corps baseline is not funded to 100%, the Marine Corps remains confident that it can manage baseline risk by prioritizing and optimizing depot maintenance requirements through its Enterprise Lifecycle Maintenance Planning (ELMP) process.

Ms. BORDALLO. In calculating core, the military services have increasingly placed an emphasis on minimum capabilities; however, the statute also requires efficient operations. Under the FY15 budget, should we assume that each of the services' organic primary maintenance depots and shipyards have been workloaded and funded at efficient levels before workload is planned for the private sector?

General PAXTON. The Marine Corps considers numerous factors when sourcing depot maintenance workload including depot providers' capability, capacity and ability of the depot to meet quality standards and timelines; best value for the government; previously established Depot Source of Repair (DSOR) decisions; and preserving its core organic workload to maintain depot viability. The Marine Corps is confident that our organic depot is sufficiently resourced in FY15 to support efficient operations per the statute.

Ms. BORDALLO. In light of section 832 of the FY12 NDAA (Public Law 112–81), regarding the assessment, management, and control of O&S costs for major weapon systems:

- What predictive analysis and modeling processes have been the most effective at weapon systems optimization across the enterprise? Are there specific examples of successes or best practices that might be cited?
- How are modeling and simulation results comparing to actual performance once the decisions have been implemented? Although some savings may take time to materialize, are there indications of ROI are they achieving?
- In accordance with the NDAA section 823, how should DOD be using predictive analysis and modeling and simulation to understand the real impact of the DOD 5000.2 (http://www.acq.osd.mil/ie/bei/pm/ref-library/dodi/p50002r.pdf) on the effectiveness and efficiency of the DOD enterprise?

General PAXTON. The Marine Corps has initiated the transition from a document-based to a model-based engineering approach for acquisition by implementing the Framework for Assessing Cost and Technology Tool (FACT). FACT, a government-owned, web-based tool, provides the framework that integrates disparate data and models into a decision-support system that permits concurrent engineering analysis. This predictive modeling solution allows for bottom-up, detailed system designs to be built, explored in a top-down concurrent cross-domain fashion, filtered and scored against a set of dynamically assigned requirements. For example, the Marine Corps' modeling and simulation system engineering assisted I MEF in integrating networks, databases, command and control devices, ground and air training virtual simulations and training simulators to enhance home station training.

Marine Corps Systems Command (MCSC) uses FACT among other predictive lifecycle modeling capabilities to support various life-cycle analyses and Marine Corps ground weapon systems programmatic decisions. By using such modeling and simulation (M&S) capabilities, multiple risks can be examined to include the potential impacts of executing particular courses of action throughout the weapon system lifecycle. Decisions made during the early stages of acquisition could have an impact during the O&S phase. For example, conducting predictive analysis throughout the systems engineering process (SEP), Analyses of Alternatives (AoA) and Business Case Analyses (BCA), design changes, or updates to maintenance support strategies can assist decision-makers in implementing a course of action with a defined degree of confidence in a resultant outcome in terms of O&S cost and performance.

While the capability is maturing in knowledge and application, to include organic capability, the Marine Corps is applying a predictive analysis strategy that will support continuous process improvement (CPI) across the full range of actions required to maintain and sustain ground equipment. Recent analyses results indicate that there is an inherent ROI which indicates statistical probabilities of outcomes based on available data.

The application of Model Based engineering and the use of model based systems engineering will have an impact on the effectiveness and efficiency of the DOD enterprise.

Ms. BORDALLO. What percentage of reset dollars do you expect to allocate to organic depots? How much of that workload is core?

General SPENCER. Approximately 39 percent of the Air Force's Fiscal Year (FY) 15 Overseas Contingency Operations (OCO) request for Weapon System Sustainment (WSS) funding is planned for work at organic depots. In addition, approximately 23 percent of the Air Force's FY15 Flying Hour Program (FHP) OCO submission request is projected to pay for Depot Level Reparables using OCO dollars. Since the Air Force does not have a final approved or funded FY15 OCO position, these numbers may change.

If the current submission is funded, 30 percent of the total WSS and FHP OCO requests would fund work used to sustain a core requirement.

Ms. BORDALLO. What percentage of depot maintenance requirement is funded in FY15?

General SPENCER. The Fiscal Year 2015 President's Budget baseline funds Total Force Weapon System Sustainment (WSS) for depot maintenance activities at approximately 70 percent without Overseas Contingency Operations (OCO) funding. The Air Force will likely request additional OCO funding, which would improve the total force WSS position to over 80 percent. This includes depot maintenance activities in depot purchased equipment maintenance and contractor logistics support.

Ms. BORDALLO. In calculating core, the military services have increasingly placed an emphasis on minimum capabilities; however, the statute also requires efficient operations. Under the FY15 budget, should we assume that each of the services' organic primary maintenance depots and shipyards have been workloaded and funded at efficient levels before workload is planned for the private sector?

General SPENCER. Yes, for the Air Force under the fiscal year 2015 (FY15) budget, our depots are work-loaded and funded to ensure effective and efficient operations. The Air Force considers the retention of a strong and viable industrial baseline critical to our ability to successfully complete the Air Force mission. In the Department of Defense (DOD) core process, the Air Force identifies required core capabilities and also allocates the workloads necessary to sustain effectively the core capabilities and efficient depot operation within public sector facilities. Specifically, the Air Force has issued policy to ensure the identification and establishment of sufficient organic core depot level capability on current and future weapon systems.

But the greatest challenge facing the Air Force depots is budget uncertainty. The uncertainty drives risk in planning for the Air Force depot customers due to schedule and availability of assets. The budget uncertainty does not allow the depots to size to the workload early in the planning process, resulting in staffing uncertainty, impacting workforce stability, lowering workforce morale, and causing unnecessary production variance, all of which drives less efficiency and effectiveness at the depots. The budget uncertainty impacts all levels of suppliers supporting the depots' workload, since we cannot provide them a firm forecast. Many of the suppliers are small businesses, and the inability of the Air Force to provide them with a firm demand forecast increases inefficiency and drives longer delivery times of material in support of depot production. All of these challenges will only be exacerbated if sequestration returns in FY16.

Ms. BORDALLO. In light of section 832 of the FY12 NDAA (Public Law 112–81), regarding the assessment, management, and control of O&S costs for major weapon systems:

What predictive analysis and modeling processes have been the most effective at weapon systems optimization across the enterprise? Are there specific examples of successes or best practices that might be cited?

General SPENCER. We have been doing predictive modeling for operations and sustainment (O&S), primarily peacetime costs, since 2005. We developed cost estimating relationships (CERs) that were suitable for estimating these costs with system concept information and very generic support concepts. We have made a number of improvements to our methodology, including:

—Developing growth rates with causal factors to account for sustainment cost growth over time;

—Including costs to upgrade and modify the aircraft;

—With the advent of performance based logistics, accounting for more complex sustainment strategies and evaluate those impacts; and

—Developing and demonstrating predictive models for cost and system availability for fielded systems with more detailed information to support the ongoing improvement in cost and performance.

Based on the further interest over the last few years to improve product support we are developing methodology that accounts for more variables to directly evaluate impacts of system/component reliability, design improvements for sustainability, and product support strategies. This will directly support the new requirements in

the law, but bear a higher cost in resources to develop, validate, and execute the methodology.

Developing cost estimates from analogous historical actual cost data is the most effective approach to produce realistic estimates and identify cost drivers for improvement. Life Cycle Management Control (LCMC) demonstrated this approach on the E–4B program using actual costs from the Air Force Total Ownership Cost Database and program subject matter experts to predict future costs and identify cost reduction opportunities. Similar methodology has been developed and applied for multiple studies on new requirements for tankers, trainers, bombers, remotely piloted aircraft (RPA), and other systems over the last eight years. In the last two years, we integrated trade space analysis into that updated cost methodology allowing us to generate cost capability metrics that now inform requirements and program decisions. Air Force Materiel Command (AFMC) has completed six pilot studies and is developing guidance and training to promulgate that trade space analysis capability.

Ms. BORDALLO. How are modeling and simulation results comparing to actual performance once the decisions have been implemented? Although some savings may take time to materialize, are there indications of ROI are they achieving?

General SPENCER. Due to the 15 year or longer long lead time between when the development planning studies such as analyses of alternatives are completed and O&S activities are conducted, we have not been able to verify the impact of the new methodology yet. However, for studies conducted on programs in sustainment, we have received positive feedback on the utility and results. These results are being captured in new reporting requirements. Return on investment ROI calculations will be possible in the future since O&S costs are being included in the Selected Acquisition Reports SAR and other reports form the program offices.

Ms. BORDALLO. In accordance with the NDAA section 832, how should DOD be using predictive analysis and modeling and simulation to understand the real impact of the DOD 5000.2 (http://www.acq.osd.mil/ie/bei/pm/ref-library/dodi/p50002r.pdf) on the effectiveness and efficiency of the DOD enterprise?

General SPENCER. The Air Force defers on this part of the question to the Office of the Secretary of Defense Cost Assessment and Program Evaluation.

QUESTIONS SUBMITTED BY MR. BISHOP

Mr. BISHOP. The Navy's proposal to terminate the Tactical Tomahawk program beginning in Fiscal Year 2016 has the potential to decimate the defense industrial base that supports this weapons system, and the highly-specialized small turbine engine manufacturing capability in particular. Without sustainment funding to support the industrial base, there are doubts that it will be available to support the Navy's planned rectification of older Block IV Missiles projected for FY 2019. What does the Navy plan to do to ensure that the industrial base will be viable to support the recertification of older Block IV Missiles given the lack of program funding in FY16 through FY19?

Admiral FERGUSON. The industrial base is estimated to remain active through FY17 delivering missiles ordered in FY15. Industrial activity will be extended past FY17 as a result of rotatable spares buys in FY16. Additionally, there is substantial non-recurring engineering investment requiring Raytheon Missile Systems and vendor base contributions for recertification stand-up and Tactical Tomahawk modernization. These investments total more than $642.2M throughout the Future Years Defense Program.

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